



# ANNUAL REPORT 2019-20

*"Navigating the new Paradigm"*

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## Microfinance Industry Set To Double Size In Five Years, Says Nobel Laureate Yunus

By Almadro Ray | ET Bureau | Updated: September 16, 2019 05:10 PM IST

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### Lenders of micro loans to follow a responsibility code

One of the major guidelines in CRL mandates that only three microcredit entities can lend to a client at the same time

By Almadro Ray | ET Bureau | Updated: Sep 16, 2019 05:10 PM IST

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**KOLKATA:** Lenders engaged in micro lending including large banks such as IndusInd and Kotak Mahindra have come together to safeguard their loan asset by preventing over-leveraging of micro borrowers.

A common 'Code for Responsible Lending' has been unveiled Monday to bar more than three lenders offering loans to a single borrower and cap the size of total lending to Rs 1 lakh per borrower.

As per MFN's first quarter 2019-20 Microcredit report, the entire microfinance industry has witnessed a growth of 42.9 per cent year-on-year.

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## India's microfinance sector a bright spot amid economic slowdown, says Nobel laureate Muhammad Yunus

Updated: September 16, 2019 04:55 AM IST

The Nobel laureate cautioned against government lending in the microfinance space.

India's microfinance sector grew by 40 percent and could cross Rs 250,000 crore in GDP by 2020.

## Microcredit helps the rural poor turn entrepreneurs, says Nobel laureate Muhammad Yunus

Updated: September 16, 2019 09:35 PM IST

In the next five years, the Indian microcredit sector will double its size.

The industry has overcome the effects of demonetisation.



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## India's microfinance set to double: Yunus

PRESS TRUST OF INDIA

New Delhi, Sept 16: Indian microfinance industry is expected to double its lending business to poor and marginal sections of the society in the next years if the growth momentum continues, Nobel Peace Prize winner and founder of Grameen Bank Muhammad Yunus said.

With size, there would also be some challenges which the industry should be geared up to handle, he said. According to Sa-Dhan's Bharat Microfinance Report-2019 released by Yunus here, the Indian microfinance industry clocked a growth of over 40 per cent, with a gross loan portfolio of ₹176,552 crore in gross loan outstanding at the end of March 2019.

Considered the father of microcredit, Yunus said the trend shows that the industry would double itself as the pace of growth and base has increased.

"Given this very impressive record, it has now all preparation for doubling itself in the next five years. Whatever the industry has done in the last 25-30 years, you would see it double in the next five years as it has gained tremendous speed now," he said.

On challenges, he said the industry has to prepare for the next generation as to how to create employment for them, the transfer-

ment of the economy of the region so that the migration to cities is stopped.

There is also a need to create an ecosystem for social businesses like health care, solar energy, and education programme and not just limit to microfinance, he said.

The journey of microfinance in India has been phenomenal, he said, adding that it has spread across the country.

About 50 million people are borrowers with high repayment lifting so many people are out of poverty, he added. "The biggest achievement of India's microfinance industry besides touching the lives of millions, has been sowing the seed of entrepreneurship amongst its clients. The industry had inbuilt an entrepreneurship culture in a deep way. And this is the financial oxygen that I keep talking about. If you are able to provide financial oxygen, elimination of poverty is indeed possible," he said.

Yunus is disappointed by the fact that 80 per cent of the finance done by microfinance industry comes from conventional banks and wants it to change.

"The deposits of the poor have to be utilised for financing their needs, he said, adding banks are getting deposits from the rural areas at very low cost and lend it to micro-finance companies at a high-interest rate.

## Business Standard

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## Microfinance industry set to double size in next 5 years: Yunus

## MFN and Sa-Dhan collaborate to launch 'CRL' for micro-credit industry

NEW DELHI, SEPT 16

THREE self-regulatory organisations on Monday jointly released a code for responsible lending for the micro-credit industry with an aim at bringing more transparency and address customer-centric issues.

The Code for Responsible Lending (CRL) was launched by Microfinance Institutions Network (MFN) and Sa-Dhan along with FIDC.

The Code, launched at Sa-Dhan's 13th Annual National Conference, aims to lay down uniform principles for customer-conduct in microcredit, and is sector specific and entity agnostic.

One of the major guidelines in CRL mandates that only three microcredit entities can lend to a client at the same time.

This means that if a client has three active loans from any provider, then a fourth entity will not be able to lend to the client.

SIBC-MFIs are additionally required to ensure that not more than 2NBFC-MFIs lend to a customer. Moreover, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer.

MFN said, "In addition to the CRL, a revised Industry Code of Conduct (ICoC) was also released for microfinance institutions (MFI) that will act as a binding and compulsory set of principles in relation to lending practices, the release said.

This is a significant self-regulatory step across all RBI regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance.

"We are happy to note that over 90 entities have signed up for the CRL as 'Responsible Lenders' and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it," said Manoj Nambiar, Chairman, MFN.

Nityalakshmi Das, Chair, Sa-Dhan added, that the industry code has been strengthened in the areas of risk management, responsible lending and FIR practices which include training and client education.

MFN further said a significant development in the CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the self-regulatory organization for registered NBFCs.

## Sector to double in size in 5 years: Yunus

PRESS TRUST OF INDIA

New Delhi, September 16

India's microfinance industry is expected to double its lending business to the poor in the next five years if the growth momentum continues, said Nobel Peace Prize winner and founder of Grameen Bank, Muhammad Yunus.


With size, there would also be some challenges, which the industry should be geared up to handle, he said.

According to Sa-Dhan's Bharat Microfinance Report

core in loan outstandings at the end of March 2019.

Yunus said the trend shows that the industry would double itself as the pace of growth and base has increased.

"Given this impressive record, it has now all preparation for doubling itself in the next five years. Whatever the industry has done in the last 25-30 years, you would see it double in the next five years, as it has gained tremendous speed now," he said.



Muhammad Yunus 2019 released by Yunus here, the Indian microfinance industry clocked a growth of over 40 per cent, with a gross loan portfolio of ₹176,552

## Microfinance to Double Lending in 5 Yrs: Yunus

Our Bureau

New Delhi: The microfinance industry in India will double its lending in the next five years if the current growth trends continue, said Nobel laureate and founder of Grameen Bank, Muhammad Yunus, on Monday.

The industry grew at over 40% in FY2019 with its loan portfolio reaching ₹176,552 crore at the end of March 2019, according to the Sa-Dhan Bharat Microfinance report 2019.

Yunus, considered a pioneer in the microfinance sector, said that the industry was likely to double in size in the next five years. "Whatever the industry has done in the last 25-30 years, you would see it double in the next five years as it has gained tremendous speed now," he said.

The Peace Prize winner from Bangladesh pointed out that the key challenge for the industry would be to prepare itself to generate employment for the next generation and to transform rural economies to reduce migration from rural areas to cities.

Yunus stressed that the fact that commercial banks form 80% of the microfinance industry had to change. "The deposits of the poor have to be utilised for financing their needs," he said, adding, "banks were getting deposits from the rural areas at a very low cost and lending to microfinance companies at high interest rates."

A Code for Responsible Lending (CRL) was also released for microfinance institutions (MFI) and Sa-Dhan along with FIDC. The Code, launched at Sa-Dhan's 13th Annual National Conference, aims to lay down uniform principles for customer-conduct in microcredit, and is sector specific and entity agnostic.

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## Outlook

THE NEWS SCROLL

14 SEPTEMBER 2019 | Last Updated on 11:21 PM | SOURCE: PTI

### Microfinance industry set to double size in next 5 years: Yunus

## India's slowdown due to uncertainty, says Nobel laureate Muhammad Yunus

I don't know what is happening in India, but theoretically, when there is uncertainty people are reluctant to invest. Or, (if) some policy changes (are) coming, people wait to see, said Nobel laureate Muhammad Yunus

Joe C Mathew | Last Updated: September 16, 2019 | 21:31 IST



## Microfinance sector to double in size in 5 years: Yunus

PTI New Delhi | Updated on September 16, 2019 | Published on September 16, 2019

India's microfinance industry is expected to double its lending business to the poor in the next five years if the growth momentum continues, said Nobel Peace Prize winner and founder of Grameen Bank, Muhammad Yunus.

## Code for lending for microcredit industry

THREE SELF-REGULATORY ORGANISATIONS on Monday jointly released a code for responsible lending for the microcredit industry with an aim at bringing more transparency and address customer-centric issues.

The Code for Responsible Lending (CRL) was launched by Microfinance Institutions Network (MFN) and Sa-Dhan along with FIDC. The Code, launched at Sa-Dhan's 13th Annual National Conference, aims to lay down uniform principles for customer-conduct in micro-credit, and is sector specific and entity agnostic.

More than 90 entities sign up for the Code, with more expected to follow.

The CRL is sector-specific and entity-agnostic. It adds to the existing Code of Conduct (CoC) and is a revised industry code of conduct for microfinance institutions (MFI) that will act as a binding and compulsory set of principles in relation to lending practices, the release said.

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The industry has overcome the effects of demonetisation.

India Business Hour

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## MFN, Sa-Dhan & IFDC release code for micro-credit industry Responsible lending code issued for MFI players

New Delhi, Sept. 16: Three self-regulatory organisations on Monday jointly released a code for responsible lending for the micro-credit industry with an aim at bringing more transparency and address customer-centric issues.

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## **2019 - 20**

**“Navigating the new Paradigm”**

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Ms Vijayalakshmi Das, Chair, Sa-Dhan had an immense contribution to the microfinance sector and her leaving this world is a loss not only for the sector but for all who were associated with her. She has led a phenomenal life and her contribution will always be in the hearts of millions.



## Reflections from the Co-Chair

This year Sa-Dhan enters the 3rd decade of its work on financial inclusion in India. 2019- 20 has been an eventful year, bringing unprecedented crises, profound loss, new opportunities, and incredible learning with it. As an institution that has been instrumental in bringing up the sector, setting the benchmarks for operations, and building resilience, Sa-Dhan has been at the centre of managing crises big and small, providing guidance and advice in the face of adversity. As I reflect on the year that passed by, I take pride in how Sa Dhan has handled the various challenges that have emerged during this year.

The demise of Mrs Vijayalakshmi Das was a profound loss, both at the professional level for the entire microfinance and financial inclusion sector, and at a personal level as a friend and mentor. “Viji” as she was popularly known was a true inspiration who led by example. She embodied women empowerment, breaking many a stereotype and enabling thousands of others. Under her leadership, FWFB worked relentlessly for women empowerment, aided farmers and several low-income groups to achieve financial stability and means. Her contributions to the sectors spanned multiple organizations in various capacities. Her leadership as Chairperson of Sa-Dhan was exemplary, leaving enormous shoes to fill. As we bid adieu to the “Mother of Microfinance” we will forever remember her fondly.

The microfinance sector also dealt with multiple concerns during the year, including the Assam unrest, repayment issues in Karnataka and Tamil Nadu, and the ring-leader issue in Odisha, culminating with the COVID-19 crisis. Sa-Dhan has taken various measures to preserve the interests of Microfinance institutions and their clients, like advisories on safety measures, advocacy and liaising initiatives, large-scale data collection and analysis, education through webinars and discussions, and constant communication with the various stakeholders. All these initiatives have enabled us to be constantly aware of the fluctuating conditions and prepare a measured, proactive response.

The rapid spread of COVID-19 to all States and Union Territories by end of March 2020 affected the microfinance sector substantially. Across the country, MFIs were forced to suspend their recovery operations in light of the lockdown from 23rd March imposed by the central Government. The RBI guideline issued along COVID-19 relief package, offering a 3-month moratorium, and its subsequent extension has also created significant issues in business continuity and cash flow. As MFIs brace for the long-term effects of the economic slowdown, we are also witnessing fresh opportunities and avenues for growth. The accelerated digital adoption, new entrepreneurs, new sunrise sectors, and

the requirements of various establishments as they reopen, all call for a restructured approach as we enter a new normal.

I express my sincere gratitude to the 212 members for the support and contributions in building Sa-Dhan as an apex body for Microfinance and Financial inclusion in the country. Over the years, our greatest strength has been the active participation and involvement of our members. Your inputs have been crucial in keeping the sector together in the face of this crisis. I also take this opportunity to appreciate the Board Members for their leadership and guiding the organization through this time of turbulence. Shri P. Satish, Executive Director, and his team have worked relentlessly through the year to stay abreast of the developments and develop our efforts to provide best possible support for our members.

Even in the face of daunting challenges, we stand at the dawn of new opportunities. I am confident that our steadfast commitment and concerted efforts can build a sustainable, stable, and successful financial inclusion culture in the country.

**K Paul Thomas**  
**Co-Chair**



## Executive Director's Statement

The year 2019-20 has been another year of steady progress for the microfinance sector in India. Sa-Dhan as the association for the sector continued to enhance its role and activities. We completed two decades of service to the community development finance efforts in the country. The activities in the microfinance sector during the year are indications enough that the sector had overcome the hiccup of demonetization. Though the sector went through some field level issues in the states of Assam and Karnataka, these were largely overcome with the coordination among all stakeholders, with the support of the RBI and respective state governments.

