Sa-Dhan
Fostering Inclusive Impact Finance

10 YEARS AS SRO FOR MFIS

20th Sa-Dhan National Conference on Inclusive Growth

Building Resilient Microfinance:
Promoting Inclusive and Responsible Finance

Knowledge Partner pwc

13th & 14th November 2025

The Ashok Hotel
New Delhi

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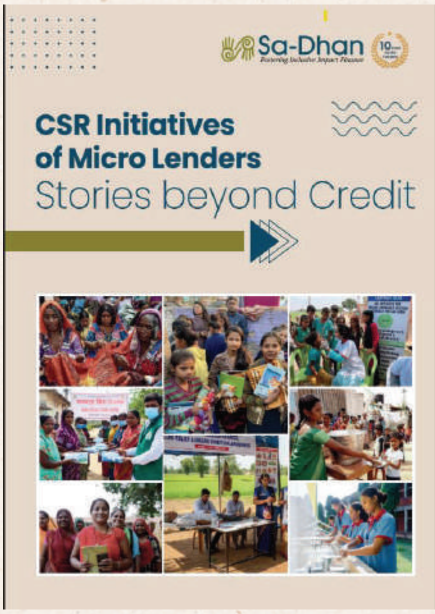
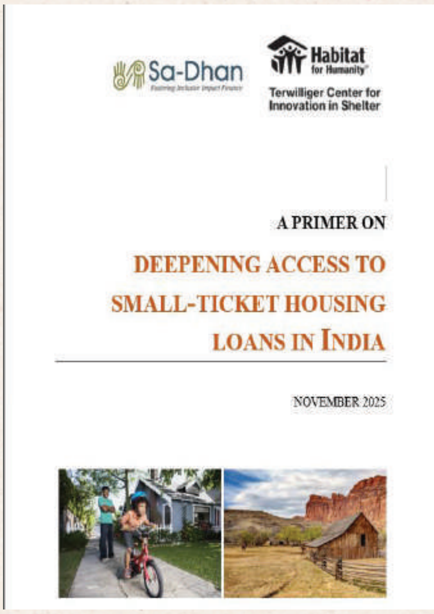


CSR initiatives of Micro Lenders stories beyond credit

The Future of microfinance: Propelling growth, fuelling prosperity

Microfinance Outlook



A Primer on Deepening access to small ticket housing loans in India

SESSION PLAN

DAY 1 – 13th November 2025

08:45–09:45
Registration

09:45 – 11:00
Inaugural Session

11:00 - 11:30
Chai for Change

11:30 - 1:00
Plenary Session 1: Customer Centric and Responsible Lending through Fair, Transparent, Sustainable Lending Practices

1:00 - 2:00
Lunch

2:00 - 2:10
A Presentation on 'Insuring the Uninsured: Building Protection for India's Underserved'- Mr Piyush Ranjan, CTO, Coverfox

2:00 - 2:05
A Presentation on 'Empowering the Last Mile' – Ms Gayathri L, Senior Solutions Consultant, Bahwan CyberTek

2:10 - 3:10
Breakaway Session 1: Keeping Individual Centricity in Group Lending Model: The New Norm of Microfinance?

2:05 - 3:05
Breakaway Session 2: The Digital Inclusion in Microfinance Journey: Preparing for the Next Phase in Microfinance

02:00– 03:00
Breakaway Session 3: Building a Resilient Workforce: Enhancing HR Development through Capacity Building and Employee Motivation

12:00 - 12:30
Chai for Change

3:30 - 3:40
Sa-Dhan and Water.org Awards for Top Contributing Financial Institutions in Water & Sanitation Financing

3:40 - 5:00
Plenary Session 2: Strengthening Household Financial Resilience: Role of Social Security Products

SESSION PLAN

DAY 2 – 14th November 2025

9:30 - 10:15
Fireside Chat: Financial Inclusion to Customer Prosperity: A New Lending Approach

10:15 - 10:30
Elaben Memorial Award for Best Women-Friendly Financial Institution- 2025

10:30 - 12:00
Plenary Session 3: Empowering Women Entrepreneurs: Social and Economic Upliftment through Enterprise Development

12:00 - 12:30
Chai for Change

12:30 - 12:35
A Presentation on 'Unbanked to Empowered: Expanding Access, Step by Step' - Mr Rajat Agarwal, Chief Business Officer- Enterprise and Financial Assets, PayNearby

12:30 - 01:30
Breakaway Session 4: Housing for All: Role of Small-ticket Housing Loans

12:30 - 12:35
A Presentation on 'Empowering Bharat with Phygital Healthcare' – Mr Deepak Kumar Srivastava, Head- Partnership Distribution & Emerging Markets, M-Swasth

12:35 - 01:35
Breakaway Session 5: Reinventing Microfinance: Product Diversification and Lending Models

12:30 - 01:30
Breakaway Session 6: Celebrating Financial Innovations: Reshaping the Financial Inclusion Landscape of India

1:00 - 2:00
Lunch

1:00 - 2:00
Plenary Session 4: Regulatory Framework for Responsible Lending: Role of Self-Regulation in Indian Financial Landscape

3:30 - 3:45
Valedictory Session

3:45 - 4:00
Felicitation of Sponsors and Partners

Message by Chairman

Dr K. Paul Thomas
MD & CEO
ESAF Small Finance Bank & Chair, Sa-Dhan

It is with immense pride and a deep sense of responsibility that I present the post-conference report of the 20th Sa-Dhan National Conference on Inclusive Growth. This year's theme - "Building Resilient Microfinance: Promoting Inclusive and Responsible Finance" - resonated deeply across two days of rich dialogue, evidence-based insights, and collaborative action. The conference also marked two significant milestones for Sa-Dhan: completing 10 years as the RBI-empowered Self-Regulatory Organisation for Microfinance Institutions and hosting our 20th National Conference.

We were honored to be joined by distinguished leaders and policymakers during the inaugural session, and to felicitate Padma Shri Aloysius Prakash Fernandez for his outstanding contributions to women's empowerment and financial inclusion.

The deliberations placed client protection, ethical market conduct, transparency, and fair pricing at the core of resilience. Plenary and breakaway sessions examined customer-centric and responsible lending models, practical pathways to strengthen household resilience through social security products, and the role of MFIs in delivering last-mile access to microinsurance, WASH, pensions, and other safety nets. We discussed the evolution of group lending to keep individual centricity at the forefront and explored how alternative data and technology can support more accurate, fair, and inclusive underwriting.

The conference concluded by celebrating sector innovations and contributions, including the Sa-Dhan and Water.org awards for WASH financing, the Elaben Memorial Award for Best Women-Friendly Financial Institution, and the Participants' Choice award for the Best CSR Initiative by Micro Lenders, alongside the felicitation of our sponsors and partners.

As the Chairman of this esteemed organization, I am honored to contribute to the continued advancement of the microfinance sector in India. Sa-Dhan remains steadfast in its mission to drive positive change and create an inclusive financial ecosystem that empowers all members of society. Together, we will work towards a future where financial inclusion and sustainable development are realized for all.

I extend my sincere gratitude to all participants, speakers, sponsors, partners, and the Sa-Dhan team for their invaluable contributions. Your insights, commitment, and collaborative spirit have significantly advanced our shared vision and strengthened our resolve to drive meaningful, lasting change in the microfinance sector. Together, we will work towards a future where financial inclusion and sustainable development are realized for all.

Preface by ED & CEO

Mr Jiji Mammen
Executive Director & CEO
Sa-Dhan

Another edition of the Sa-Dhan National Conference of Inclusive Growth has been completed very successfully. This year marks a special milestone, as it was the 20th Sa-Dhan National Conference which was started sometime around 2004. I am happy to present a report on the 20th Sa-Dhan National Conference on Inclusive Growth, 2025, for the benefit of our stakeholders.

This year's landmark edition of the National Conference reaffirmed Sa-Dhan's commitment to advancing policy advocacy, sharing best practices, and building bridges between practice and policy in India's microfinance sector.

The conference theme - "Building Resilient Microfinance: Promoting Inclusive and Responsible Finance" - guided two days of rigorous deliberations that placed client protection, ethical market conduct, transparency, and fair pricing at the heart of sectoral resilience.

This year also marked two important milestones for Sa-Dhan: completing 10 years as the RBI-empowered Self-Regulatory Organisation (SRO) for Microfinance Institutions and convening our 20th National Conference. With a diverse membership spanning over 215 institutions across 33 states and Union Territories including for-profit / not-for-profit MFIs, SHG-promoting institutions, banks, rating agencies, and capacity-building organizations, Sa-Dhan continues to play a pivotal role in India's inclusive finance ecosystem.