The year has also witnessed the sharpening of Sa-Dhan's role as a Self-Regulatory Organisation, with more robust use of analytical tools. These have enabled a better surveillance and monitoring of the sector. Regular reporting to the RBI, briefing and discussions with RBI officials, field visits, analysis of credit bureau data etc. have been taking place at an even pace. The Industry Code of Conduct was also revised to factor in the changed circumstances making it more comprehensive. Sa-Dhan along with MFIN and FIDC drew up the Code for Responsible Lending to ensure adherence of all microfinance lenders to an understanding to lend in a responsible manner in the overall interests of the clients.

During the year, Sa-Dhan was deeply engaged in policy issues on a number of problems and issues which the sector is confronting with various departments of the Government of India, the RBI, IRDAI, SEBI etc. Policy dialogue was also kept up with development finance institutions like NABARD, SIDBI, NHB and MUDRA. As a member-based organization, Sa-Dhan always endeavours to take up the issues being faced by them with concerned decision makers.

Sa-Dhan as a member of the Financial Inclusion Advisory Committee of the RBI, of NABARD's Strategic Advisory Board on SHG-Bank Linkage Programme, as a Board member of MUDRA and of India Post Payments Bank has continued to contribute to the process of greater financial inclusion and the growth of microfinance sector. Sa-Dhan was invited to the 6th European Research Conference on Microfinance in Paris, France, Financial Inclusion Summit of The Microfinance Association in Johannesburg, South Africa and the International Conference-Cracking the Nut-2019 in Dakar, Senegal. Sa-Dhan was on the Steering Committee of Savings Groups-2020 Conference of The SEEP Network in Durban, South Africa.

At the sectoral level there are numerous challenges too. The need for a regulatory framework for non-NBFC-MFIs was being strongly felt as many institutions were facing problems with local administration. Even SHPIs were facing problems as issues connected with Moneylending Acts were being raised with some of them. Sa-Dhan has been deeply engaged with the Department of Financial Services, Ministry of Finance, Government of India on a regulatory umbrella for all the unregulated entities in microfinance space.

This year, we spent considerable amount of time on field, conducting member meets, visiting member institutions and conducting field studies. These gave us an opportunity to glean at the grassroots level problems which our members and their staff are facing as also to convey to them the thinking of the regulators and policy makers. Sa-Dhan has to enhance its role as the sector's knowledge base both in terms of data and studies and analysis. To revive that role, we have undertaken few studies on problem issues. The daily media monitor is widely popular across the sector for its synthesis of developments/news across a range of the media.

The hugely successful National Conference marked the completion of two decades of Sa-Dhan. The highlight of this Conference was the presence of Prof. Muhammed Yunus, Nobel Peace Laureate and Founder, Grameen Bank as the Chief Guest. The message of Prof Yunus to the microfinance sector was to become job creators and incubators of social businesses. The sponsorship levels, the level of resource persons, the themes, intensity of deliberations-all indicate to the ability of Sa-Dhan to dialogue with the entire range of the eco-system of financial inclusion.

Sa-Dhan continued to be aligned with the developmental agenda of the Government as also aiming for the achievement of Sustainable Development Goals set forth by the United Nations. Sa-Dhan's interventions ranged from the areas of water and sanitation, clean energy, affordable housing to community health and financial literacy. We continued our reliable partnership with water.org for our work in water-sanitation. To give a sharper focus to our affordable housing interventions and advocacy we entered into an MoU with Habitat for Humanity. With the support of DFID-UKAID our 'Microfinance for Affordable Housing' Project in the state of Odisha is off to a good start. Similarly, the project of clean energy for livelihoods with the support of SELCO Foundation has just been launched.

The project to create a digital financial inclusion eco-system with the support of HSBC is now in progress in Tamil Nadu, after initial work in West Bengal and Punjab. Our financial literacy programmes under the RBI's DE Fund have completed the initial phases and are now ready for mainstreaming at field level. Training and continuous education of work force is a necessity in modern organisations. Keeping this in view, Sa-Dhan, in collaboration with Prime M2i Consulting, has started an on-line training and certification programme for MFI staff.

In terms of the functioning of the Sa-Dhan team, we have endeavored to increase the output and efficiency with a smaller team and diligently worked towards minimizing expenditure, eliminating wastage and economizing, while at the same time not compromising on the tasks to be undertaken and the quality of work. Sa-Dhan closed this year too with a surplus indicating a sound financial management. I would like to convey my deep gratitude to the RBI, the Government of India, NABARD, DFID-UKAID, the World Bank Group-IFC, NRLM, IRDAI for acknowledging Sa-Dhan's role in the financial inclusion scenario and engaging



with it in a wide range of policy dialogues. Many of these institutions have also supported Sa-Dhan financially. We would also like to acknowledge the support of HSBC, water.org, SELCO Foundation, FINISH Society for their support on our interventions in the areas of digital financial inclusion, water-sanitation, clean energy. I would also like to thank all the sponsors of our National Conference.

The year closed with the onset of Covid-19 pandemic. The Sa-Dhan team is at the forefront in relation to policy engagement to protect and support the sector and its clients in these trying times. Constant interactions right from the PMO, the Ministry of Finance, the Ministry of Home, various State Governments, to the RBI, IRDAI, SEBI, DFIs, Banks, multilateral agencies and other stakeholders ensured a slew of measures of relief and support for the sector.

During the year the Governing Board of Sa-Dhan ably guided and advised the Association. I sincerely acknowledge the role of the Board, especially that of late Ms Vijayalakshmi Das, Chair, Sa-Dhan, who is not in our midst now. The contribution of Viji Ma'am to the development finance community nationally and internationally is immense and we pay our heartfelt tributes to her memory.

**P Satish**  
**Executive Director**

## Sa-Dhan Board of Directors

<p><b>Ms Ela R Bhatt</b> Chair Emeritus Founder SEWA Bank</p>	<p><b>Mr Jiji Mammen</b> Managing Director NABFINS Ltd.</p>
<p><b>Mr K Paul Thomas</b> (Co-Chair) Managing Director &amp; Chief Executive Officer ESAF Small Finance Bank</p>	<p><b>Ms Praseeda Kunam</b> Chief Executive Officer Samhita Community Development Services</p>
<p><b>Mr Mukul Jaiswal</b> (Treasurer) Managing Director CASHPOR Micro Credit</p>	<p><b>Smt Rajashree K. Baruah</b> Independent Member CGM, MCID, NABARD</p>
<p><b>Mr Vivekanand Salimath</b> Chairman IDF Financial Services Pvt. Ltd.</p>	<p><b>Mr Madhukar R Umarji</b> Independent Member Executive Director (Retired), RBI</p>
<p><b>Mr Rahul J Mitra</b> Managing Director &amp; CEO Margdarshak Financial Services Ltd.</p>	<p><b>Dr Deepali Pant Joshi</b> Independent Member Executive Director (Retired), RBI</p>
<p><b>Dr Medha Puroo-Samant</b> Chief Functionary Annapurna Mahila Co-op Credit Society Ltd.</p>	<p><b>Mr Brij Mohan</b> Independent Member Executive Director (Retired), SIDBI</p>

## Sa-Dhan SRO Grievance Redressal Committee

Name	Background	Type of membership	Status
<b>Mr U S Paliwal</b>	Former ED, RBI	Independent	Serving
<b>Mr S K Mitra</b>	Former ED, NABARD	Independent	Serving
<b>Mr Suresh Krishna</b>	Sector Expert & former MD of Grameen Koota	Independent	Serving
<b>Mr Mukul Jaiswal</b>	MD, Cashpor Micro Credit	Not for Profit	Also, current Board member

## Sa-Dhan SRO Enforcement Committee

Name	Background	Type of Membership	Status
<b>Mr M R Umarji</b>	Board Member, Sa-Dhan, Former ED, RBI	Independent	Also, current Board member
<b>Mr Anjan Dasgupta</b>	Managing Director, ASA International India Microfinance Ltd.	NBFC-MFI	Newly inducted
<b>Mr Jagadananda</b>	Former Information Commissioner, Government of Odisha, Member Secretary, CYSD	Not for Profit	Serving
<b>Mr N Srinivasan</b>	Sector Expert	Independent	Newly inducted
<b>Ms K.C. Ranjani</b>	Founder & Chairperson, MI India Development Trust	Independent	Serving

## Sa-Dhan Task Force Committees

Sa-Dhan as an industry building institution develops knowledge around the challenges and the needs of the sector. Sa-Dhan's main objective is to build a conducive environment for MFIs to efficiently cater to the underserved sections. In order to do so, Sa-Dhan works closely with stakeholders and industry captains, through representative bodies. This year, Sa-Dhan has revamped its "Task Force for NBFC/NBFC-MFIs" and "Task Force for Not-for-Profit MFIs". It has been working on revamping "Task Force for CBOs (Community Based Organizations)". Task forces have been instrumental in developing policy papers, and ensuring high level dialogue with policy makers and regulators. The inputs of Task Force for NBFC/NBFC-MFIs on issues such as qualifying assets, level playing field on loan limits, accounting standards etc were crucial for policy dialogues with RBI and Government of India. The Task Force for Not-for-Profit MFIs gave us guidance on taking up with Government the issue of a regulatory framework for Not-for-Profit MFIs.

Following are the members of the Task Forces:

### **NBFC/NBFC-MFIs Task Force:**

- Mr Manoj Nambiar, MD, Arohan Financial Services Ltd.
- Mr Anil Jadhav, Chairman, Hindusthan Microfinance Pvt. Ltd.
- Mr Anup Kumar Singh, MD, Sonata Finance Pvt. Ltd.
- Mr S.V. Raja. Vaidyanathan, MD, Asirvad Microfinance Ltd.
- Mr N. Irabanta Singh, CEO, UNACCO Financial Service Pvt. Ltd.

### **Not for Profit Task Force:**

- Mr Mukul Jaiswal, MD, Cashpor Micro Credit
- Mr N. Peter Palanisamy, MD, Nanayasurabhi Development Financial Services
- Ms Praseeda Kunam, CEO, Samhita Community Development Services
- Dr L. H. Manjunath, ED, Shri Kshethra Dharmasthala Rural Development Project
- Mr P K Khuman, CEO, Chanura Microfin Manipur

## **A. Sa-Dhan as a Self Regulatory Organization (SRO)**

On February 12, 2015, Sa-Dhan was recognized as a Self-Regulatory Organization (SRO) for NBFC-MFIs by the RBI. It was mandated to formulate and administer industry regulations, tools and performance standards for effective monitoring of MFIs, their compliance with regulations and Code of Conduct in the best interest of clients.

Sa-Dhan is committed to develop the Indian microfinance sector on professional, healthy and ethical lines. It strives to enhance and maintain standards in all areas with a view to protecting and promoting the interests of MFIs and their clients. It also reports to the Reserve Bank of India regularly on sectoral development, concerns that help them to take informed decisions on the sector. The mandate and objectives of the SRO are implemented through 4 core functions:



## A.1 Sa-Dhan's Efforts at Crisis Management

### A.1.1 COVID-19 Pandemic

COVID-19 has thrown up serious challenges for the microfinance sector and forced MFIs to suspend their operations due to nationwide lockdown imposed by the central Government. Microfinance sector has been affected substantially as, there has been no disbursements or collections, the livelihoods of MFI clients have also been adversely affected. Sa-Dhan has initiated a study to understand the impact of COVID-19 on the Clients, MFIs and the entire sector. A series of webinars on various important and relevant topics were organized to deliberate various issues impacting the Microfinance sector in COVID-19 scenario.

- Income of borrowers impacted.
- Liquidity issues for the sector especially for small and medium MFIs.
- Funding challenge for small and medium MFIs.
- Issue of extension of Insurance coverage without additional premium.
- Affected microfinance operations due to restriction of movement.

Keeping the interests of clients and member MFIs, Sa-Dhan has taken various corrective measures:

- Regular engagement right from the PMO, the Ministry of Finance, the Ministry of Home, State Governments, to the RBI, FIDC, IRDAI, SEBI, DFIs, NHB, Banks, multilateral agencies and other stakeholders ensured a slew of measures of relief and support for the sector.
- Issued a series of directives to member MFIs on field operations based on announcements of the RBI and the Government of India, accentuating staff and

client safety, responsible lending and client protection.

- Engagement with the Governor, RBI through Video Conference and appraised him on the liquidity position of the sector and highlighted the struggle of small MFIs because of inadequate rating/grading.
- Regular interactions with media to draw attention of the Government, the Regulators and Policy makers, to keep them abreast of ground realities.
- Representation to the Finance Minister for special relief package for Small MFIs and an emergency credit line for the sector.
- Engagement with CGAP, the World Bank and other multilateral agencies about pooling-in resources to help the smaller MFIs.
- Representation to the EPFO and the Labour Ministry on relief for small MFIs on EPF as there was low cash flow for the smaller MFIs; to withdraw EPF to give at least 50% salaries of the employees.
- Representation to the Finance Minister and DAY-NULM on support to MFIs under PM SVANidhi (street vendors scheme).

Sa-Dhan's intense engagement has yielded some fruitful results for the sector:

- The Reserve Bank of India (RBI) announced a set of economic packages such as TLTRO, special liquidity facility through NABARD and SIDBI, Partial Credit Guarantee Scheme etc.
- Extension of moratorium to MFIs by Banks, DFIs and other Financial Institutions.
- Relaxation of Assets Classification and Provisioning norms.
- Increased coverage of lender's loss in case of loan default under the Credit Guarantee Fund for Micro Units (CGFMU) scheme to 75% from 50% earlier.
- EPF contribution by Employers and Employees has been reduced to 10% for 3 months.
- Announcement of special scheme of credit facility for street vendors.
- SIDBI has extended the tenure of the liquidity facility from 90 days to 1 year.

### **A.1.2 Assam Unrest**

A section of the microfinance clients under the influence of some external sources started agitation against microfinance institutions from mid-September 2019. A few local unions campaigned against microfinance institutions on charging higher rates of interest and violating RBI regulations. They attempted to influence the borrowers to stop repayment of loans. There were some misinformation and some negative media articles which further deteriorated the situation. The affected districts were Dibrugarh, Shivasagar, Tinsukia and Jorhat.

Sa-Dhan as an SRO intervened and conducted a series of meetings with senior representatives of MFIs/SFBs/Banks and protesting local organizations. Sa-Dhan team visited the affected areas with field staff and interacted with borrowers, took up the issue with DNBS, FIDD of RBI regional office, ASRLM, CGM, NABARD and District

Commissioners. Directives were issued to member MFIs to promote responsible lending and client protection.

Sa-Dhan also took many policy advocacy steps during this time of crisis starting from meeting with District Commissioners, the state's Finance Secretary, the Principal Secretary and the State Finance Minister for submitting a comprehensive proposal to the Principal Secretary Finance, Assam. The SROs after extensive consultations with all lenders, stakeholders, including clients had formulated a suitable financial package to help the distressed tea garden workers. Sa-Dhan's timely interventions and engagement helped to bring the situation under control. Microfinance is improving gradually towards the normalcy.

### **A.1.3 Repayment issues in Dakshina Kannada District, Karnataka**

In Dakshini Kannada, Udupi and neighbouring districts there were sporadic issues on repayment due to misguidance by some local leaders. Sa-Dhan, along with the State Association took up the issue and made a representation to the Chief Secretary, Government of Karnataka. Based on Sa-Dhan's representation, a communication was sent to all District Collectors by Department of Co-Operatives to act against those spreading false information and to sensitize the borrowers. Sa-Dhan interacted with Regional Director-RBI, Karnataka, CGM-NABARD, Karnataka and SLBC-Karnataka and appraised them on the issue. A series of meetings were held with the concerned District Collector and other stakeholders. A District Level Grievance Redressal Cell was also set up. In conjunction with the State Association, Sa-Dhan came out with a series of press releases to educate the clients on need for prompt repayment and also sent necessary advisories to MFIs emphasizing on various aspects of RBI's Fair Practice code. The situation eventually came under control and is now free of disturbances.

### **A.1.4 Other Areas of Disturbance**

MFIs operation in the Kendrapada district, Odisha faced severe disruption due to nefarious activities of a ring leader. Microfinance Institutions operating in the Mahakalpara Block, which had around 700 clients were seriously affected. To bring the situation under control,



Sa-Dhan interacted with the MFIs operating in the area and executed many initiatives like awareness camps at Gram Panchayat level, Media sensitization, involving district-level administration for further investigation, meeting with the stakeholders (Additional Superintendent of Police, District Collector, Senior Management from leading Banks, District Social Welfare Organization and others). The situation has since been contained.

Repayment issues occurred in Kumarapalayam block of Namakkal district due to misguidance of few local leaders and borrowers against Microfinance terming it as usury. In this regard, Sa-Dhan made a series of interactions with clients and MFI staff. Sa-Dhan had meetings with the concerned District Administration and District Magistrate to appraise them on the issue. Sa-Dhan had also issued advisories to MFIs operating in the area emphasizing on RBI's Fair Practice Code (FPC), Industry Code of Conduct (CoC). Sa-Dhan also developed client education materials to sensitize the clients about the rumours. Sa-Dhan is closely monitoring field situation in the concerned area. Now the situation is under control and free of disturbances.

## A.2 Representation to the RBI

Sa-Dhan's SRO team had regular meetings with the RBI over the year – including those with the Governor, Deputy Governors, Executive Directors and officials of the Department of Non-Banking Regulation. Key issues taken up and discussed with the regulator included:

- **Liquidity crisis in microfinance sector:** Liquidity issues especially the struggle of small and mid-size MFIs and suggested solutions to overcome the issues.
- **Cost of fund issues especially for small and medium MFIs:** Banks have limited their lending to the higher credit rated organizations. This has forced small and mid-size MFIs to mostly borrow from NBFCs at a higher interest rate which resulted to margin squeezing. In this regard, we analyzed the cost of funds for different size MFIs from various types of lenders to understand the rate of interest available to them. As a solution, Sa-Dhan developed options of **new formula for the interest rate & a margin cap** and recommended to the RBI for their consideration.
- **Issues of indebtedness & multiple borrowing:** Considering emerging issues of indebtedness and multiple borrowing, Sa-Dhan suggested for common regulation for all lenders (NBFC-MFIs, Banks, SFBs, NBFCs, Not-for Profit MFIs) working in the microfinance industry and allow Not for Profit MFIs (Society, Trust etc.) to access data from Credit Information Companies (CICs).
- **Reasons of high growth rate:** To understand the reasons and impact of high growth, Sa-Dhan analyzed data of last 5 years. The outcomes of the analysis are (i) Growth after demonetization, (ii) Expansion of microfinance to new geographies, (iii) Increase in loan limit led to Ticket size increase, (iv) Excessive growth of certain individual MFIs. The analysis was shared with the RBI for their information and necessary action.
- **Improved Credit Assessment Tool:** As a part of progress and improvement, we developed a simple and improved credit assessment tool for measuring the client's credit requirement in a more realistic manner. The objective of tool is to minimize and prevent over indebtedness.



- **Individual Insolvency Code and its impact on the sector:** The Insolvency and Bankruptcy Board of India (IBBI) has been in discussion with key stakeholders including Sa-Dhan on the provision of **“Fresh Start”** under the individual section of the Code. This provision allows a debtor, who is unable to pay his/her debt and fulfils certain conditions, shall be entitled to make an application for a fresh start for discharge of his qualifying debt. We shared the challenges, consequences and possible impact of IBC on microfinance sector to IBBI. To enhance our position, Sa-Dhan presented a set of recommendations. The same was also shared with the RBI for their information and necessary action.
- **Activity Based Regulation for Microfinance Sector:** To address the need of ‘graduated’ microfinance clients and to prevent over indebtedness, we have suggested for activity-based lending. Activity based regulation is futuristic and practical. It is designed to address the interests of the clients as priority and in a relevant manner. The new definition of Microfinance is segmented into two categories- (a) pure microfinance and (b) microfinance plus. Eligibility criteria and key features of these segments are clearly defined to avoid any confusion. We recommended the Industry’s point of view to the RBI for their consideration.

#### **Issues regarding Credit Information Companies (CICs):**

- **Usage of Aadhaar as KYC:** Over the last few years, the Microfinance sector had been using Aadhaar as a means of identification of clients. Aadhaar number is also being used for sharing the credit information of clients with credit bureaus and for obtaining credit information reports. As per the latest amendment of the Aadhaar Act, MFIs are not allowed to do any e-KYC verification or store an Aadhaar number or biometric information of any individual for any purpose. Concerns were taken to RBI for further clarity and requested the RBI to include a provision to share the CKYC identification number in the common data sharing format prescribed for CICs.
- **Data sharing restricted for Not for Profit (NFP) MFIs:** Under the definition of Credit Information Companies (Regulation) Act, 2005, only NBFC-MFIs, NBFCs and Section 8 Companies are included as specified user who could access and share data with CICs whereas other NFP MFIs are not allowed to share data to CICs. This results in inaccurate indebtedness or credit repayment capacity assessment of the borrowers. To eliminate this inaccuracy, we requested the RBI to include other NFPs under the list of the ‘credit institution’ of the CICs.

### **A.3 Sectoral reports to the RBI**

Details of client interaction in the field, client awareness and sensitization initiatives, client satisfaction survey, field staff sensitization programme, details of irregularities observed and actions undertaken, issues, concerns and suggestions, shareholding and ownership details of the MFIs, other developments in the sector, tracking and analysis of complaint received through Grievance Redressal Mechanism, potential concern areas where there is excessive growth or non-compliance of lending operations, financial and operational performance of individual MFI etc. are included in the report. This is a comprehensive report, shared to the RBI on quarterly basis to showcase the status of the sector.

## A.4 Research & Analysis on Specific areas of Interest

We undertook a study on the possibility of activity-based lending instead of income-based lending. In addition to this, a comprehensive analysis on reach of clients in microfinance space was undertaken. Sa-Dhan has developed a “Self-Assessment and Monitoring Tool” to understand the overall state of the sector and to identify the potentially high-risk geographical areas including penetration level. We share all the studies and analytical report with our member MFIs on regular basis to help them streamline their strategies and operations.

### Data Analysis:

Sa-Dhan by using the Self-Assessment and Monitoring Tool and with the help of available data, analyze and identifies hotspot areas. Reports of such analysis are regularly shared with the RBI, member MFIs and other Stakeholders.

- **Potentially high-risk geographical areas:** Data analysis is done to understand the overall state of the sector, identify multiple lending, penetration level, potentially high-risk geographical areas, and early warning areas. Sa-Dhan has evaluated districts based on three rules – (a) % of active microfinance borrowers (legal form agnostic) to the total household (census 2011) and (b) % of borrowers having more than 2 lenders (legal form agnostic) and more than ₹60k outstanding. With a view to ensure best practices and maximize client protection, Sa-Dhan regularly shares these analyses with members across-India. This helps our members to get an understanding on multiple lending, microfinance penetration and other early warning signals at districts level.
- **Penetration level:** Percentage of active microfinance borrowers (legal form agnostic) to the total households (census 2011)
- **Multiple Lending:** Percentage of borrowers having more than 2 lenders (legal form agnostic) and more than ₹60 k outstanding.
- **Over Indebtedness:** Percentage of borrowers having loan outstanding above ₹1 lakh
- **Early Warning Districts:** Not overly saturated but getting heated very fast. It is based on GLP growth vs growth of loan account and rise of PAR>30 days.
- **Highest Growth Districts:** Having a portfolio base of more than ₹100 crores and which have grown more than 75% over the last year.
- **MFIs having significant exposure in high risk districts:** Identify MFIs having significant exposure in potential high-risk district. Sa-Dhan also issues advisories to these MFIs to assist them in their risk management strategies.
- **Granular district-level Analysis:** In order to have a better understanding of both the over indebtedness as well as the potential for further microfinance activity at states, Sa-Dhan separately analyzed state data in terms of portfolio size for each district. For the analysis, we have factored on the “economic potential” and microfinance “penetration” and how they inter-relate with other parameters such

as over-indebtedness, PAR, multiple lending, number of lenders etc. Economic potential has been evaluated on the basis of market access, economic density, level of urbanization, human capital and local transport.

## A.5 The Bharat Microfinance Report 2019

The Bharat Microfinance Report (BMR) 2019 was released by the Chief Guest Prof. Muhammad Yunus, Nobel Peace Laureate 2006 and Founder, Grameen Bank in the presence of Smt. Rajashree K Baruah, CGM, MCID, NABARD and a host of dignitaries from the finance and microfinance sector at the Sa-Dhan National Conference. This year BMR was published with data collected from 202 MFIs. The MFIs comprised of entities of all legal forms and the Report had the largest industry participation.



Sa-Dhan has been publishing The Bharat Microfinance Report since 2004 to showcase the performance of MFIs among stakeholders, notably among the Policymakers/Regulators, Financial Institutions, and Banks to enable them to consider the sector as potential investment destination. This is also to increase transparency and build credibility for the microfinance sector.

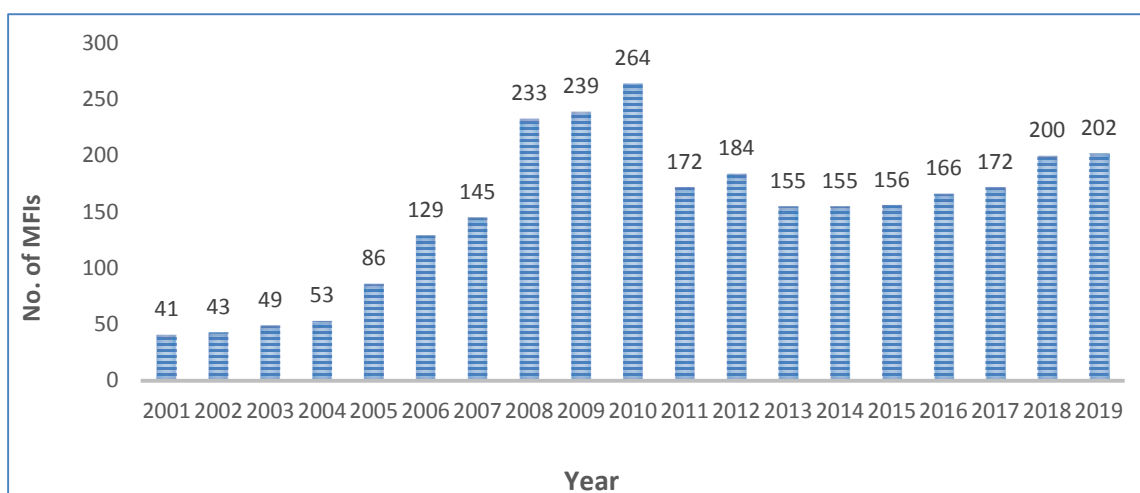
The report is divided into two parts. One part covers the MFI sector and is based on primary data and the other part concentrates on the SHG sector, the BC model, case studies of MFIs especially with use of technology.