The 20th National Conference was special with distinguished leaders gracing the inaugural session, including Shri M. Nagaraju Maddirala, IAS, Secretary, Department of Financial Services; Shri Shaji K V, Chairman, NABARD; and Shri Sudatta Mandal, Deputy Managing Director, SIDBI. We also had the privilege of felicitating Padma Shri Aloysius Prakash Fernandez for his outstanding contributions to women's empowerment and financial inclusion. Dr Arwind Virmani, Member Niti Ayog, was an important guest at our conference who engaged in an insightful discussion with Dr. Charan Singh, senior economist, on the second day.

The conference featured key releases that will shape the sector's agenda: "CSR Initiatives of Micro Lenders – Stories beyond Credit," the White Paper "Future of Microfinance: Propelling Growth, Fueling Prosperity" (presented by PwC), the Microfinance Outlook Report by TransUnion CIBIL & Sa-Dhan and a report of affordable housing authored by Habitat for Humanity and Sa-Dhan.

The Plenary and breakaway sessions explored priority themes for the next decade of inclusive finance. We examined customer-centric and responsible lending models; the evolution of group lending to keep individual centricity at the forefront; and the role of digital inclusion in balancing innovation with trust, financial literacy, and responsible practices. Workforce resilience emerged as critical, with discussions on capability building, employee motivation, and retention. A focused plenary on social security products highlighted pathways for MFIs to enable last-mile delivery of microinsurance, WASH, pensions, and other protection instruments to strengthen household financial resilience.

A pivotal session examined the regulatory framework for responsible lending and the evolving role of self-regulation in India's financial landscape, including the RBI's omnibus framework on SROs. Discussions highlighted how SROs can strengthen ethical standards, accountability, grievance redressal, and consumer protection through close collaboration with regulators, government bodies, and financial institutions.

The conference concluded with recognition of sectoral excellence through the Sa-Dhan and Water.org awards for WASH financing, the Elaben Memorial Award for Best Women-Friendly Financial Institution – 2025, and the Participants' Choice Award for the Best CSR Initiative by Micro Lenders, followed by the felicitation of sponsors and partners.

I extend my sincere gratitude to all dignitaries, speakers, and participants who enriched the discussions, including leaders from the Government of India, RBI, NABARD, SIDBI, PFRDA and NPS Trust, financial institutions, fintechs, and development partners. I am deeply thankful to our sponsors, partners, and supporters; to the Chair, Co-Chairs, and the Board of Sa-Dhan; and to all our member institutions for their steadfast support. I am indebted to my team at Sa-Dhan for their dedication in making this conference a grand success. The efforts of different persons from Sa-Dhan team and the success of the conference are a testimony of teamwork and camaraderie, which made the conference a memorable one.

I am confident that the insights and actionable points emerging from this conference will further strengthen the microfinance movement in the country, advancing inclusive and responsible finance for underserved communities and ensuring that progress never compromises client well-being.

Inaugural Session

Address by Chairman

Dr K. Paul Thomas (MD & CEO, ESAF Small Finance Bank & Chair, Sa-Dhan) opened the conference by welcoming delegates to the 20th Sa-Dhan National Conference 2025, noting the sector's mission to make finance a force for equity, empowerment, and sustainable development. The theme—building resilient microfinance and promoting inclusive and responsible finance—sets the tone for the sector's priorities.

He welcomed senior leaders from government and key institutions, including the Secretary - Department of Financial Services, Ministry of Finance; Chairman - NABARD; DMD - SIDBI; and Sa-Dhan leadership, underscoring strong policy support and ecosystem collaboration. Sa-Dhan also honored Padma Shri Aloysius Prakash Fernandes for his pioneering contribution to inclusive finance and institution building, which has expanded access to finance for underserved households across India.

Marking 10 years of Sa-Dhan as an RBI-Recognised self-regulatory organization, Dr. Thomas emphasized the sector's focus on transparency, client protection, and ethical conduct. Sa-Dhan's 220+ members operate across 33 states and union territories, serving 63 million clients with a portfolio of over INR 2.27 lakh crore. Despite recent disruptions, the sector has demonstrated resilience, supported by stronger governance and regulation. He projected 12–15% growth in FY2026 and a pathway towards INR 10 lakh crore in the coming years. He positioned resilient microfinance as central to Atmanirbhar Bharat, enabling livelihoods, risk management, and participation in the formal economy.

He also announced the launch of the PwC–Sa-Dhan whitepaper, "Future of Microfinance: Propelling Growth, Fueling Prosperity," which calls for multi-product, customer-first institutions aligned to quality growth and ESG principles. He highlighted the role of AI and digital finance in enabling inclusive and responsible lending. He mentioned that the conference will look beyond credit to customer-centric lending, household resilience, women's entrepreneurship, and regulatory innovation. Dr. Thomas called for practical ideas and partnerships to strengthen inclusive and responsible microfinance in India.

Scan to Watch

Inaugural Session
https://youtu.be/8floqZxkOzs?si=XhVeXBStJ14jfxiD

Special Address

Mr. Sudatta Mandal (DMD, SIDBI) framed the conference theme around two priorities: resilience and responsibility. He noted that microfinance has advanced financial inclusion over 25 years and emerged stronger after major shocks—AP (2010), demonetisation (2016), and COVID (2021). The current stress, however, stems from an endemic issue: multiple lending and borrower overleverage. He welcomed SRO-led guardrails and described the recent consolidation as a necessary course correction, not a setback. Despite contraction, India's long-term opportunity remains large given low penetration in many districts.

He cited recent data to underline the point. The sector's gross loan portfolio declined by around 20% over the past year, to about INR 3.545 lakh crore as of September 2025 from INR 4.14 lakh crore a year earlier. Active loans fell to 12.4 crore from 15.3 crore. NBFC-MFI portfolios shrank to INR 1.34 trillion in September 2025 from INR 1.62 trillion in September 2024. Funding flows have slowed, particularly for smaller players. While PAR 1–180 days improved versus September 2024 and June 2025, PAR 180+ including write-offs has risen, reflecting recovery challenges from deeper delinquencies.

He set clear expectations for the sector. Responsible finance requires ensuring credit is sustainable and repayable, viewed through a household's realistic income and total indebtedness, not just lender-count caps. Assessments must include non-MFI borrowings (retail, housing) and informal debt, even though measurement is difficult. MFIs should develop tools and methodologies to assess household cash flows and obligations, strengthening underwriting and portfolio risk management. He also flagged concerns about dilution of joint liability group dynamics; the sector should diagnose whether this is due to social change or process gaps and prepare for more direct competition with fintech and digital lenders if JLG relevance wanes.

He outlined a proactive agenda for SROs and the industry: strengthen governance, reporting, and disclosures; improve information sharing with lenders and investors; identify red flags early by geography or practice; accelerate digital adoption for productivity and real-time monitoring; keep effective interest rates reasonable; and address employee attrition and fraud. He concluded by urging the sector to tackle over-indebtedness, high rates, and regional concentration, while deepening borrower engagement and financial literacy, to build a more inclusive and sustainable microfinance future.

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Inaugural Session
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Keynote Address

Mr. Shaji K V (Chairman, NABARD) framed microfinance around two paradoxes: it seeks to bank those deemed unbankable, and it is not only about finance. The purpose is to raise customer incomes and build capabilities, not just expand balance sheets. He stressed resilience, inclusion, and responsibility as the sector's compass, noting a three-decade ecosystem that blends finance, livelihoods, and digital public infrastructure. Aadhaar, UPI, Jan Dhan, and the BC network have enabled scale, with microfinance reaching about 12 crore low-income households and drawing more women into economic activity through SHGs, MFIs, and cooperatives.

He cautioned that recent exuberance led to unbridled growth and a necessary pause. Key risks include regional concentration (top five states ~50% of portfolio), over-indebtedness, and rising exposure to climate shocks. Unique customer counts reportedly fell by about one crore as stress unwound. Regulators have emphasised borrower protection and transparency, and government expects blended returns—financial plus impact. He welcomed sector guardrails such as household exposure caps under Sa-Dhan's Sankalp, growing digital adoption that lowers access costs, micro-insurance linkages, and emerging social security measures. The focus now must be on productive use of credit, financial literacy, and measured impact.

Mr. Shaji outlined three resilience pillars. Financial resilience: lower cost of funds via blended finance, ESG capital, deeper impact bond markets (noting limited premia so far), long-term capital, and credit enhancements through guarantees and insurance. Institutional resilience: strengthening responsible lending, borrower protection, shared data for early warnings, and sustained capacity building for MFIs, staff, BCs, federations, and customers. Technological resilience: integrate with DPI (AgriStack, JanSamarth, UPI), use AI/analytics, and leverage NABARD's data warehouse and SHG data to cut underwriting costs.