The BMR relies on primary (audited) data gathered from MFIs across India and secondary data culled out from various sources. The highlights of BMR 2019 are:

- MFIs are serving 429 lakh clients across 570 districts.
- Gross outstanding loan portfolio is ₹94,391 crores.
- SHG bank linkage program provide credit to 26.98 lakh SHGs with gross loan portfolio of ₹87,098 crores.

Apart from the sectoral overview the BMR also highlighted some innovative initiatives undertaken by MFIs and other stakeholders such as use of Technology and Financial Literacy, Diversification of Products, Financial Inclusion through Business Correspondents

(BCs), Grievance Redressal Mechanism best practices, State and District wise presence of MFIs etc.



### A.6 Q-MF Report -Sa-Dhan’s Quarterly Microfinance Report

To reflect sectoral changes from time to time, Sa-Dhan collects and analyse data from MFIs on quarterly basis to develop the Q-MF (Quarterly Report on the Microfinance Sector). This report helps in providing stakeholders with information and status of the sector. Quarterly Report on the Microfinance Sector allow the sector to build an understanding on the growth of Client Outreach, Net Loan Portfolio, Gross Loan Portfolio, BC Portfolio, Staff Productivity and Financial data like funding from different sources, region wise change and shifts. When Sa-Dhan introduced the Q-MF Report in 2015-16, only 50 MFIs contributed data but the number gradually has increased to 137 in 2018-19 and 140 in 2019-2020.

### A.7 Surveillance and Field Assessment Visit

Sa-Dhan being a Self-Regulatory Organization (SRO) for the microfinance sector, regularly listens to the voices of the clients, and observes the latest developments in the field and recommends corrective actions wherever required.

The objective behind these visits is to observe how MFIs are operating with respect to the Code of Conduct and RBI regulations, over indebtedness, complying with proper documentation procedures, adhering to limits for income generating activities, bundling other products while sanctioning loan and so forth. Moreover, Sa-Dhan interacts with clients to ascertain their awareness regarding rate of interest, charges taken by MFIs etc.



## Summary of Surveillance and Assessment Visit

State/UT	Name of District	No of District	No. of Branch visited	No. of staff Interacted	No. of Clients Interacted
Assam	Dibrugarh, Guwahati, Kamrup, Tinsukia, Jokai, Konwarigaon	6	13	256	150
West Bengal	Kolkata, South 24 Parganas, North 24 Parganas	3	11	62	119
Odisha	Bhubaneswar, Ganjam, Khurda, Cuttack, Kendrapara	5	6	57	138
Bihar	Muzaffarpur, Samastipur	2	3	12	51
Chhattisgarh	Janjgir-champa	1	2	10	22
Gujarat	Kheda, Mahisagar, Anand, Ahmedabad, Gandhinagar	5	19	57	110
Maharashtra	Mumbai, Thane, Mumbai.	3	10	94	20
Delhi	Delhi	1	1	4	22
Uttarakhand	Dehradun	1	4	17	97
Uttar Pradesh	Ghaziabad, Modinagar, Fatehpur, Lucknow, Bahraich	5	10	23	117
Rajasthan	Jaipur, Udaipur, Alwar, Ajmer	4	11	43	141
Haryana	Bhivani, Rohtak	2	3	9	30
Punjab	Barnala, Sangrur	3	5	18	65
Karnataka	Dakshini Kannada, Shimoga, Bengaluru	3	13	57	104
Tamil Nadu	Tirunelveli, Kanyakumari, Villupuran, Cuddalore, Namakkal, Coimbatore, Tiruvallur, Thoothukudi, Madurai	9	20	110	363
Telangana	Hyderabad	1	4	9	0
Kerala	Ernakulam, Kollam, Trivandrum	3	5	39	60
<b>Total</b>		<b>56</b>	<b>139</b>	<b>873</b>	<b>1587</b>

### A.8 Client Awareness & Sensitisation Programme

Sa-Dhan has conducted client awareness and sensitization programmes for MFI clients to sensitize them on important topics. The following topics were covered during the trainings.

- (i) **Lender selection:** Clients were trained to compare the reputation of the lenders, products & services and terms & conditions of the loans offered by lenders before choosing any MFI for taking loan.
- (ii) **Terms & conditions of the loan:** Clients were encouraged to understand the rate of interest, processing fees, loan tenure, repayment frequency, documents requirement

clearly before taking any loan. For any doubt, they should not hesitate to ask Branch Manager/Credit Officer.

- (iii) **Duties & Responsibilities:** Clients were sensitized about their duties and responsibilities such as attending centre meetings, participating in Compulsory Group Training (CGT) and Group Recognition Training (GRT), avoidance of agents, ringleaders, timely repayment of instalments etc.
- (iv) **Indebtedness and lender limit:** Clients were sensitized about maximum indebted amount, lender limit to avoid multiple lending and over borrowing.
- (v) **Household Income and Credit Assessment:** Clients were sensitized about the RBI regulations on household income, credit assessment, indebtedness limit, KYC etc.
- (vi) **External Influence:** Loans taken from MFIs should be repaid on time to build good relations with MFIs and maintain fair credit history. They should not believe any rumors spread by outsiders.
- (vii) **Loan utilization:** Clients were explained how loan utilization influences repayment of loans.
- (viii) **Income Generation loans vs Consumption loans:** Clients were informed about Income Generation Loans and Consumption Loans. If loans taken for income generation purpose but used in consumption, then it will be difficult for them to repay the loan on time. But there are options of medical, education and consumption loans and client can avail those loans, if required.
- (ix) **Avoid excessive loans:** Clients were explained how to avoid excessive loans. They should also plan some savings and invest a portion of their income for their future.
- (x) **Ring leaders/agents:** Clients were sensitized about ringleaders/agents and to avoid them. Clients were also explained how ringleaders/agents cause severe distress to the entire group/village. Clients should directly approach MFIs to take loans.
- (xi) **Collateral, Security and Commission:** Clients were explained about collateral, security and commission. If they are asked for collateral, security and commission, they can inform the head office through toll-free helpline number.
- (xii) **Credit History and Credit Information Companies (CICs):** Clients were sensitized about Credit Information Companies (CICs) and credit history. They were also explained in detail about loan rejection and consequences of non-payment.
- (xiii) **Staff Behaviour:** If any staff of any MFI misbehaves, it should be brought to attention immediately through the toll-free number given on the passbook.
- (xiv) **Grievance Redressal Mechanism (GRM):** Clients were sensitized about GRM and explained when and how to lodge a complaint. They were also sensitized about the role of SRO and RBI's Ombudsman.

## A.9 Field Staff Sensitization Programme

Sa-Dhan has also organized field staff sensitization programme with the aim to improve collection practices, client protection and to promote responsible lending in the interest of clients and microfinance sector. The staff were sensitized on the following topics like

- Critical aspects of Code of Conduct (CoC),
- RBI Fair Practice Code,
- Cashflow Analysis/Income Assessment and Repayment Capacity,
- Lender Limit and Indebtedness Limit,
- Role of Credit Information Companies (CICs) and Credit history of clients,
- Know Your Customer (KYC) documents,
- Privacy of KYC and other information,
- Loan Utilization Check (LUC),
- Fair Interaction with the clients,
- Importance of Clients' Financial Literacy through Compulsory Group Training (CGT) and Group Recognition Training (GRT),
- Central Meetings, Grievance Redressal method, Complaint resolution and escalation method, Digital transactions and cash handling,
- HR issues and Employment Bureau.



## A.10 Code for Responsible Lending and Code of Conduct (CRL)

At present, a wide range of lenders such as NBFC-MFIs, Banks, SFBs, NBFCs and Non-profit/Section 8 MFIs, under different regulatory framework, provide micro-credit to low-income households. With the multiplicity of sources of credit to the microfinance customers and as there is a lack of uniform regulation, safeguarding the interests of low-income customers, who are generally quite vulnerable, is becoming increasingly challenging. Uniform rules across the lenders, on customer-centric issues such as transparency and multiple/over-lending are important to ensure that power of micro-credit can reach its intended objectives in a responsible manner.



To address this concern, the SROs jointly drafted a uniform code, namely Code for Responsible Lending (CRL) which was released at the Sa-Dhan National Conference on 16 Sept 2019. The key highlights of the CRL are as follows:

- (i) CRL is applicable to unsecured micro-credit loans given to microfinance segment by all Providers.
- (ii) It is sector-specific and entity agnostic.
- (iii) No lender can become the fourth lender to a customer if a customer has active loans from three (3) different lenders. NBFC-MFIs are additionally required to ensure that not more than 2 NBFC-MFIs lend to a customer.
- (iv) It sketches the guidelines on key customer-centric issues such as transparency, multiple/over-lending, fair interaction and grievance redressal.
- (v) It covers key regulatory customer-protection measures as described in RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct.
- (vi) It has five major elements - (i) Fair Interaction (ii) Suitability (iii) Education & Transparency (iv) Information & Privacy (v) Grievance Redressal

The document covers key regulatory customer-protection measures as described in the RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct.

A total 109 lenders including 4 Banks and 6 SFBs have signed the CRL. A Steering Committee (SC) chaired by Dr. Harun R Khan, Former DG-RBI has been set up and all CRL activities are going forward under the guidance and direction of the Steering Committee (SC).



## A.11 Revised Code of Conduct (CoC)

In the background of the evolving landscape of micro-credit and responsible lending, the Code of Conduct (CoC) has been redesigned and restructured thoroughly. The revised CoC was released at the Sa-Dhan National Conference on September 16, 2019. The revised CoC emphasizes on:

- Client Protection for ensuring the customer's interests are prioritized and protected.
- Greater focused on responsible lending practices towards customers.
- Responsible lending behaviour and practice are greatly influenced.
- Stronger Corporate governance.
- Emphasis on staff concern and well-being.

### SRO Communication Materials

Sa-Dhan has developed and disseminated 2 sets of SRO communication materials - (i) for strengthening financial literacy of client, credit culture, understanding their rights and roles & responsibilities etc. (ii) for sensitizing the field staff on client protection aspects, critical aspects of Code of Conduct (CoC), Code for Responsible Lending (CRL), Fair Practice Code (FPC) and RBI regulation etc. for promoting responsible lending.

## B. Sector Building Initiatives

### B.1 Lenders - MFIs Interface

Sa-Dhan organized two “Lenders - MFIs Interface Meet” at Chennai and Mumbai to explore several means of finance available to MFIs and find some innovative funding solutions. The event also deliberated the importance of building up proactive relationship with the lenders, while building capacity of MFIs to access these funding solutions. The event was attended by senior representatives of Development Finance Institutions (DFIs), Public Sector Banks, Private Sector Banks, NBFCs, Small Finance Banks and Microfinance Institutions (MFIs). The lenders urged the MFIs to focus more on good governance, technology, financial and operational strength, risk and audit mechanism etc and also highlighted the importance of capacity building of loan officers.

The successive events provided lenders deeper insight into the microfinance sector and various lenders particularly PSBs sought details of our member institutions to explore funding solutions.



## B.2 Workshop on Disaster-Resilient Habitat Planning and Social Housing

Sa-Dhan in association with CYSD had organized a workshop on Disaster-Resilient habitat planning and social housing in Bhubaneswar, Odisha. Multiple stakeholders were urged to present their idea and support to rebuild the Odisha after the cyclone “Fani”. There were discussions related to the aspects of design, disaster resilience and access to credit. It was decided at the workshop that Sa-Dhan would work with Habitat for Humanity, HFCs and MFIs to contribute towards the rebuilding task keeping in view the resilience factors (material, design, technology, local wisdom to counter natural calamity and insurance).

## B.3 India Housing Coalition

Sa-Dhan has entered into an MoU with Habitat for Humanity India to formally launch India Housing Coalition. Sa-Dhan is a co-promoter of India Housing Coalition. It has engaged several housing stakeholders for affordable housing for economically weaker sections LIG and MIG. This coalition aims to take up broad based policy advocacy initiatives by engaging with the stakeholders in the housing Sector. Sa-Dhan will also help the cause of reconstruction in disaster affected areas



with reconstruction activities and livelihoods. One major outcome would be to establish MFIs as Primary Lending institutions recognized by the National Housing Bank.

## B.4 Multi stakeholder Workshop to Accelerate Financial Inclusion through Women Self Help Group (WSHG)

Sa-Dhan as a sector building organisation always shouldered a large role to facilitate inflow of finances to the sector. Sa-Dhan conducted a Multi-Stakeholder Workshop to accelerate Financial Inclusion through Women Self Help Group (WSHG) in Dehradun with the support of NABARD. The workshop focussed on various ways of funding for a better credit flow and livelihood assessment. Sa-Dhan proposed to consider the microfinance lending figures when preparing the Potential Linked Credit Plan while NABARD assured to help and support MFIs in terms of handholding.



## B.5 Fraud Control Meet

Despite having differences in legal accreditation NBFCMFIs, NBFC, Banks, SFBs, Sec-8 Companies all face similar fraudulent activities. Sa-Dhan along with Samasta Microfinance Pvt Ltd organized a Fraud Control Meet in Kolkata. Issues like financial statement fraud, assets misappropriation, misuse of company assets, breach of client's trust, clients causing loss, theft of intellectual property, trade secrets, data and cyber fraud were discussed extensively among the participants. Sa-Dhan mentioned that to reduce the number of fraud cases there should be stringent internal HR policies. Basic concepts like employee rotation, grievance redressal system, monitoring, and audit and staff awareness and staff training is the need of the hour.

## B.6 3rd National COPHAM Stakeholder Meet

Sa-Dhan in association with RESULTS Educational Fund and Grameen Foundation organized the 3rd National COPHAM Stakeholder Meet. COPHAM is a national network of health and microfinance institutions in India who share the common objective of bringing the health-related benefits promoted by the government and non-governmental organizations to unreached populations. The meet witnessed deliberation on Ayushman Bharat, the flagship programme of the Government of India and the role financial service providers, MFIs and SHPIs could play in ensuring last mile connectivity to this ambitious and much needed scheme.



## B.7 Access for Development Dialogue

Sa-Dhan, has taken up promotion, adoption and adaptation of livelihood related renewable energy in promoting Decentralised Renewable Energy Solutions for individual households in India. This is in line with the Paris Agreement under Sustainable Development Goal (SDG) # 7 (Affordable & Renewable Energy for All) and SDG # 13 (Climate Action). Sa-Dhan participated at the Clean Energy Access Network (CLEAN) in collaboration with Shakti Foundation and Good Energies and proposed Development Banks to support with allocations under livelihood related energy financing.

## B.8 Online Training Courses for Microfinance Professionals

Sa-Dhan in collaboration with Prime M2i Consulting Pvt. Ltd has been offering courses for microfinance professionals in 10 languages. It is an initiative of Sa-Dhan to equip microfinance professionals with necessary skills and knowledge to become more effective in their respective roles. These courses have been designed in a way, that makes it most useful for people who are either already working in the microfinance industry (with an MFI, Small Finance Bank, Banks or industry associations) or are planning to join the industry. Already the course has been taken up by more than 10 institutions and 80 people have

received the certificates.

- Level 1 course: The first of three certificate courses is meant for Loan Officers.
- Level 2 course: It is meant for Branch Managers and Area Managers.
- Level 3 courses: It is meant for Senior Managers.

Sa-Dhan is in discussion with few training institutions to develop an end to end course for those who are not a part of the MFI sector but wishes to pursue a career in this sector.

## **C. Strategic Initiatives**

### **C.1 Engaging Microfinance Institutions (MFIs) to scale up Affordable Housing for the Economically Weaker Section (EWS)**

In India the demand for housing has increased in recent years due to increase in population, breakdown of the concept of joint family and migration of rural population to urban areas. Census 2011 indicates at a huge housing shortage. About 95% of population belonging to economically weaker sections (EWS) in urban areas and about 90% in rural areas have housing requirement by 2012-17 (Trend and Progress report 2014, NHB).

Sa-Dhan aims to assist clients with affordable housing leading to healthy living, which includes housing with basic amenities and infrastructure. A large part of MFI clients belongs to the Economically Weaker Section and Low-Income Groups, which is said to face a shortfall of 40+ million housing in rural areas and 20 million units in urban areas as per most recent estimates.

Sa-Dhan with an integrated approach of strategy, policy-advocacy and client engagement has undertaken the task of scaling up of affordable housing for EWS and narrow the gap in housing shortage.

In this endeavor, we have kicked off a comprehensive project with the support of DFID-UKAID at Puri/Konark (Cyclone 'Fani' affected area).

#### **The salient aspects of the project:**

- To establish MFIs as credible institutions for housing microfinance by undertaking an Action Research involving minimum 1000 clients to 4000 clients, as per need of the intervention area.
- Sa-Dhan in consultation and discussion with stakeholders would design an incremental housing product which could be adopted at pan-India basis by all Microfinance institutions.
- To develop a comprehensive database covering housing microfinance portfolio data which is currently not available with the Government, Policy makers, Regulators, HFCs, or Stakeholders and so forth. It will be client level data which will also depict client credit history, household cash flow etc.
- Sa-Dhan aims to provide housing plus support services. For that Sa-Dhan would establish Housing support services hub one each at Puri and Konark.

Sa-Dhan has been in discussion with HFCs/SFBs to finance the shortlisted MFIs to

undertake this pilot. The shortlisted MFIs would work as BC partner of HFCs/SFBs). In continuation to this effort, a national level platform of affordable housing stakeholders will be promoted to bring about the industry's best experience with regard to funding, design, institution building, resilience, sanitation, impact etc. Sa-Dhan will train the MFIs' front-line staff to take the project ahead.

## C.2 Digital Ecosystem for Improving Access to Finance for Unbanked

Sa-Dhan with the support of HSBC, has been undertaking a project "To Develop a Digital Ecosystem for Improving Access to Finance for Unbanked". The project has three broad goals: **(a) Promoting education, including special education, (b) Promoting gender equality and empowering women and (c) Rural Development.** The MFIs are a crucial link for developing the ecosystem by using technology for better financial inclusion and also to handhold clients during a period of transformation. Digital inclusion would help the community in many ways viz. accessibility to finance through various channels, mitigate cash carrying risks, customer centric offerings, availing benefits of flagship projects of Government of India and State Governments. The project also touches upon three goals of Sustainable Development Goals (SDGs) enunciated by the United Nations.

The project is for a period of 4 years covering 4 regions i.e. East, North, South and West. Sa-Dhan in association with its member Society for Model Gram Bikas Kendra undertook the first pilot in Nadia, West Bengal and second with Satya Micro Capital Ltd in Sangrur, Punjab. In the third year of this project, Sa-Dhan in association with SMILE Microfinance Ltd has been working in Chennai, Tamil Nadu.

In the month of December, a Consultation Meet on "Challenges of Digitization and Way Forward" was organised in Chennai. The objective was to encourage dialogue between MFIs and Technology Solution Providers (TSPs). The meet examined the key issues that MFIs face when considering operating digitally, and provided an ideal platform to TSPs to understand comprehensively what works for MFIs and what doesn't. The event witnessed deliberation on various challenges of digitization of the sector and the possible way forward.



## C.3 Water & Sanitation Financing

Sa-Dhan conducted scope of studies in seven states to find out the financial gaps that can be catered by MFIs to achieve the objective of "**Swachh Bharat Mission**" and for the promotion of WATSAN financing. Going forward, Sa-Dhan started Water Credit Adoption (WCAD) programme in Maharashtra, Uttar Pradesh, Madhya Pradesh, Bihar and urged the MFIs to develop Water, Sanitation and Hygiene (WASH) product in their portfolio.

In order to make WASH financing more sustainable and robust, WCAD - II was launched in Maharashtra on 1st April 2019 with a workshop in Mumbai to understand partners' challenges, experiences and expectations. Sa-Dhan upgraded Information Education Communication (IEC) materials and highlighted the health problems in absence of toilets and clean drinking water along with the solutions to overcome the issues. The advanced IEC materials also stressed on designing of scientific toilets to make it sustainable. The partners were trained on usage of upgraded education materials effectively to sensitize marginalized people. A series of trainings and workshops were organized on credit financing opportunities to accelerate Open Defecation Free+ (ODF+) at Maharashtra, Uttar Pradesh, Madhya Pradesh and Bihar. The efforts yielded fruitful results as MFIs appeared to be interested to add Water and Sanitation product in their portfolio and also to finance the marginalised people for WASH lending. Sa-Dhan has requested institutions like NABARD, SIDBI, MUDRA and other financial institutions, to join hands and be the game changers in addressing the WASH related issues.

#### **C.4 Depositors Education and Awareness (DEA)**

RBI has assigned Sa-Dhan for developing the capacity of the clients and others under Depositors Education Awareness (DEA) Scheme. As per the RBI directive, Sa-Dhan in collaboration with its member MFIs would organize 2250 workshops across 22 states within a year. The objective of the workshops would be to educate the depositors on the various financial aspects like creating awareness on Opening of Bank Accounts, KYC, Anti Money Laundering etc. Sa-Dhan has completed the first two phases with a Pilot training and Training of 240 trainers through 8 ToT (Training of Trainers) workshops in 8 states. The workshops were organized at Bengaluru, Chennai, Ernakulum, Ahmedabad, Raipur, Kolkata, Lucknow and Patna. RBI officials from different zones attended the workshops.

#### **C.5 Adaptation of clean energy for efficiency, productivity and environment with the support of SELCO Foundation**

India's energy demand could double by 2040, which can only be compensated by renewable electricity capacity. At the same time, conventional rural energy sources such as kerosene and firewood will become more expensive, price volatile and scarce. Dependence on conventional energy in rural areas would eventually become greater source of economic strain and insecurity for households and businesses.

Sa-Dhan in association with SELCO Foundation aims to understand and demonstrate the role of Microfinance Institutions in providing asset-based sustainable energy driven solutions (for enhancing households and livelihoods of under-served communities). The Program aims to be an action research in combating climate change and poverty alleviation via need based sustainable energy solutions. It would revolve in three phases and primary focus on three energy solutions:

- Home based energy solutions
- Energy solutions for livelihoods (individual, group and FPOs)
- Sustainable environments (for housing and/or livelihoods)

The main outcome of the project would be to institutionalize sustainable energy within Sa-Dhan as a strategic vertical.

## D. Sa-Dhan National Conference

The theme of the Sa-Dhan National Conference, 2019, was “Two Decades at Paving Way for Financial Inclusion”. It celebrated the success of financial inclusion in the last twenty years, delved upon the challenges and learnings, and pondered upon the future trajectory of microfinance.

The mega event, also marked 20 years of work by Sa-Dhan towards the advancement of financial inclusion of the unserved in the larger financial system of India. The conference was graced by the presence of Prof. Muhammad Yunus, Nobel Peace Laureate 2006 and Founder, Grameen Bank, who was also the chief guest. The conference also witnessed the release of **Bharat Microfinance Report – 2019**.



The conference witnessed in-depth deliberation on various relevant and contemporary topics viz. 20 Years of Microfinance; Clean Energy; Growing Urbanization; Enlarging the Canvas of Community Finance; Insurance: the Missing Link in Financial Inclusion; Propelling Innovative Funding for the Sector; Integrating Digital Finance, Strengthening Cyber Security; Health, Water & Sanitation - Achieving SDG Goals; Augmenting Good Governance, Promoting Responsible Finance; Crystal Ball Gazing - Bees Saal Baad etc. The conference was graced by 75 accomplished speakers, over 650 delegates and 29 Sponsors. The event had been widely covered by media.

### Key takeaways of the National Conference are:

- Adaptation of technology to enhance growth of the microfinance sector in India and cater to the financial needs of the clients in an advanced manner.
- The capacity of SHG members to use new technologies needs to be built up so that they can benefit from technology innovations in financial services.
- Availability of funds on a continuous basis is critical for MFIs to provide services to their clients.

- MFIs have adapted technological innovations that have allowed them to improve operational effectiveness as well as efficiency, although the pace of adaptation has been gradual.
- Robust data security systems are essential as data theft is a major worry. Data theft is an area of grave concern for technology savvy people, and even more so for microfinance clients.
- Responsible finance is about providing finance in an accountable, transparent and equitable manner, and this is joint responsibility of all stakeholders
- There still remains unserved demand for microfinance, which needs to be met. Technology needs to be leveraged for last mile outreach by MFIs.

## E. Member Affairs

### E.1 New Members

Every year, Sa-Dhan receives new applications for membership. The new members who joined Sa-Dhan this year are:

S. N.	Organization	State
1	Aadhar India Finvest Ltd.	Chandigarh
2	Ajivika Finance Ltd.	Uttar Pradesh
3	Bharathi Women Development Centre	Tamil Nadu
4	Destiny Finco Pvt. Ltd.	West Bengal
5	Jigyasa Livelihood Promotions Micro Finance Foundation	Madhya Pradesh
6	KPB Fincare Pvt. Ltd.	Kerala
7	Max United Foundation	Kerala
8	National Scheduled Tribes Finance & Development Corporation	Delhi
9	New Opportunity Consultancy Pvt. Ltd.	Tamil Nadu
10	Nextru Livelihoods Pvt. Ltd.	Karnataka
11	PAFT Finance Ltd.	Tamil Nadu
12	Pratyancha Financial Services Ltd.	Uttar Pradesh
13	Rashtriya Mahila Kosh	Delhi
14	Sarwadi Finance Pvt. Ltd.	West Bengal
15	Satyam Grama Sangham	Kerala
16	SEED Capital Pvt. Ltd.	Bihar
17	Socio Economic Action Trust (SEAT)	Manipur
18	Sunflag Merchants Pvt. Ltd.	West Bengal
19	Svamaan Financial Services Pvt. Ltd.	Maharashtra
20	Vector Finance Pvt. Ltd,	West Bengal



## **E.2 Member Engagement**

Sa-Dhan organised State Level Member Meets round the year with regional/zonal heads to understand the exact field level situation in the state. Sa-Dhan keeps itself abreast on how the MFI environment reacts in different states on an event of emergency or a policy change or an upcoming election. In the past one-year Sa-Dhan organised State Level Members' Meet in Tamil Nadu, Uttarakhand, Uttar Pradesh, and Assam. Specific local concerns of members in their areas of operations were discussed and implemented. There were also in-depth discussions on issues related to regulation, code of conduct, concerns of loan waivers, problems and challenges of multiple lending, threat of ring leaders. There were discussions on the effect of demonetisation, persisting shortage of cash flow, recruitment of fraudulent staff without background check, staff attrition and poaching issue, bundling of loans and cross sales as its increasing over indebtedness, and challenges of organizing meeting of district level. Sa-Dhan also communicated to its members the field observations. The objective of the member engagement to bring the concerns of members into the work processes of Sa-Dhan.