He highlighted NABARD's SHG movement—from 500 SHGs in 1992 to 12 million SHGs linked to 17 crore households and Rs 71,000 crore in savings—while noting a 35% gap in credit linkage for mature SHGs. NABARD is digitising SHG transactions with NRLM, piloting a Gram Credit Score with TransUnion CIBIL, supporting ultra-poor women, and partnering with Sa-Dhan on an MFI accelerator for smaller MFIs. The sector should shift from consumption credit to enterprise development, pursue climate-smart lending (renewables, micro-irrigation, precision agriculture), and target growth that is women-centric, green, and impact-led. He called for tri-sector collaboration—government and regulators, DFIs and banks, and SROs and MFIs—to help households graduate to livelihoods and MSMEs and enable structural shift from agriculture to higher-value activities.

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Inaugural Session
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Inaugural Address

Mr. Nagaraju Maddirala, IAS, (Secretary, DFS, Ministry of Finance, GoI) underscored microfinance as a key pillar for inclusive growth, especially for women. He noted the sector's long-standing contribution and shared his early experience in SHG–bank linkage at the grassroots, where sustained engagement with banks helped seed women's groups that later transitioned into livelihoods and enterprise activities. He congratulated Sa-Dhan on completing 20 years of National Conference and completing a decade as an SRO for Microfinance.

He highlighted the scale of both group-based models. Under the SHG–bank linkage programme, he cited around Rs 3.04 lakh crore was in outstanding credit as of 31st March 2025, benefiting about 17 crore households. On the MFI side, he noted about Rs 3.75 lakh crore in outstanding as of March 2025. Together, these reflect a sizeable microfinance footprint. Yet, a large inclusion gap remains, with an estimated 300–350 million adults still to be brought into formal finance. He urged MFIs to design practical, innovative approaches to reach these segments while deepening women's economic participation.

Addressing sector stress, he pointed to consolidation and a sharp decline in both portfolio and borrower accounts. According to his remarks, outstanding fell from about Rs 4.4 lakh crore (March 2024) to Rs 3.4 lakh crore (around 18 months later), and loan accounts reduced by about 4.5 crore—from 16 crore to 11.45 crore by September 2025. He called for introspection on business models and practices to diagnose root causes and develop solutions. He also asked MFIs to review pricing. High effective interest rates in some cases reflect internal inefficiencies and can lead to repayment stress. He argued about productivity, tighter cost control, and responsible pricing to sustain credit quality.

He reaffirmed that government and banks remain supportive of the sector's role in financial inclusion and women's empowerment. He encouraged the industry to rekindle the mission-driven commitment seen in the early SHG movement, attract talent with purpose, and keep impact at the centre. He closed by appreciating Sa-Dhan's SRO role and urged the conference to produce actionable responses that restore growth, improve efficiency, and strengthen responsible conduct.

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Inaugural Session
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Felicitation of Shri. Aloysius Prakash Fernandes

Padma Shri Aloysius Prakash Fernandes was felicitated by Mr. M Nagaraju for his contribution in the field of microfinance and community finance.

Mr. Fernandes used his acceptance speech to trace the Indian origins of the group-based lending model and set expectations for the sector's course correction. He noted that SHGs began as savings-led community institutions with structured training and capacity building before formal credit access. He credited early policy choices by RBI and NABARD—allowing loans to unregistered SHGs functioning as associations, bulk lending to SHGs to allocate internally, and unsecured credit—as foundational to financial inclusion. He added that it was his team in the past that helped coin the name "Sa-Dhan", which he considers as a cherished memory that has been monumental in the movement's legacy.

He contrasted this with the later shift to joint liability groups (JLGs), which often skipped savings and training, prioritising speed over institution-building. In his view, this "quick" model contributed to rising NPAs and risk alerts, making banks cautious. He cited his organisation's experience of sub 1% NPAs under a savings first SHG model (with a recent uptick linked to a state law), arguing that disciplined processes and community governance remain effective risk mitigants. He emphasised that financial inclusion must translate into growth, with complementary inputs beyond credit.

Mr. Fernandez proposed practical measures. If the sector does not pivot back to SHG–bank linkage, he urged the Ministry of Finance to provide a guarantee fund to reduce bank risk and restore confidence. He asked NABARD to re emphasise and fund SHG training and institutional capacity building, noting that robust SHGs can prevent NPAs and lessen the need for guarantees. He encouraged state banks to lead in expanding SHG finance with strong processes and local engagement.

His core message was to re-centre microfinance on the original Indian SHG model: savings-first, rigorous training, and community-led credit decisions. Reinstating these fundamentals can improve portfolio quality, reduce stress, and sustain inclusion. He called on the ecosystem to recognise the early policy pioneers, invest in capacity, and align growth with impact, so that microfinance remains resilient and relevant to low-income households and women across India.

Scan to Watch

Inaugural Session
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Release of CSR Initiatives of Micro Lenders: Stories Beyond Credit

The conference featured a special moment with the formal release of the compilation “CSR Initiatives of Micro Lenders: Stories Beyond Credit,” launched by dignitaries on the dais. Introducing the publication, Ms. Rituparna Roy (Head-Communications, Sa-Dhan), highlighted it as a meaningful effort to recognize and showcase how financial institutions extend beyond core credit operations to support the socio-economic development of underprivileged communities. This year’s edition features contributions from 69 institutions, reflecting the sector’s breadth of impact.

To ensure easy access, Sa-Dhan set up a stall where delegates could scan a QR code to view the compilation. Attendees were encouraged to explore the initiatives and participate in the Participant Choice Award for the best CSR initiative. Voting slips were included in delegate kits, with assistance available at both the registration counter and the Sa-Dhan stall. Voting opened immediately and remains available until 1:00pm on second day, with the award presented during the valedictory session.

The session concluded with a call for widespread participation in the voting process and appreciation for the sector’s collective commitment to impactful, community-focused CSR.

Scan to Watch

Inaugural Session
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Release of Joint Whitepaper by Sa-Dhan and PwC

Mr. Asim Parashar (Partner at PwC India), presented the PwC–Sa-Dhan whitepaper, "Future of Microfinance: Propelling Growth, Fueling Prosperity." He positioned microfinance as a tool for empowerment, livelihoods, and resilience, and explained that the paper maps where the sector is headed in a changing environment. The study blends a sector-wide survey of senior leaders, in-depth interviews, and policy and industry analysis drawing on RBI circulars, Sa-Dhan reports, and PwC analytics. He acknowledged Sa-Dhan's collaboration and review, which helped connect boardroom priorities with field realities.

The findings indicate a clear shift from product-centric approaches to customer-centric models. Many institutions are exploring multi-product pathways while seeking to retain the microfinance ethos. Customer feedback is increasingly embedded in product design and strategy. Leaders are investing in granular data, micro-segmentation, and digital tools, including AI, to improve decision-making and service delivery. The sector has absorbed lessons from recent stress and is rebuilding with a focus on quality and client outcomes.

He outlined priorities for the road ahead. Institutions should scale sustainably, balancing growth with portfolio quality and customer well-being. They should harness digital ecosystems to strengthen operations, enhance credit decisions, and simplify customer journeys. Analytics must be used for underwriting, portfolio monitoring, and impact measurement. Investment in people and governance is essential to sustain performance over time. Collaboration across the ecosystem—through partnerships, shared innovation platforms, and collective learning—will support sector resilience. Strengthening financial awareness and customer maturity is critical so inclusion translates into empowerment, not only access.

Mr. Parashar called for a collective dialogue among policymakers, regulators, financial institutions, and development practitioners to reinforce microfinance as a bridge between opportunity and access. He thanked Sa-Dhan's leadership and members for their partnership and urged the industry to become more future-ready, integrated, data-driven, and people-centered.

Scan to Watch

Inaugural Session
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Vote of Thanks

Mr. Jiji Mammen (ED & CEO, Sa-Dhan), delivered a concise welcome and vote of thanks to open the 20th Sa-Dhan National Conference. He extended a special welcome to international delegates from Sri Lanka and Myanmar, and thanked the Secretary, Department of Financial Services, for his presence and assurance of continued government support to the microfinance sector. He acknowledged this assurance as important for confidence across the ecosystem.

He highlighted Sa-Dhan's partnerships with key institutions. He thanked NABARD and its Chairman for long-standing support and announced the launch of the Microfinance Accelerator Program, aimed at helping smaller MFIs scale up their operations and strengthen institutional capabilities. He appreciated SIDBI's continued role in backing the sector and noted both NABARD and SIDBI as conference partners. He also recognised Padma Shri Aloysius P. Fernandes for his foundational contribution to SHG–bank linkage and broader sector development.

Mr. Mammen expressed gratitude to Dr. Paul Thomas (Chairman of Sa-Dhan), and the Board for their guidance and support to the Sa-Dhan team. He thanked CEOs, members, media, and delegates from across India for their participation. His remarks underscored the value of collaboration among government, DFIs, SROs, and practitioners in advancing responsible and inclusive finance.

Looking ahead, he set a clear expectation for the conference: use the next two days to exchange practical ideas, strengthen partnerships, and focus on solutions that improve customer outcomes while enabling sustainable growth. He positioned the newly launched accelerator as a concrete step to build capacity at the grassroots, support smaller MFIs, and enhance the sector's resilience. He closed by expressing confidence that the deliberations would be productive and a meaningful learning experience for all participants.

Scan to Watch

Inaugural Session
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Plenary Session 1 – Customer Centric & Responsible Lending Through Fair, Transparent, Sustainable Lending Practices

Speakers/Panelists

Prof. M S Sriram
Professor
IIM Bangalore

Dr. H P Singh
CMD
Satin Creditcare Network

Mr. Sadaf Sayeed
CEO
Muthoot Microfin
Co-Chair, Sa-Dhan

Mr. Sachin Seth
Chairman, CRIF High Mark & RMD, CRIF India & South Asisa

Mr. Sudatta Mandal
DMD
SIDBI

Mr. Debasish Mishra
CGM
SBI

Dr. Mukesh Kumar
General Manager
RBI

Mr. Sanjib Jha
MD & CEO
Coverfox

Mr. Krishnadas Nair
EVP & Business Head – Microfinance, Bharat Banking, Axis Bank

The first plenary session was centered on the critical theme of "Customer Centric and Responsible Lending through Fair, Transparent, Sustainable Lending Practices." Moderated by Prof. M S Sriram from IIM Bangalore, the session convened a distinguished panel comprising senior leaders from the Reserve Bank of India (RBI), microfinance institutions, banks, credit bureaus, and insurance companies. Key participants included Mr. Sudatta Mandal (DMD, SIDBI), Dr. Mukesh Kumar (General Manager, RBI), Dr. H P Singh (CMD, Satin Creditcare Network), Mr. Sadaf Sayeed (CEO, Muthoot Microfin & Co-Chair, Sa-Dhan), Mr. Sachin Seth (Chairman, CRIF High Mark & Regional Managing Director, CRIF India & South Asia), Mr. Debasish Mishra (CGM, State Bank of India), Mr. Krishnadas Nair (EVP & Business Head – Microfinance, Bharat Banking, Axis Bank), and Mr. Sanjib Jha (MD & CEO, Coverfox).

Professor MS Sriram opened the session with thoughtful reflection on the 20th anniversary of the 2005 microfinance crisis, drawing parallels between past challenges such as multiple lending, coercive recovery methods, and high interest rates with ongoing issues in the sector today. He urged the panel to critically evaluate whether current microfinance models genuinely understand their customers beyond relying on external credit bureaus, self-regulatory organizations and transactional interactions, urging a deeper, more fundamental understanding of borrowers.

In response**, Mr. Krishnadas Nair** emphasized that most customer interactions in microfinance remain transactional, with lenders engaging borrowers for limited transaction cycles without building deeper relationships. He stressed the need to improve the quality of data for better credit bureau and leverage alternative data sources to transition towards personalized and meaningful financial inclusion. **Mr. Sadaf Sayeed** added to this on this by emphasizing the transition from simple financial inclusion to meaningful financial inclusion, where loans and financial services must be tailored to actual customer requirements rather than standardized amounts. He highlighted the expanding financial ecosystem that now includes Jan-Dhan and Aadhaar, enhancing customer access but at the same time necessitating better understanding of customers' cash flows and diversified financial needs such as insurance and savings crucial for holistic customer welfare. He advocated innovation and recognized regulatory steps by the RBI providing greater flexibility in qualifying asset criteria as enablers for customer-centric financial innovation.

Scan to Watch

Customer Centric and Responsible Lending Through Fair, Transparent, Sustainable Lending Practices
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Dr. H P Singh shared the practitioner's perspective, underscoring microfinance's origin as a tool for bringing unbanked populations into the formal credit system through collateral-free and unsecured loans. He reiterated the complexities of delivering unsecured rural credit, noting the inherent high delivery costs and operational challenges. He reinforced that while microfinance firms have evolved, there remains significant scope to broaden product offerings and deepen customer-centricity.

Mr. Debasish Mishra highlighted the bank's historic and ongoing commitment to last-mile credit delivery through partnerships with MFIs and SHGs. Reflecting on the journey from traditional customer onboarding via branch introductions to digital KYC processes incorporating Aadhaar and valid document frameworks. He stressed that large banks like SBI rely heavily on microfinance institutions to reach the last mile, given banking regulation and operational constraints, and that microfinance lending is essential to fulfilling priority sector obligations as well as promoting the social and digital economy.

From the insurance and risk distribution perspective, Mr. Sanjib Jha described microfinance entities as "micro distribution companies," which surpass many global giants in scale by serving nearly 40 crore rural customers, mostly women. He also underscored the significance of affordable insurance products attached to microloans, identifying inefficiencies in distribution costs and advocating a mindset shift toward integrated financial product distribution that could dramatically reduce costs for end customers.

Mr. Sachin Seth shared insights into the evolving credit bureau landscape supporting the microfinance sector. He explained efforts to integrate Grameen Credit Scores and Self-help Group (SHG) data to provide more granular credit assessments suited to rural borrowers' unique needs. Mr. Seth also emphasized advanced fraud detection initiatives and the challenges of tracking multiple borrowing and loan misuse in complex rural ecosystems.

Mr. Sudatta Mandal detailed innovative financing models such as lending directly to micro-entrepreneurs graduating from joint liability groups (the so-called "missing middle"). SIDBI's initiatives involve partnerships with cluster-level federations and India Post Payment Banks as business correspondents, using digital tools and AI to improve credit assessments and support scalable relationship-based banking.

From the regulatory perspective, **Dr. Mukesh Kumar** noted India's low credit-to-GDP ratio and the central role of microfinance in inclusive growth. He outlined RBI's recent steps: reduced risk weights on microfinance, lowering the qualifying-asset threshold from 85% to 60%, and replacing interest-rate caps with principle-based pricing to spur competition and innovation. He stressed ethics and borrower protection—preventing over-leverage and avoiding coercive recoveries—as essential for sustainable sector growth.

Throughout the session, the panelists engaged on critical challenges such as managing the risks of multiple lending and borrower overleverage, the importance of comprehensive and real-time data sharing across institutions, and the need for coordinated roles between regulators, Self-Regulatory Organizations (SROs), and credit bureaus. Technology emerged as a consistent theme, with the widespread use of digital platforms, AI-based credit scoring, and alternate data sources (including GST and mobile usage data) helping lenders make more informed decisions and deliver cost-efficient services.

Addressing incentives for field staff, speakers from MFIs explained measures to emphasize prudent lending by linking incentives not merely to disbursement growth but also to borrower repayment behavior, loan utilization, and client satisfaction, thereby aligning frontline incentives with long-term portfolio health and customer welfare.

The session concluded with acknowledgment of the ongoing need for innovation, ethical discipline, and stronger collaboration among ecosystem players to realize a customer-centric microfinance industry that is both commercially viable and socially responsible. The moderator and organizing team thanked the panelists for an engaging and illuminating discussion, underscoring that the sector is at a critical juncture, poised to leverage technology and enhanced data integration to build resilient, transparent, and inclusive financial services for underserved populations.

Scan to Watch

Customer Centric and Responsible Lending Through
Fair, Transparent, Sustainable Lending Practices
https://youtu.be/M3NdFIH_WVk?si=DkI-KpZlD8szdFsm

Key Takeaways

Need for Deeper Customer Understanding

Despite credit bureau data and SRO structures, lenders still lack fundamental understanding of borrower circumstances, indicating the need for deeper engagement beyond transactional cycles.

Persistent Operational Complexities in Unsecured Rural Credit

Unsecured lending in rural areas continues to involve elevated operational intensity, highlighting the need for sustainable business models and broader product diversification.

Integrated Financial Products as the Next Growth Lever

Linking microloans with affordable insurance and other protection tools can reduce distribution costs and strengthen household resilience, pointing toward bundled future

Transition from Basic to Meaningful Financial Inclusion

Growing access enabled by digital identity and bank account penetration requires lending models that reflect actual customer cash flows, diversified needs and protection requirements.