## **E.3 Sectoral Engagement**

### **E.3.1 Arunachal Pradesh SRLM**

Sa-Dhan as a designated National Support Organization (NSO) by NRLM, works closely with SRLMs (State Rural Livelihood Missions) of different states. Arunachal Pradesh SRLM had organized an Event on the “Management of NPA”, wherein they invited Sa-Dhan to understand the NPA (Non-Performing Asset) Management through the eyes of the microfinance industry. Arunachal Pradesh SRLM expressed interest to work closely with Sa-Dhan to strengthen their financial inclusion division. Discussions were held to understand the initiatives and challenges of the SRLM.

### **E.3.2 Possible collaboration with Kudumbashree**

Sa-Dhan held a meeting with Head, Financial Inclusion, Kudumbashree (A community organization of Neighbourhood Groups), Government of Kerala. The team highlighted the excellent work done by the MFI sector in promoting Financial Inclusion in the

State and discussed on possible collaborations between Sa-Dhan and Kudumbashree. Kudumbashree expressed interest in joining the training programme in the third phase of RBI DEA project and worked closely with Sa-Dhan to roll out RBI DEA Project in their areas of operation.

### **E.3.3 SKDRDP Conference**

Sa-Dhan attended the four-day Conference and highlighted the benefits of various national and international stakeholders involved in poverty alleviation and rural development. In continuation to that Sa-Dhan mentioned that SHG (Self Help Group) movement was started to organize women to help them with access to banking and financial inclusion, but now the SHGs can be used as a medium to raise awareness regarding better healthcare practices and well-being; with the micro-finance institutions, especially the not-for-profit ones as the promoting institutions.

### **E.3.4 Eastern India Microfinance Summit**

Sa-Dhan was invited to speak on different sessions of the Event. Sa-Dhan highlighted that NBFC-MFIs are regulated by the Reserve Bank of India but Not-for-Profit organizations like Section 8 companies, Societies etc. which provide micro credit should also be part of the regulatory framework of the financial sector. While the RBI may continue as the overall regulator but there can be a supervisory institution like NABARD, as in case of RRBs and Rural Cooperative banks.



### **E.3.5 UPMA State Microfinance Conclave**

Sa-Dhan was an expert panelist for a technical session at the Conclave. Sa-Dhan mentioned that necessity of digitization and highlighted the importance of a proper digital ecosystem.

### **E.3.6 MiNE India Event**

Sa-Dhan co-hosted a conference with MINE India on key developments ‘for-by professionals’ in the Microfinance & NBFCs space. The programme focused on the inclusion of non-developed segments in the Microfinance & NBFC industry, market trends and technological innovations.

### **E.3.7 Delegation from Afghanistan**

Different Civil Society Organisations (CSOs) comprised of 22 members from Afghanistan Advocacy Group visited Sa-Dhan. It was an interactive session where Sa-Dhan representatives made a presentation on Microfinance Sector and the role of Sa-Dhan as an SRO. Sa-Dhan team explained the complexities of the Indian microfinance industry which includes different models, legal forms, regulations and data asymmetries.

## **F. Annual General Body Meeting**

The year 2019 was memorable as it marked 20 years of work by Sa-Dhan towards the advancement of Financial Inclusion of the unserved in the larger financial system of India. Sa-Dhan had organized its 20th Annual General Body Meeting in Bhopal.



The major topics discussed were Policy, Handholding & Capacity Building Support, Good Governance building activities and deciding on the course of action for the SRO. Members also approved the inclusion of the new members, the previous AGM meeting minutes, Annual Report and Audit Report of 2018-19 and Annual Plan and Budget 2019-20.

In regard to Board member, 12 nominations were received for 5 vacancies. Elections were held through a vote for 5 board seats which resulted in one existing member being re-elected and four new members joining the board.

## **G. Media Interactions**

Sa-Dhan is in constant engagement with media at the national and state levels to give a positive image of the Sector with an emphasis of achieving financial inclusion.

## **H. Way Forward**

The foremost task in the coming year is to enable our member-institutions and through them the millions whom they serve, to overcome the effects of the Covid-19 pandemic and to facilitate in putting the sector back on rails. For that Sa-Dhan will have to keep up the policy dialogue with Central and State governments and the regulators- the RBI as also IRDAI, SEBI, PFRDAI, IBBI, etc. to ensure a congenial environment for the microfinance sector to carry on its activities. Sa-Dhan will have to continue its interface with DFIs like

NABARD, SIDBI, MUDRA, NHB and their subsidiaries, banks and other financial institutions to ensure adequate funds flow to the sector so that its operations continue unhindered. Sa-Dhan would continue and strengthen its engagement and dialogue with bilateral and multilateral development agencies like DFID-UKAID, World Bank Group-IFC, IFAD, ADB, USAID etc to leverage their support for the financial inclusion community in India.

To keep the microfinance sector aligned with the broader development agenda of the Government as also with the SDGs of the UN, Sa-Dhan will strive for greater involvement of member-institutions to finance in areas like water-sanitation, affordable housing, clean energy and health. Sa-Dhan would continue to engage with its member institutions so that livelihood promotion, skill development, market access, digital financial literacy, etc. are also facilitated in addition to credit. Sa-Dhan is fortunate to have the support of partners like HSBC, water.org, DFID-UKAID, SELCO and others, in these areas and will build upon and expand such areas of support. Sa-Dhan would keep up its engagement with NRLM and NULM, as also SRLMs at state level and SHG Promoting Institutions to strengthen the SHG movement. Sa-Dhan will continue networking for supporting and facilitating FPO Promoting Institutions.

Sa-Dhan will give greater focus to research and analysis and develop a quality knowledge base while striving to enhance capacity building for members' institutions and their employees. Sa-Dhan would continue to deepen and strengthen its SRO framework and strive for universal adherence to Code of Conduct and Code for Responsible Lending.

### List of Sa-Dhan Members as on 31 March, 2020

<b>ANDHRA PRADESH</b>	
Fincare Small Finance Bank Ltd.	
<b>ARUNACHAL PRADESH</b>	
Arunachal State Rural Livelihoods Mission (ArSRLM)	
<b>ASSAM</b>	
Prochesta	North Eastern Development Finance Corporation Ltd. (NEDFi)
UNACCO Financial Services Pvt. Ltd.	Grameen Development & Finance Pvt. Ltd.
Ajagar Finance Pvt. Ltd.	North East Small Finance Bank Ltd.
Nightingale Finvest Pvt. Ltd.	Asomi Finance Pvt. Ltd.
Satra Development Finance Pvt. Ltd.	
<b>BIHAR</b>	
Centre For Development Orientation & Training (CDOT)	Saija Finance Pvt. Ltd.
Sahyog Development Services	Seed Capital Pvt. Ltd.
<b>CHANDIGARH</b>	
Aadhar India Finvest Ltd.	
<b>CHHATTISGARH</b>	
Aviral Finance Pvt. Ltd.	
<b>DELHI</b>	
PRADAN	SEWA Bharat
Satin Creditcare Network Ltd.	Planned Social Concern
Punjab National Bank	CARE India
Plan International (India Chapter)	Shikhar Microfinance Pvt Ltd. (SMPL)
Altura Financial Services Ltd.	National Scheduled Castes Finance and Development Corporation (NSFDC)
Capital Trust Microfinance Pvt. Ltd.	Satya MicroCapital Ltd.
Sahulat Microfinance Society	Subhlakshmi Finance Pvt. Ltd.
Simplified Fintech Pvt. Ltd.	Gramin Micro Credit Foundation
Save Solutions Pvt. Ltd.	Prayatna Microfinance Ltd.
Rashtriya Mahila Kosh	National Scheduled Tribes Finance & Development Corporation
<b>GUJARAT</b>	
SEWA Bank	Arman Financial Services Ltd.
Friends of Women's World Banking India (FWWB)	Indian School of Microfinance for Women
The Saath Savings and Credit Cooperative Society Ltd.	Ananya Finance For Inclusive Growth Pvt. Ltd.

PRAYAS (Organisation for Sustainable Development)	Swayam Micro Services
Shroff Capital and Finance Pvt. Ltd.	Indian Institute of Public Health, Gandhinagar
Pahal Financial Pvt. Ltd.	Saath Mahila Savings and Credit Cooperative Society Ltd.
<b>HARYANA</b>	
Prime M2i Consulting Pvt. Ltd.	S. V. Creditline Ltd.
Anandita Microcredit Services Foundation	Micro Credit Ratings International Ltd.
Mitrata Inclusive Financial Services Pvt. Ltd.	Religare Health Insurance Co Ltd.
<b>JHARKHAND</b>	
Nav Bharat Jagriti Kendra (NBJK)	Vedika Credit Capital Ltd.
<b>KARNATAKA</b>	
Sanghamithra Rural Financial Services	OUTREACH
BSS Microfinance Ltd.	CreditAccess Grameen Ltd.
Opportunity Microfinance India Ltd.	Shri Kshethra Dharmasthala Rural Development Project
IDF Financial Services Pvt. Ltd.	ACCION Technical Advisors India
Navachetana Microfin Services Pvt. Ltd.	Prakruthi Foundation
NABFINS Ltd.	Samasta Microfinance Ltd.
Jana Small Finance Bank Ltd.	VRUTTI
NextRu Livelihoods Pvt. Ltd.	
<b>KERALA</b>	
ESAF Small Finance Bank	Welfare Services Ernakulam
Vanchinad Finance Pvt. Ltd.	Max United Foundation
Satyam Grama Sangham	KPB Fincare Pvt. Ltd.
<b>MADHYA PRADESH</b>	
Priyasakhi Mahila Sangh	Samhita Community Development Service
Aprajit Mahila Sangh	Jigyasa Livelihood Promotions Micro Finance Foundation
<b>MAHARASHTRA</b>	
Development Support Team (DST)	Housing Development Finance Corporation Ltd. (HDFC),
Chaitanya	Mahila Arthik Vikas Mahamandal Ltd. (MAVIM)
Swadhaar FinAccess	YES Bank Ltd.
Axis Bank Ltd.	Hindusthan Microfinance Pvt. Ltd.
Sampada Entrepreneurship & Livelihoods Foundation	Development Credit Bank
Grameen Capital India Ltd.	ICICI Bank Ltd.
Intrepid Finance & Leasing Pvt. Ltd.	Unnati Microfin Pvt. Ltd.
Muthoot Microfin Ltd.	TransUnion CIBIL Ltd.
Institute of Rural Credit and Entrepreneurship Development (IRCED)	Centrum Micro Credit Ltd,
Svatantra Microfin Pvt. Ltd.	Acuité Ratings & Research Ltd.