Increasing Dependence on Last Mile Partners

Mainstream financial institutions depend on microfinance and SHG ecosystems for customer acquisition and compliance with inclusion mandates, reinforcing the interdependence of financial actors.

Scan to Watch

Customer Centric and Responsible Lending Through Fair, Transparent, Sustainable Lending Practices
https://youtu.be/M3NdFIH_WVk?si=DkI-KpZlD8szdFsm

Presentation: 'Insuring the Uninsured: Building Protection for India's Underserved'

The presentation by **Mr. Piyush Ranjan, Chief Technology Officer, Coverfox**, highlighted the wide gap between loan penetration and insurance coverage in the microfinance, small finance bank and NBFC ecosystem. He noted that while crores of loans are disbursed every year, livelihood and protection insurance coverage remains below 10 per cent, pointing to a large unmet need.

Mr. Ranjan outlined the key reasons for low insurance adoption, including limited awareness, complex product structures, low distributor incentives, poor claims experience, and the absence of a cost-effective, doorstep distribution model for microinsurance. He emphasized that standalone insurance distribution is not viable at small ticket sizes and that retail channels largely focus on high-value products.

To address these challenges, he introduced CoverSathi, a platform already live with multiple microfinance partners, designed to integrate insurance distribution directly into the lending workflow. The platform enables loan agents to offer protection products at the time of loan disbursement or during repayment cycles through a simple, multilingual interface.

He explained that CoverSathi supports instant policy issuance through direct API integrations with insurers, with customer details auto-filled from lender systems and minimal manual intervention. Premiums can be collected in cash or digitally. The platform allows bundling of multiple microinsurance covers, such as personal accident, critical illness, hospital cash and vector-borne diseases into a single offering to improve customer value and distribution viability.

Mr. Ranjan also described a streamlined claims process, where claims can be initiated by loan agents and processed through built-in checks, multi-level approvals and AI-based document validation, enabling faster settlement. Agent incentives are credited on a next-day basis and can be configured across hierarchical levels.

He concluded by stating that the platform aims to unlock the large untapped opportunity in borrower protection by enabling MFIs, NBFCs and small finance banks to extend insurance coverage in a regulated, scalable and operationally efficient manner alongside lending.

Scan to Watch

A presentation by Mr Piyush Ranjan CTO Coverfox
https://youtu.be/qTUKbvrxTHM?si=M7JZ8XxCT1JF9DMM

Breakaway Session 1 - Keeping Individual Centricity in Group Lending Model: The New Norm of Microfinance?

Speakers/Panelists

Ms Deepshikha Sikarwar
Associate Editor and National Editor (Economics)
The Economic Times

Mr G Kiran Kumar
ED & CEO
Svamaan Financial Services

Mr Paritosh Mathur
Head-Wholesale Bank
IDFC First Bank

Dr Indradeep Ghosh
Executive Director
Dvara Research

Mr Asim Parashar
Partner
PwC

The first breakaway session examined how Indian Microfinance can retain individual centricity while evolving beyond the traditional Joint Liability Group (JLG) model. Moderated by Ms. Deepshikha Shikhar (Associate Editor and National Editor - Economics, The Economic Times) the discussion centered on whether and how group lending should evolve, and what this implies for risk, operations, technology, and customer welfare. The session brought together practitioners from the industry - Mr. G Kiran Kumar (ED & CEO, Svamaan Financial Services) Mr. Paritosh Mathur (Head- Wholesale Bank, IDFC FIRST Bank), Dr Indradeep Ghosh (Executive Director, Dvara Research), Mr. Asim Parashar (Partner, PwC India) to understand the shift from group to individual lending on ground.

Mr. G Kiran Kumar recalled how microfinance grew globally on the joint liability group construct and how JLG-based microfinance scaled when lenders moved from SHG savings-first models to direct group lending. He also explained how COVID-19's disruption of group meetings and the recent credit stress have eroded JLG culture, with borrowers now resisting liability for others' defaults and thereby weakening the very ethos of joint liability. Mr. Kumar also noted a key distinction where group construct is useful for operations, but the joint liability construct is fading. He warned that exposing low-income households too early to secured, high-stake products can be damaging if not matched with adequate income maturity and financial literacy. He concluded that the standard loan with no collateral and no prepayment penalty remains an excellent entry product which can be first stage towards more advanced financial products.

Mr. Paritosh Mathur framed the bank's perspective by playing a brand film underscoring its core philosophy of trust and a customer-first approach, and its objective of building a bank around customer needs. He clarified that IDFC FIRST primarily operates as a second-order participant in microfinance, providing funding to MFIs that, in turn, lend directly to end-borrowers. In this context, he cautioned against a sudden, sharp shift from the JLG model to purely individual lending, noting that such an abrupt transition could be destabilizing. Instead, he advocated a calibrated, hybrid approach that preserves the operational efficiencies of group meetings while progressively strengthening individual-level underwriting. He further emphasized that IDFC FIRST is comfortable financing institutions using either JLG or individual models, so long as the transition is gradual and well-managed and supported by robust governance and adequate equity buffers.

Scan to Watch

Keeping Individual Centricity in Group Lending Model: The New Norm of Microfinance?
https://youtu.be/SneNM2voxWE?si=yC8r71K72QSxEQrs

Mr. Asim Parashar observed that both JLG and individual lending models are likely to coexist and proposed a lifecycle approach wherein borrowers initially enter through JLGs to build basic credit history, subsequently graduate to individual loans for larger ticket requirements, and, if they default or face stress at the individual level, can revert to JLGs to rebuild discipline and creditworthiness. He underscored the importance of capturing all customer touchpoints digitally and integrating local, contextual data into credit decisioning. While noting that a few MFIs have already established analytics teams to leverage such data, he pointed out that, in general, credit underwriting across the sector remains quite basic. He therefore called for the development of data-driven, predictive risk frameworks that enable the industry to anticipate and pre-empt cyclical crises, rather than merely responding reactively after stress has materialized.

Dr. Indradeep Ghosh outlined Dvara's long-standing focus on financial inclusion and its deep research experience across microfinance, household finance, and regulation. Drawing on an academic review of global evidence, he noted that the widely held assumption that group lending inherently delivers better repayment outcomes than individual lending is not empirically established. He cautioned that a significant share of microfinance is used for non-productive consumption, including status goods that trigger imitation within communities and can drive over-borrowing and over-indebtedness. Transitioning to individual lending, he warned, does not automatically address this risk; in fact, in the absence of group norms and peer discipline, borrowers may face even fewer constraints on using debt for such purposes. He emphasized that the responsible adoption of artificial intelligence and advanced analytics should be directed towards improving credit assessment and preventing over-lending, thereby enhancing overall client outcomes and portfolio quality.

The panel also examined how technology and data are reshaping microfinance as it evolves from a predominantly group-based construct to more individual-centric models. Speakers highlighted the transformative role of the JAM trinity (Jan Dhan–Aadhaar–Mobile) in solving the fundamental challenge of borrower identification and significantly reducing fake KYCs, while onboarding has moved from lengthy, paper-heavy processes to tablet-based, paperless journeys with straight-through digital disbursements into customer bank accounts. MFIs are increasingly deploying core banking platforms and rolling out customer-facing mobile applications in local languages, which enable self-service and strengthen individual centricity even when operations continue to be organized around groups or centers.

At the same time, the panel underscored the need for systematic capture of field-level and alternative data, and the use of AI/ML for more accurate household income estimation and risk scoring. A key concern voiced was that much of today's technology deployment remains primarily compliance- and efficiency-driven, rather than being consciously designed to enhance customer experience and address real borrower needs.

In conclusion, the panel concurred that the JLG model will not disappear but will coexist with individual lending as part of a structured customer journey—JLG serving as an entry point and, where needed, a fallback mechanism, and individual loans representing a progression for suitable, mature borrowers. Individual-level underwriting, anchored in credit bureau data and enriched with alternative data, is now indispensable even where group-based servicing continues.

The sector will need to confront persistent risks of multiple lending, loan misuse, and status-driven consumption through stronger underwriting frameworks, deeper data insights, and enhanced financial education, while moving from reactive crisis management towards more predictive, preventive risk practices. Collectively, these shifts are critical to building a more resilient, customer-centric microfinance ecosystem that balances growth with borrower protection.

Scan to Watch

Keeping Individual Centricity in Group Lending Model: The New Norm of Microfinance?
https://youtu.be/SneNM2voxWE?si=yC8r71K72QSxEQrs

Key Takeaways

1JLG will not vanish; it will coexist with individual lending

as part of a sequenced customer journey, with JLG serving as both an entry and a potential fallback mechanism.

Sector Outreach

The sector must expand outreach, especially to underserved regions, while evolving towards more customized and responsible

indebtedness and loan

will not be solved simply by shifting to individual models; they require better underwriting, usage understanding, and financial literacy.

is the central constraint: group aggregation remains critical for small

Technology should move beyond compliance and efficiency

to truly customer centric innovation appropriate, and affordable products.

Individual underwriting is now

using bureau and alternative data, even where group servicing continues.

Scan to Watch

Keeping Individual Centricity in Group Lending Model: The New Norm of Microfinance?
https://youtu.be/SneNM2voxWE?si=yC8r71K72QSxEQrs

Breakaway Session 2 - The Digital Inclusion in Microfinance Journey: Preparing for the Next Phase in Microfinance

Speakers/Panelists

Dr Abhishek Agrawal
Managing Partner
Accion

Mr Rahul Gupta
Director & CEO
Avanti Finance

Dr Roy Varghese
CEO
Ashirwad Microfinance

Mr Anant Despande
Co-Founder
FinBox

Mr Rakesh Dosi
Chief Business Officer
Protean eGov Technologies

Ms Nalini Venkat
Chief Business Officer
Digit Insurance

The second breakaway session examined how digital technologies can accelerate and deepen financial inclusion in microfinance, especially for low-income and underserved populations. The discussion centered on - What does "digital inclusion" mean in microfinance, How institutions are redesigning products, processes, and partnerships, and how to balance efficiency and scale with trust, safety, and dignity for low-income customers.

The session was opened by **Ms. Gayatri** (Senior Solution Consultant, BCT) which showcased the Temenos Financial Inclusion (FI) Suite as a mature, globally proven platform purpose-built for microfinance and adaptable to non-MFI products. Leveraging India's financial inclusion push, the FI Suite delivers 70–80% out-of-the-box fit for Indian MFIs and is already live with 350+ clients worldwide including three major Indian MFIs, positioning it as a core enabler for MFIs transitioning from traditional group lending to more diversified, individual lending models.

The panel discussion moderated by Dr Abhishek Agrawal (Managing Partner, ACCION), and was graced by esteemed leaders from the industry - Dr Roy Varghese (CEO, Ashirwad Microfinance), Mr. Rahul Gupta (Director & CEO, Avanti Finance), Mr. Rakesh Dosi (Chief Business Officer, Protean eGov Technologies), Ms. Nalini Venkat (Chief Business Officer, Digit Insurance), Mr. Anant Deshpande (Co-Founder & COO, FinBox). The moderator framed the discussion that India has strong digital rails, but microfinance still lags in full digital adoption due to two core challenges –
1) Institutional: MFIs' ability and willingness to transform
2) Customer: perceived or real constraints around rural, low-income clients' digital readiness

Dr. Roy Varghese emphasized that digital inclusion is "not just digital lending," but ensuring that clients can transact "safely, transparently and confidentially," supported by access, education and empowerment so they do not feel exposed to fraud or loss. While Ashirwad now operates a fully digital credit chain (from e-KYC and bureau integrations to e-sign and cashless disbursement), he noted that "100% digitization" is neither realistic nor desirable in microfinance, advocating instead for a hybrid phygital model that preserves critical human interactions.

Scan to Watch

The Digital Inclusion in Microfinance Journey: Preparing for the Next Phase in Microfinance
https://youtu.be/F7EZ--yk2Yw?si=8yfpyFptsGJ5_hgn

Mr. Rahul Gupta defined digital inclusion as delivering formal financial services "in a frictionless, low-cost and dignified manner," with digital infrastructure as the backbone. Given that many low-income customers still lack digital confidence, Avanti follows an assisted-digital approach via partner agents using its app, combines predominantly automated (≈85%) individual underwriting with human review for thin-file and exceptional cases, designs livelihood-aligned, flexible products, and already receives around 40% of repayments digitally, anchored in a disciplined data strategy.

Ms. Nalini Venkat highlighted that, contrary to their original metro-focused expectations, "two-thirds" of Digit's business now comes from Tier-2 and Tier-3 locations, with digitalization becoming a key lever to reach the hinterland. By equipping every smartphone-enabled agent with an app/portal "as good as a branch" for instant quotes, issuance and receipts, Digit has made low-ticket products commercially viable at scale; at the same time, she underlined that cash "cannot be wished away," and described how Digit mitigates risk through immediate policy/receipt issuance at the point of collection and real-time reconciliation via integrated bank deposit rails. **Mr. Rakesh Dosi** highlighted that digital inclusion is fundamentally about "benefiting citizens" by aligning technology with public policy, regulation and business requirements within large-scale ecosystems. He illustrated this with Protean's work across PAN, tax systems, Atal Pension Yojana (2.5 crore subscribers), ONDC-like open commerce, and education-loan platforms, all built on sovereign ID, Aadhaar-based KYC, e-sign and over a million assisted touchpoints that can compress a 10–12-day paper process into "a 2-minute journey." He underscored that MFIs can and should "ride these rails" rather than build standalone infrastructure and suggested that Sa-Dhan can play a catalytic role in enabling this access.

Finally, **Mr. Anand Deshpande** argued that with approximately 75–80% smartphone penetration and around 40% of repayments already digital in parts of the sector, "a significant share" of microfinance borrowers are ready for fully digital journeys. He urged the industry to move from being merely "helped by digital" to genuinely "digital native," through digital-first customer journeys, robust decision engines and API-led partnerships, demonstrating how FinBox's solutions can reduce loan origination times from four days to "40 seconds to 4 minutes" as MFIs evolve toward more individual, cashflow-based lending models.

During the audience Q&A on household income validation, panelists outlined how leading institutions are moving beyond self-declared income and basic bureau checks. **Mr. Rahul Gupta** explained that, following RBI's move to household-level leverage norms, they now considers bureau data for all household members and supplements this with imputation models that blend self-declared income, observed cashflow patterns, asset ownership and existing liabilities; these models improve as more data and validation points accumulate, and Avanti is open to sharing its frameworks with peers. Complementing this, **Mr. Rakesh Dosi** described how, as a licensed Account Aggregator, Protean can access household-level bank transaction data for MSMEs and other behavioral APIs from a library of roughly 100 integrations. He noted that Protean is also working with policymakers on statistical and survey-based models and can provide end-to-end digital rails—from onboarding and e-sign to payments, reconciliation and regulatory reporting—giving MFIs a more robust and verifiable basis for assessing household repayment capacity.The session had a strong impact on participants by giving them a clear and practical view of what a digitally enabled microfinance ecosystem can look like. Through the Temenos/BCT presentation and the panel discussion, participants saw the full spectrum—from core microfinance platforms and digital public infrastructure rails to lending-tech, insurance, and field-level digital practices. They heard concrete examples of how institutions are transitioning from cash and paper to digital and assisted-digital journeys, using data to design better, livelihood-aligned credit products, and making small-ticket credit and insurance viable at scale. A consistent message was that no single actor can do this alone: MFIs, fintechs, insurers, and DPI providers must collaborate, with industry bodies like Sa-Dhan playing a convening and enabling role, especially for smaller institutions. The session concluded with thanks to the panelists and a call to action for MFIs to seriously consider their digital roadmaps, leveraging ecosystem partners and India's world-class digital public infrastructure.

Scan to Watch

The Digital Inclusion in Microfinance Journey:
Preparing for the Next Phase in Microfinance
https://youtu.be/F7EZ--yk2Yw?si=8yfpyFptsGJ5_hgn

Key Takeaways

Digital inclusion is about safety, dignity, and usefulness
not just technology

Solutions must make customers feel secure, respected, and in control, and should simplify their financial lives.

Data driven underwriting and flexible product design are transformational

With the right data, individual underwriting income clients is feasible, and products aligned to specific livelihoods improve both repayment and customer

Technology can make insurance truly

Low ticket, palletized premiums and instant, based issuance make protection products viable even in rural and small ticket contexts, allowing MFIs to offer holistic protection (credit, life, asset, health linked

Sa Dhan can catalyse collective digital transformation

By aggregating demand and brokering ecosystem partnerships, the association can help smaller MFIs access high quality digital infrastructure on viable terms.

Phygital will dominate in the near

Fully direct to customer digital models are still premature for most microfinance clients; assisted digital models using agents and apps are the practical bridge between trust and efficiency.

Digital collections are a critical

With some institutions already above 40% digital repayments, the sector is mid transition; digital collections can lower costs, enable better segmentation, and focus field resources on genuine delinquencies.