Annapurna Mahila Co-op Credit Society Ltd.	Agora Microfinance India Ltd.
Equifax Credit Information Services Pvt. Ltd.	Svamaan Financial Services Pvt. Ltd.
<b>MANIPUR</b>	
Chanura Microfin Manipur (CMM)	YVU Financial Services Pvt. Ltd.
SEVA Manipur	The Leima Thrift & Credit Co-operative Society Ltd.
Socio Economic Action Trust (SEAT)	
<b>ODISHA</b>	
ADHIKAR	Centre for Youth & Social Development (CYSD)
Swayamshree Micro Credit Services (SMCS)	Sambandh Finserve Pvt. Ltd.
People's Forum	Swayamshree Mahila Samabaya Samiti Ltd. (SMSS)
Adhikar Microfinance Pvt. Ltd.	GU Financial Services Pvt. Ltd.
Annapurna Finance Pvt. Ltd.	Sampark Fin Services Pvt. Ltd.
Capital Small Finance Bank Ltd.	Midland Microfin Ltd.
<b>RAJASTHAN</b>	
Association for Rural Advancement through Voluntary Action & Local Involvement (ARAVALI)	Cecoedecon Development Centre
Pustikar Sakh Sahakari Samiti Ltd.	Arth Micro Finance Pvt. Ltd.
Rajasthan Shram Sarathi Association	Digamber Capfin Ltd.
<b>TAMIL NADU</b>	
Grama Vidiyal Microfinance Ltd.	Nanayasurabhi Development Financial Services
Sarvodaya Nano Finances Ltd.	Sarva Jana Seva Kosh Ltd. (SJSK)
Bullock-Cart Workers Development Association (BWDA)	Mahasemam
SMILE Microfinance Ltd.	Innovative Microfinance for Poverty Alleviation and Community Transformation (IMPACT)
People's Action for Transformation	Equitas Small Finance Bank Ltd.
BWDA Finance Ltd. (BFL)	Water.org
Virutcham Microfinance Ltd.	REPCO Micro Finance Ltd.
Valar Aditi Social Finance Pvt. Ltd.	Blaze Trust
Magilchi Foundation	Consortium for Social Care and Development (CONSO)
Makkal Sakthi Sangamum (MASS) Trust	Asirvad Microfinance Ltd.
Welfare Organisation For Multipurpose Mass Awareness Network (WOMAN)	Hand in Hand India
Magalir Micro Capital Pvt. Ltd.	A John Moris & Co
Gramalaya Microfin Foundation	South India Finvest Pvt .Ltd.
Kiara Microcredit Pvt .Ltd.	Guardianmfi.org
Vivardhana Microfinance Ltd.	Vision Micro Credit and Social Foundation

Inthree Access Services	Bharathi Women Development Centre
New Opportunity Consultancy Pvt. Ltd. (NOCPL)	PAFT Finance Ltd.
<b>TELANGANA</b>	
Bhartiya Samruddhi Finance Ltd (BASIX Group)	Share Microfin Ltd.
Bharat Financial Inclusion Ltd.	Spandana Sphoorty Financial Ltd.
Pragathi Seva Samiti	Maanaveeya Development & Finance
The Bellwether Microfinance Fund Pvt. Ltd.	Asmitha Microfin Ltd.
IndusInd Bank Ltd.	Gaddala Financial Services Pvt. Ltd.
Vaya Finserv Pvt. Ltd.	Fincsquare Fintech Pvt. Ltd.
<b>UTTAR PRADESH</b>	
Shramik Bharti	Cashpor Micro Credit
Need Livelihood Microfinance Pvt. Ltd.	Margdarshak Financial Services Ltd.
Disha India Micro Credit	Sonata Finance Pvt. Ltd.
Janhit Foundation	Bhartiya Micro Credit
Futureage India Micro Credit Services	Surya Jyoti Leasing and Finance Ltd.
AU Welfare Foundation	Godson Microfinance Federation
Pratyancha Financial Services Ltd.	Ajivika Finance Ltd.
<b>WEST BENGAL</b>	
Village Welfare Society (VWS)	Bandhan Bank Ltd.
AROHAN Financial Services Pvt. Ltd.	Village Financial Services Ltd.
Society for Model Gram Bikash Kendra	Belgharia Janakalyan Samity
SEBA Rahara	Sahara Utsarga Welfare Society
Parama Mahila Samity	Dhosa Chandaneswar Bratyajana Samity
Bengal Women Welfare Association	ASA International India Microfinance Ltd.
Dakshin Budhakhali Improvement Society	Sarala Development & Microfinance Pvt. Ltd.
Barasat Sampark	Uttrayan Financial Services Pvt. Ltd.
Grameen Shakti Microfinance Services Pvt. Ltd.	Wegrow Financial Services Pvt. Ltd.
Sampurna Training and Entrepreneurship Programme (STEP)	Sunflag Merchants Pvt. Ltd.
Vector Finance Pvt. Ltd.	Destiny Finco Pvt. Ltd.
Sarwadi Finance Pvt. Ltd.	





## V. SANKAR AIYAR & CO.

CHARTERED ACCOUNTANTS

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### Independent Auditors' Report

#### TO THE MEMBERS OF SA-DHAN ASSOCIATION

##### 1. Opinion

We have audited the financial statements of **SA-DHAN ASSOCIATION**, which comprise the Balance Sheet as at March 31, 2020 and the statement of Income and Expenditure Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, read with other notes given thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Society as at 31<sup>st</sup> March 2020; and
- ii) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date.

##### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethic. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### 3. Responsibilities of management for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance, of the Society in accordance with the accounting principles generally accepted in India, including the accounting standards issued by ICAI, to the extent applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Society and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Society's financial reporting process.

##### 4. Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## 5. Other matters

We report that:

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account have been kept by the Society so far as appears from our examination of those books; and
- c) The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts;

**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
(Firm Regn. No.: 109208W)



**M.S. BALACHANDRAN**  
Partner (M. No: 024282)  
UDIN: 20024282AAAAB 43209

Place: New Delhi  
Dated: 18 June 2020

**SA-DHAN ASSOCIATION**  
**BALANCE SHEET AS AT 31/03/2020**

PARTICULARS	SCHD. NO.	CURRENT YEAR	PREVIOUS YEAR
<b>SOURCES OF FUNDS</b>			
Corpus Funds	1	61,247,160	59,837,160
Restricted Funds	2	4,870,213	4,230,231
Unrestricted Funds	3	8,545,549	1,755,678
Capital Asset Fund	4	680,627	620,986
<b>TOTAL</b>		<u><u>75,343,549</u></u>	<u><u>66,444,055</u></u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets (at cost less depreciation)	5	680,627	620,986
Fixed Deposits	6	47,181,409	43,074,948
Current Assets, Loans and Advances (A)	7	28,866,258	23,139,805
Current Liabilities (B)	8	<u>1,384,745</u>	<u>391,685</u>
Net Current Assets (A-B)		<u>27,481,514</u>	<u>22,748,120</u>
<b>TOTAL</b>		<u><u>75,343,549</u></u>	<u><u>66,444,055</u></u>

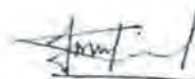
As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI FRN: 109208W



(M. S. Balachandran)  
Partner  
M.No. 024282



For and on behalf of Board  
Sa-Dhan



(Mukul Jaiswal)  
Treasurer



(K. Paul Thomas)  
Co-Chairperson



(P. Satish)  
Executive Director



Place : New Delhi  
Date : June 18, 2020

**SA-DHAN ASSOCIATION**  
**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31/03/2020**

PARTICULARS	SCHD. NO.	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>			
Grants and Contributions Received	9	18,766,456	31,099,798
Membership Fee		14,765,500	11,663,000
Interest Income		4,723,865	3,757,748
Voluntary Contributions		5,630,000	3,035,000
Fees from Activities		508,475	1,898,919
Participation and Training Fees		1,225,840	1,140,091
Other Income		40,023	18,682
<b>TOTAL</b>		<b>45,660,159</b>	<b>52,613,238</b>
<b>EXPENDITURE</b>			
<b>PROGRAMME EXPENDITURE:</b>			
Member Development Support & CBEO	10	13,966,330	13,734,975
Policy Advocacy & Sector Representation	11	10,501,688	10,677,813
Administration Expenses	12	6,139,553	6,571,572
Self Regulatory Organisation Activities	13	5,489,979	6,672,366
Research & Analysis	14	1,863,058	2,253,889
		37,960,608	39,910,615
Depreciation		209,057	83,241
Less: Transfer from Capital Assets Fund		(209,057)	(83,241)
Transferred to Capital Assets Fund (Purchase of FA)		269,697	83,800
<b>TOTAL</b>		<b>38,230,305</b>	<b>39,994,415</b>
<b>Excess of Income over Expenditure for the year</b>		<b>7,429,854</b>	<b>12,618,824</b>
Taken to Unrestricted Funds (Sch-3)		6,789,872	3,200,962
Taken to Restricted Funds (Sch-2)		639,983	9,417,862
		<b>7,429,854</b>	<b>12,618,824</b>

As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI FRN: 109208W

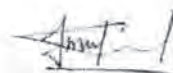


(M. S. Balachandran)  
Partner  
M.No. 024282



Place : New Delhi  
Date : June 18, 2020

For and on behalf of Board  
Sa-Dhan



(Mukul Jaiswal)  
Treasurer



(K. Paul Thomas)  
Co-Chairperson



(P. Satish)  
Executive Director



**SA-DHAN ASSOCIATION**  
**SCHEDULE TO BALANCE SHEET FOR THE YEAR ENDED 31/03/2020**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b><u>SCHEDULE 1 : CORPUS FUND</u></b>		
The Ford Foundation	22,952,160	22,952,160
Corpus from Omidyar Network	21,895,000	21,895,000
Corpus from Members (Including Rs. 14,10,000/- received during the year)	15,279,000	13,869,000
Sa-Dhan's Contribution to Corpus Fund	1,121,000	1,121,000
<b>TOTAL</b>	<b>61,247,160</b>	<b>59,837,160</b>
<b><u>SCHEDULE 2 : RESTRICTED FUND</u></b>		
Opening Balance	4,230,231	(5,187,631)
Add: Fund received during the year	11,599,290	25,687,594
Less: Amount utilised during the year	(10,959,308)	(16,269,733)
<b>TOTAL</b>	<b>4,870,213</b>	<b>4,230,231</b>
<b><u>SCHEDULE 3 : UNRESTRICTED FUND</u></b>		
Opening Balance	1,755,678	(1,445,284)
Add: Fund received during the year	34,060,869	26,925,644
Less: Amount utilised during the year	(27,270,997)	(23,724,682)
<b>TOTAL</b>	<b>8,545,549</b>	<b>1,755,678</b>
<b><u>SCHEDULE 4 : CAPITAL ASSETS FUND</u></b>		
Opening Balance	620,986	633,919
Add: Addition to Fixed Assets	269,697	83,800
Add : Deletion of Assets at WDV	(1,000)	(13,492)
Less : Depreciation for the year	(209,057)	(83,241)
<b>TOTAL</b>	<b>680,627</b>	<b>620,986</b>

As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
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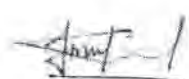


(M. S. Balachandran)  
Partner  
M.No. 024282



Place : New Delhi  
Date : June 18, 2020

For and on behalf of Board  
Sa-Dhan



(Mukul Jaiswal)  
Treasurer



(K. Paul Thomas)  
Co-Chairperson



(P. Satish)  
Executive Director



**SA-DHAN ASSOCIATION**  
**SCHEDULE TO BALANCE SHEET FOR THE YEAR ENDED 31/03/2020**

**SCHEDULE 5: FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 01.04.2019	Addition	Deletion	As At 31.03.2020	Rate of Dep.	For the year	Written back	As At 31.03.2020	As At 01.04.2019
<b>FOREIGN FUNDS</b>									
Professional Equipment	169,424	105,138	36,500	238,062		102,138	35,500	228,062	10,000
Office Equipment	112,384	-	-	112,384		-	-	107,384	5,000
Furniture & Fixture	162,466	-	-	162,466		-	-	159,466	3,000
<b>Sub Total [A]</b>	<b>444,274</b>	<b>105,138</b>	<b>36,500</b>	<b>512,912</b>	<b>-</b>	<b>102,138</b>	<b>35,500</b>	<b>494,912</b>	<b>18,000</b>
<b>INDIAN FUNDS</b>									
Professional Equipment	1,315,832	84,134	-	1,399,966	16.21%	68,622	-	1,142,283	257,683
Office Equipment	500,042	80,425	-	580,467	4.77%	27,688	-	243,871	336,596
Furniture & Fixture	167,581	-	-	167,581	6.33%	10,608	-	99,233	68,348
<b>Sub Total [B]</b>	<b>1,983,455</b>	<b>164,559</b>	<b>-</b>	<b>2,148,014</b>	<b>-</b>	<b>106,919</b>	<b>-</b>	<b>1,485,387</b>	<b>604,986</b>
<b>TOTAL [A+B]</b>	<b>2,427,729</b>	<b>269,697</b>	<b>36,500</b>	<b>2,660,926</b>	<b>-</b>	<b>209,057</b>	<b>35,500</b>	<b>1,980,300</b>	<b>620,986</b>

Amt. Recd. on Sale of Assets of Rs.200/- taken as Other Income; Cost Value of Assets Sold during the Year was Rs.36,500/-; Depreciation Written Back on Assets Sold during the Year was Rs.35,500/-

As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants



(M. S. Balachandran)  
Partner  
M.No. 024282

For and on behalf of Board  
Sa-Dhan

(Mukul Jaiswal)  
Treasurer

(K. Paul Thomas)  
Co-Chairperson



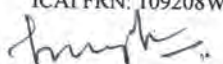
(P. Satish)  
Executive Director

Place : -New Delhi  
Date : June 18, 2020

**SA-DHAN ASSOCIATION**  
**SCHEDULE TO BALANCE SHEET FOR THE YEAR ENDED 31/03/2020**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b><u>SCHEDULE 6 : FIXED DEPOSITS</u></b>		
In Fixed Deposits with Banks	47,181,409	43,074,948
<b>TOTAL</b>	<b>47,181,409</b>	<b>43,074,948</b>
<b><u>SCHEDULE 7 : CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b>Current Assets</b>		
Bank Balances (In Savings and Current Accounts)	19,667,378	11,689,250
Quantum Deposit	1,627,220	2,533,884
Cash in hand	8,684	13,126
	<u>21,303,282</u>	<u>14,236,260</u>
<b>Loans and Advances</b>		
TDS Recoverable	6,739,978	7,423,650
GST	161,060	984,161
Security Deposits	210,000	210,000
Amount Recoverable	326,181	143,182
Other Receivables	44,950	82,552
Advance to Vendors	20,000	60,000
Travel Advance	807	-
Loan to Others	60,000	-
	<u>7,562,976</u>	<u>8,903,545</u>
<b>TOTAL</b>	<b>28,866,258</b>	<b>23,139,805</b>
<b><u>SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS</u></b>		
TDS Payable	630,968	270,187
PF Payable	136,522	113,198
Expenses Payable	617,255	8,300
	<u>1,384,745</u>	<u>391,685</u>
<b>TOTAL</b>	<b>1,384,745</b>	<b>391,685</b>

As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI FRN: 109208W

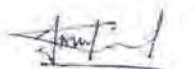
  
(M. S. Balachandran)  
Partner

M.No. 024282




Place : New Delhi  
Date : June 18, 2020

For and on behalf of Board  
Sa-Dhan

  
(Mukul Jaiswal)  
Treasurer

  
(P. Satish)  
Executive Director

  
(K. Paul Thomas)  
Co-Chairperson



**SA-DHAN ASSOCIATION**  
**SCHEDULE TO INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31/03/2020**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b><u>SCHEDULE 9 : GRANTS AND CONTRIBUTIONS RECEIVED</u></b>		
Foreign Contributions	8,640,815	7,903,471
<b>Indian Contributions</b>		
Contribution from Indian Agencies	3,350,000	18,379,632
Sponsorship	6,775,641	4,816,695
<b>TOTAL</b>	<b>18,766,456</b>	<b>31,099,798</b>
<b><u>SCHEDULE 10 : MEMBER DEVELOPMENT SUPPORT &amp; CBE0</u></b>		
Consultancy Charges	4,741,964	6,515,137
HR Support to MFI	-	2,394,704
Salaries & Benefits	3,538,498	2,169,670
Travelling Expenses	1,994,945	1,572,650
Meeting Expenses	982,804	810,601
Printing & Stationery	2,549,385	208,451
Communication Expenses	98,375	63,762
Miscellaneous Expenses	30,859	-
Audit Fees	29,500	-
<b>TOTAL</b>	<b>13,966,330</b>	<b>13,734,975</b>
<b><u>SCHEDULE 11 : POLICY ADVOCACY &amp; SECTOR REPRESENTATION</u></b>		
Salaries & Benefits	6,287,246	5,370,664
Meeting Expenses	2,324,599	2,152,357
Consultancy Charges	139,926	1,661,000
Travelling Expenses	694,678	629,104
Printing & Stationery	413,005	517,591
Communication Expenses	514,385	206,743
Mementos	86,625	140,354
Miscellaneous Expenses	35,865	-
Office Maintenance	4,326	-
Finance Charges	1,033	-
	<b>10,501,688</b>	<b>10,677,813</b>






**SA-DHAN ASSOCIATION**  
**SCHEDULE TO INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31/03/2019**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b><u>SCHEDULE 12 : ADMINISTRATION EXPENSES</u></b>		
Salaries & Benefits	3,074,856	2,711,807
Office Maintenance	1,347,963	1,224,007
Consultancy Charges	152,182	1,107,560
Travelling Expenses	232,397	467,391
Meeting Expenses	424,937	433,581
Miscellaneous Expenses	157,463	235,371
Communication Expenses	146,049	158,865
Repair & Maintenance	146,967	139,930
Printing & Stationery	73,168	81,679
Audit Fees	383,500	10,000
Finance Charges	72	1,381
<b>TOTAL</b>	<b>6,139,553</b>	<b>6,571,572</b>
<b><u>SCHEDULE 13 : SELF REGULATORY ORGANISATION ACTIVITIES</u></b>		
Technology Systems for Surveillance Tools & GRM	-	2,735,523
Salaries & Benefits	2,390,060	2,057,608
Consultancy Charges	838,128	687,150
Travelling Expenses	600,703	607,329
Credit Bureaus Reports	1,579,230	550,000
Communication Expenses	49,522	32,700
Printing & Stationery	2,762	-
Office Expenses	-	2,056
Miscellaneous Expenses	2,956	-
Meeting Expenses	26,618	-
<b>TOTAL</b>	<b>5,489,979</b>	<b>6,672,366</b>
<b><u>SCHEDULE 14 : RESEARCH &amp; ANALYSIS</u></b>		
Consultancy Charges	723,697	1,065,750
Salaries & Benefits	898,748	704,646
Travelling Expenses	-	232,138
Printing & Stationery	211,288	198,286
Communication Expenses	29,325	53,069
<b>TOTAL</b>	<b>1,863,058</b>	<b>2,253,889</b>



As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI FRN: 109208W


  
(M. S. Balachandran)  
Partner  
M.No. 024282



Place : New Delhi  
Date : June 18, 2020

For and on behalf of Board  
Sa-Dhan

   
(Mukul Jaiswal) (K. Paul Thomas)  
Treasurer Co-Chairperson

  
(P. Satish)  
Executive Director



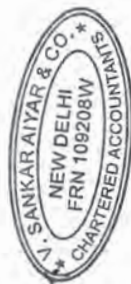
**SA-DHAN ASSOCIATION**  
**RECEIPT & PAYMENT ACCOUNT FOR THE YEAR ENDED 31/03/2020**

Funding Agency	Opening Balance	Receipts			Payments			Excess of receipts over payments/ (payments over receipts)	Closing Balance trf to Balance Sheet Schedule
		Contribution	Interest & Other Income	Total Receipts	Revenue Expenditure	Capital Expenditure	Total Payments		
<b>(A) Corpus Fund</b>									
<b>a) Foreign Funds</b>									
The Ford Foundation	22,952,160	-	-	-	-	-	-	-	22,952,160
Omidyar Networks	21,895,000	-	-	-	-	-	-	-	21,895,000
<b>b) Indian Funds</b>									
Corpus from Members	13,869,000	1,410,000	-	1,410,000	-	-	-	-	15,279,000
Sa-Dhan's Contribution to Corpus Fund	1,121,000	-	-	-	-	-	-	-	1,121,000
<b>Total Corpus Funds</b>	<b>59,837,160</b>	<b>1,410,000</b>	<b>-</b>	<b>1,410,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,247,160</b>
<b>(B) Restricted Funds</b>									
<b>a) Indian Funds</b>									
RBI - Depositors Education Awareness (DEA) Fund Scheme	3,721	2,958,475	-	2,958,475	2,962,196	-	2,962,196	(3,721)	-
BRLPS	(173,664)	-	-	-	-	-	-	-	(173,664)
<b>b) Foreign Funds</b>									
Develop Digital Ecosystem - HSBC	2,896,883	4,430,800	-	4,430,800	2,301,363	-	2,301,363	2,129,437	5,026,320
RESULTS Educational Fund	-	164,000	-	164,000	164,000	-	164,000	-	-
Rural Development Organization - Finish Programme Office	-	425,115	-	425,115	425,115	-	425,115	-	-
Water.org	1,503,291	3,620,900	-	3,620,900	5,095,379	-	5,095,379	(1,474,479)	28,812
Adaptation of clean energy - Selco Foundation	-	-	-	-	11,255	-	11,255	(11,255)	(11,255)
<b>Total Restricted Funds</b>	<b>4,230,231</b>	<b>11,599,290</b>	<b>-</b>	<b>11,599,290</b>	<b>10,959,308</b>	<b>-</b>	<b>10,959,308</b>	<b>639,983</b>	<b>4,870,213</b>



Funding Agency	Opening Balance	Receipts			Payments			Excess of receipts over payments/ (payments over receipts)	Closing Balance trf to Balance Sheet Schedule
		Contribution	Interest & Other Income	Total Receipts	Revenue Expenditure	Capital Expenditure	Total Payments		
(C) Unrestricted Funds									
a) Indian Funds	7,505,961	900,000	30,403,244	31,303,244	26,183,406	164,559	26,347,965	4,955,279	12,461,240
b) Foreign funds	(5,750,283)	-	2,757,625	2,757,625	817,894	105,138	923,032	1,834,593	(3,915,691)
<b>Total Unrestricted Funds</b>	<b>1,755,678</b>	<b>900,000</b>	<b>33,160,869</b>	<b>34,060,869</b>	<b>27,001,300</b>	<b>269,697</b>	<b>27,270,997</b>	<b>6,789,872</b>	<b>8,545,549</b>

As per our Report of even date  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI FRN: 109208W



*(Signature)*  
(M. S. Balachandran)  
Partner  
M.No. 024282

For and on behalf of Board  
Sa-Dhan

*(Signature)*  
(Mukul Jaiswal)  
Treasurer

*(Signature)*  
(K. Paul Thomas)  
Co-Chairperson



*(Signature)*  
(P. Satish)  
Executive Director

Place : New Delhi  
Date : June 18, 2020

## Sa-Dhan – The Association of Community Development

Sa-Dhan came into being in 1999 with a mission to support and strengthen the financial inclusion in India. During its 21 years of journey, Sa-Dhan has been in the forefront in taking initiatives and creating conducive environment for member institutions to serve the vulnerable sections of society in a responsible manner. During the two major crisis – (i) AP Crisis (ii) Demonetization crisis, Sa-Dhan played an instrumental role in guiding the MFIs to remain stable. Sa-Dhan is in protecting the sector from onslaught of COVID-19.

### Sa-Dhan's key initiatives and contribution to the sector over two decades

- Developed the 1st Operational Manual on Financial Performance Standards for MFIs in 2003.
- Annually publish the largest Financial & Operational Report on the MFI sector 2004.
- Introduced the 1st Code of Conduct (CoC) for MFIs in 2007.
- Released Social Performance Standards for the sector in 2007.
- Developed SHG performance measurement tool for the sector 2007.
- Developed Technical Guide on Accounting for MFIs with ICAI in 2008.
- Developed COCA Validation Tool in 2010.
- Assisted in the framing of new MFI regulations in 2011.
- Played a pivotal role in shaping the Draft Microfinance Bill in 2012.
- Assisted for recognition of special category of NBFC-MFI in 2012.
- Study on Efficacy of BC Model in 2012.
- Helped in setting up of the Indian Microfinance Equity Fund under SIDBI in 2012.
- Developed Hand Book for MFIs on RBI Regulations & its Compliance in 2013.
- Introduced India's first MFI Directory in 2014.
- Led initiatives to bring policy change for SHG member level data integration in Credit Bureau in 2016.
- Persuaded RBI to issue notification pertaining to upload of SHG member level data with CIBs in 2016.
- Issued 1st Governance Manual for MFI Board of Directors in 2018.
- Introduced the Code for Responsible Lending (CRL) 2019.



STAY INFORMED, STAY AHEAD

Small MFI seek financial package from Centre to tide over COVID-19 crisis

New Delhi, May 10 | Finance Minister Nirmala Sitharaman will hold a review meeting with CEOs of public sector banks (PSBs) on Monday to discuss various issues, including credit facilities, in part of efforts to prepare for recovery hit by the COVID-19 crisis.

The meeting, to be held via video-conferencing, will also take stock of interest rate transmission to borrowers by banks and progress on amendments to loan repayments, sources said.

The RBI had on March 27 slashed the benchmark interest rate by a cumulative 75 basis points and also announced a three-month moratorium to be given by banks to provide relief to businesses whose income has been hit due to the lockdown.

Earlier this month, RBI Governor Shaktikanta Das held a meeting with heads of both public and private sector banks to take stock of the economic situation and review implementation of various schemes announced by the central bank.

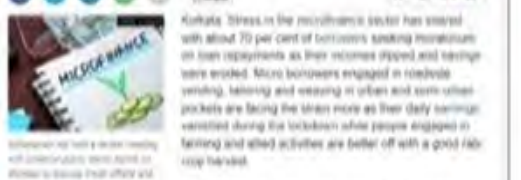
## Very few takers among MFIs for RBI's second loan moratorium scheme

While all MFIs have availed the first moratorium, not many are keen to avail the facility for the second time. MFIs are particularly worried about the high interest burden that will fall upon them while availing the scheme.



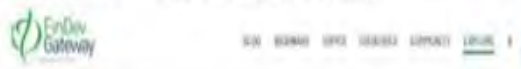
## Microfinance body demands moratorium facility, seeks help from PM Modi

Microfinance stress in the microfinance sector has started with about 70 per cent of borrowers seeking moratorium on loan repayments as their incomes dipped and savings were eroded. Micro borrowers engaged in roadside vending, tailoring and weaving in urban and semi-urban pockets are facing the brunt more as their daily earnings vanished during the lockdown while people engaged in farming and allied activities are better off with a good risk-free harvest.



By the first week of April, just about 50 per cent of the micro loan borrowers had sought the Reserve Bank of India-extended moratorium. One month down the line, the ratio jumped to 70-75 per cent, according to NABARD.

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Microfinance units urge PM to extend loan moratorium benefits

## Outlook

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## Nirmala Sitharaman to meet PSU bank chiefs on Monday: to review credit flow

New Delhi, May 10 | Finance Minister Nirmala Sitharaman will meet with heads of public sector banks (PSBs) on Monday to discuss various issues, including credit facilities, in part of efforts to prepare for recovery hit by the COVID-19 crisis.