DPI and ecosystem platforms lower the barrier for smaller MFIs:

Instead of building their own KYC, Account Aggregator, e sign, and reconciliation systems, MFIs can plug into existing rails for core operations, Protean for KYC/AA/consent/payments, SaaS for LOS/LMS and decisioning, and insurers like Digit for integrated protection.

The sector is ready for a digital leap, but it must be thoughtful

High smartphone and internet penetration and evolving customer create a window of opportunity, but success will depend on clear data strategies, customer education, robust governance and risk management, and a continued human presence at the last mile.

Scan to Watch

The Digital Inclusion in Microfinance Journey: Preparing for the Next Phase in Microfinance
https://youtu.be/F7EZ--yk2Yw?si=8yfpyFptsGJ5_hgn

Breakaway Session 3 - Building a Resilient Workforce: Enhancing Human Resource Development through Capacity Building and Employee Motivation

Speakers/Panelists

Prof Partha Ray
Director
NIBM

Mr Aditya B Chatterjee
MD
Equifax India

Mr Balbir Singh
Executive Director & CEO
Great Place to Work

Mr J Balakrishnan
CEO
Belstar Microfinance

Dr Aqueel Ahmed Khan
MD
Mitrata Inclusive Financial Services

Mr Harish Raghu
Consultant & Director
Good Books Capital Advisors

The session focused on enhancing Human Resource Development through capacity building and employee motivation. The session was moderated by Prof. Partha Ray (Director, NIBM), who highlighted the paradox of simultaneous unemployment and high attrition while iterating that a person can be educated but not job-ready. The panel was graced by industry stalwarts - Mr. Aditya B Chatterjee (MD, Equifax India Credit Information Services), Mr. Balbir Singh (ED & CEO, Great Place to Work), Mr. J Balakrishnan (CEO, Belstar Microfinance), Dr Aqueel Ahmed Khan (MD, Mitrata Inclusive Financial Services), Mr. Harish Raghu (Consultant & Director, Good Books Capital Advisors). The initial round of perspectives set a strong foundation for the session by weaving together data, cross-industry HR insights, and frontline microfinance realities.

Mr. Aditya Chatterjee highlighted that the microfinance sector has gone through a particularly difficult 12–18-month period, with attrition commonly above 30% and, in some institutions, exceeding 50%, especially among a young, mobile workforce. While early data suggests some stabilization, he cautioned that it would take another 3–6 months for a clearer picture to emerge. He underscored that the inherently demanding nature of MFI work—challenging geographies, intense pressure on both disbursements and collections, and growing competition from quick commerce and the wider gig economy—directly exacerbates HR stress. At the same time, he noted encouraging signs in the form of increased investment in training and better-structured incentives that go beyond mere volumes to also reward group formation and the broader social dimension of microfinance.

Building on this, **Mr. Balbir Singh** brought a cross-industry lens, sharing insights from more than 10,000 organizations, including over 200 BFSI firms. He reported a sharp decline in discretionary effort, with many employees now treating "a job as just a job," and emphasized that Gen Z—expected soon to constitute nearly a quarter of the workforce—strongly resists manager favoritism and workplace politics, instead seeking authenticity, a sense of belonging, and psychological safety. At the same time, employees are increasingly demanding clarity on their career paths over the next 2–3 years. However, many first-line and mid-level managers remain ill-equipped to conduct honest, data-driven career conversations, leading to unrealistic assurances, broken expectations, and higher attrition.

Scan to Watch

Building a Resilient Workforce: Enhancing Human Resource Development through Capacity Building and Employee Motivation
https://youtu.be/QKXy7Exaud4?si=QoWomdpXSNpBhgdq

In microfinance specifically, he noted that average attrition is around 34%, rising to 60–80% in some institutions, yet the best workplaces manage to retain a "significant core" of experienced and engaged staff, which is critical for operational stability.

Providing a frontline CEO's view, **Mr. J. Balakrishnan** focused on Gen Z dynamics, pointing out that approximately 38 crore Indians fall into this cohort and account for a disproportionate share of consumption, which in turn drives a strong need for quick access to cash. Many frontline MFI employees are only 10th or 12th pass, placing a substantial skilling and capacity-building burden on institutions.

Using the metaphor of herding cats, he illustrated that chasing only organizational objectives is ineffective; aligning with staff's need for instant gratification is often more productive. In practice, he has adopted incentive structures that provide immediate rewards while deliberately deferring a portion of the benefit, thereby nudging employees toward accepting delayed gratification and fostering longer-term engagement.

Dr. Aqueel Ahmed Khan framed the current HR situation as a strategic inflection point, arguing that HR's elevation to a plenary discussion topic itself indicates that it has moved to the centre of business discourse. He proposed reimagining KPI for HR as "Keeping People Informed, Involved, Inspired, and Motivated," and stressed that these principles must be embedded into the organizational DNA rather than remain slogans. He emphasized that frontline staff—often working from 6 a.m. to 11 p.m.—are the lifeline of MFIs and require not only monetary incentives but also self-esteem, identity, respect, and honest, two-way communication. He challenged leaders to reflect on how often they say "thank you" or "sorry" to staff and warned that a model in which HR spends most of its time replacing employees rather than retaining them is unsustainable in a low-margin business.

Finally, **Mr. Harish Raghu** connected these contemporary challenges to deeper structural shifts in microfinance. He recalled that two decades ago, field staff were frequently drawn from clients' own families and enjoyed significant social respect, whereas today, although loans are still disbursed through groups, collections have effectively become individualized, weakening relationship-based lending and increasing stress on field officers. He observed that staff aspirations for better living and working conditions have risen, but branch infrastructure, accommodation, and welfare practices have not always kept pace. Critically, he highlighted the absence of a formal academic pipeline into microfinance—no dedicated course/degree in Microfinance or systematic curricular integration—forcing the sector to rely on ad hoc recruitment and rapid, shallow training. He also drew attention to the extreme gender imbalance in field roles, which undermines client comfort—particularly as most borrowers are women—complicates adherence to codes of conduct, and weakens grievance-handling mechanisms.

Taken together, these initial interventions clearly linked sector performance, evolving workforce expectations, leadership behaviour, and structural talent gaps, reframing HR in microfinance not as a support function but as a central determinant of institutional resilience and long-term sustainability.

In the moderated deep dive, the discussion shifted from diagnosis to solutions and structural levers. **Mr. Aditya Chatterjee** identified two HR priorities for MFIs: improving the work environment through better training, fairer incentives and predictable policies, and redesigning incentive structures to also reward group quality, meeting regularity and social cohesion, not just disbursement and collections.

Based on recent survey data, **Mr. Balbir Singh** reported that around 60% of MFI staff are actively seeking to change jobs, driven largely by perceived manager favoritism, weak manager–employee relationships and "group churn," while many compare demanding MFI roles with more predictable opportunities in retail, delivery and BPO, and HR often lacks the clout to ensure real flexibility and clear career paths.

Scan to Watch

Building a Resilient Workforce: Enhancing Human Resource Development through Capacity Building and Employee Motivation
https://youtu.be/QKXy7Exaud4?si=QoWomdpXSNpBhgdq

On the solutions side, **Dr. Aqueel Ahmed Khan** underscored the importance of transparent, consistently applied people policies, authentic employer branding, on-time salaries, responsive HR and continuous capacity building, coupled with a shift from impersonal labels to role-based identities that reinforce dignity.

Complementing this, **Mr. J. Balakrishnan** outlined Belstar's measures: leveraging the National Apprenticeship Training Scheme and mentored field exposure to build a pipeline, monthly CEO "Captain's Calls" in local languages, localized/video communication of policies and ethics, early-warning indicators for attrition, and targeted efforts to increase women's representation through maternity benefits and flexible timings.

The discussion then broadened to structural issues, with **Mr. Harish Raghu** highlighting the rising share of youth from UP and Bihar in the workforce, the need for formal microfinance programs via industry–academia partnerships, and gender diversity as a business lever for stronger client relationships and lower misconduct risk.

Mr. Singh pointed to India's stagnant female labour force participation and sharp drop-offs around marriage and childbirth, while **Dr. Khan** distinguished between relatively easier gender inclusion at head office and the safety, cultural and logistical constraints in the field, as well as social resistance to migrant staff in some states.

The panel also noted that many young people now prefer to stay closer to home, even at lower pay, valuing work–life balance post-Covid, while the lure of "quick money" via social media and gaming makes it even harder for MFIs to attract and retain talent in high-pressure, travel-intensive roles.

On education and capacity building**, Mr. Aditya Chatterjee** highlighted Equifax's branch-level training for public sector banks in reading and interpreting credit reports, and noted that similar, modular and practical capacity-building initiatives are now being offered to MFIs to strengthen credit awareness and data use at the frontline.

On internal engagement, **Mr. J. Balakrishnan** described Belstar's company-wide suggestion drive—where each of its 12,900 employees was asked what they and management should change—which generated thousands of ideas on process and technology improvement, and stressed that, given daily collection and repayment targets, fostering a culture of non-procrastination is critical for portfolio health.

In closing, moderator **Prof. Partha Ray** returned to his opening metaphor of a long tunnel with a faint light, noting that while the road ahead for MFIs on HR remains challenging, the day's discussions had made that light "somewhat brighter" by surfacing practical strategies and deeper insights. He then invited a brief intervention from **Mr. H.R. Khan** who urged MFIs to focus on the "economic inclusion" of their own staff—by embedding fair salaries, health protection, children's education and social security into business costing—and to develop a Diversity Index capturing gender, regional and community representation so that the workforce genuinely reflects the grassroots clients they serve. These remarks elevated HR from an operational concern to one of equity and institutional integrity.

The session concluded with a vote of thanks from Sa-Dhan, which reiterated that HR and workforce issues are now a core SRO priority, referenced ongoing work on an HR Code of Conduct with sector experts, and signaled that this dialogue will continue through future conclaves and policy platforms, followed by felicitation of the panelists and formal closure.

Scan to Watch

Building a Resilient Workforce: Enhancing Human Resource Development through Capacity Building and Employee Motivation
https://youtu.be/QKXy7Exaud4?si=QoWomdpXSNpBhgdq

Key Takeaways

Workforce Stress Is Structural, Not

High attrition in microfinance reflects sustained pressure from demanding field roles, competitive labor markets, and weakened relationship based lending models, rather than short term disruption.

HR Is Now a Core Strategic

Human resources can no longer remain a support function; workforce stability, engagement, and capability directly determine institutional resilience and portfolio health.

Incentives Must Reward Quality, Not Just Volume

Disbursement and collection incentives alone are insufficient; institutions must also reward group quality, meeting discipline, social cohesion, and ethical

Capacity Building Needs Formalisation

The absence of structured academic pipelines and standardized training frameworks forces reliance on ad and rapid training, weakening professionalism and client trust.

Gender Inclusion Is Both a Talent and Risk Issue

Low female participation and safety constraints in field roles limit workforce diversity and weaken client comfort, grievance handling, and ethical safeguards.

Retention Depends on Respect and Voice

Transparent policies, consistent communication, recognition, and opportunities for employee feedback are critical to moving from churn driven hiring to term retention.

Scan to Watch

Building a Resilient Workforce: Enhancing Human Resource Development through Capacity Building and Employee Motivation
https://youtu.be/QKXy7Exaud4?si=QoWomdpXSNpBhgdq

Plenary Session 2 – Strengthening Household Financial Resilience: Role of Social Security Products

Speakers/Panelists

Ms Ritu Singh
Deputy Editor
CNBCTV 18

Ms Suparna Tandon
CEO
NPS Trust

Dr Ajay Kumar Sood
DMD
NABARD

Mr Vivek Tiwari
MD & CEO
SATYA MicroCapital

Mr Ashish Kumar
CGM
PFRDA

Mr Anil Kumar S.S
CEO
SKDRDP BC Trust

Mr Manoj Gulati
Regional Director - South Asia
Water.org

The second plenary session focused on the crucial topic of strengthening household financial resilience through social security, with special emphasis on microinsurance, social protection products, and innovative policy frameworks. The panel, moderated by Ms. Ritu Singh (Deputy Editor of CNBC TV18), featured prominent industry leaders including Dr. Ajay Kumar Sood (DMD NABARD), Ms. Suparna Tandon (CEO of NPS Trust), Mr. Ashish Kumar (CGM at PFRDA), Mr. Vivek Tiwari (Chairman, MD & CEO of SATYA Micro Capital Limited), Mr. Manoj Gulati (Regional Director for South Asia at Water.org), and Mr. Anil Kumar S.S (CEO of SKDRDP BC Trust).

Ms. Ritu Singh opened the session by highlighting the impressive growth in social security coverage in India from 19% in 2015 to 64% in 2025, according to the International Labour Organization. However, she cautioned that mere coverage doesn't guarantee true resilience, especially for low-income households vulnerable to shocks like health emergencies or crop failures and emphasized the need to explore how to build comprehensive protection beyond just credit facilities.

Dr. Ajay Kumar Sood explained that although social security coverage has increased, true financial resilience remains a challenge. He gave a practical example of farmers who received large sums of money through land acquisition for highway projects but lost it quickly because they did not know how to use the money productively. He emphasized that lack of awareness about how to use, claim, and renew social security products is a major issue. Additionally, he pointed out that there is a narrow focus on certain products, with limited coverage especially in health and crop insurance. He also highlighted that high out-of-pocket health expenses, still around 40%, continue to put significant pressure on household finances.

Ms. Suparna Tandon spoke about the low pension coverage in India's informal sector, which includes about 44 crore workers with very diverse and irregular incomes. She stressed that a one-size-fits-all approach does not work for this segment. Instead, she advocated customized pension products that consider different income patterns and cash flows, allowing flexible payments like daily or weekly contributions. To make pension savings relatable, she gave examples such as a gig worker saving small amounts from each delivery or choosing to skip a small daily unnecessary expense and saving that money instead.

Scan to Watch

Strengthening Household Financial Resilience: Role of Social Security Products
https://youtu.be/J5sXoedQN6g?si=wPmZWHav_8gqlLmV

She also highlighted the importance of using influencers from within the community who speak the same language and understand their realities to build trust and encourage consistent savings.

Mr. Ashish Kumar outlined how regulators can simplify product design, reduce costs, and promote trust through digital onboarding and communication in regional languages. He also underscored the role of frontline workers like Anganwadi and ASHA workers in encouraging uptake.

Mr. Vivek Tiwari spoke about the evolution of MFIs from pure credit providers to resilience builders. With a presence in 400,000 villages and 6.5 crore households served, he stressed the need for greater awareness-building and collaboration to boost uptake of social security products. He noted challenges like high costs, trust deficits, and the expectation of bundled insurance with loans. He also highlighted the opportunity to integrate water, sanitation, and hygiene (WASH) financing as income-enabling loans rather than consumption loans, citing studies that link better access to water infrastructure with improved health and timesaving, particularly benefiting women.

Mr. Manoj Gulati highlighted the powerful impact of WASH financing, explaining how having access to water connections has enabled women to take up full-time jobs, which they couldn't do before due to time spent on fetching water. This change has improved not only household income but also women's dignity and empowerment. He emphasized that water and sanitation loans should be seen as income-enabling, not just consumption loans, and urged financial institutions, especially MFIs, to build stronger emotional bonds with their clients by including these products in their offerings.

Mr. Anil Kumar spoke about the challenges faced at the grassroots despite the wide coverage of social security schemes. He acknowledged that while many programs exist, some have not fully reached the deserving beneficiaries due to problems with delivery channels. He stressed the importance of involving all stakeholders working at the community level to ensure these schemes effectively benefit the people. He shared how his organization has enrolled over 1.4 crore people in health schemes and over 60 lakh in e-Shram cards in Karnataka, and how they provide credit risk coverage and health programs to their self-help group members, showing how integrating social security within community groups can offer real protection and support.

Dr. Ajay Kumar Sood, added that India's 1.5 crore SHGs covering 17 crore households represent a powerful social capital resource to drive financial inclusion and social security at ground level, though gaps remain for ultra-poor groups.

On product flexibility, **Ms. Suparna Tandon** detailed recent reforms by PFRDA aimed at easing onboarding via apps and digital KYC, accommodating irregular payments, and allowing opt-in/opt-out options aligned with seasonal incomes. She emphasized designing pension products that fit life goals and migration patterns, rather than a rigid, one-size-fits-all model.

Along this line, **Mr. Ashish Kumar** affirmed portability features within NPS schemes, allowing migration across sectors without losing pension corpus. Yet, he acknowledged a need for seamless integration between EPFO, NPS, and state schemes.

The role of technology in predicting distress and tailoring social security products was emphasized by **Mr. Vivek Tiwari**, who explained how MFIs use data analytics and AI to monitor client cash flows, crop cycles, and environmental risks. Such insights can inform product design and timely interventions, helping clients avoid default. He envisioned integrated digital platforms offering a wide range of social security products accessible even in remote villages, improving both awareness and distribution.

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Scan to Watch

Strengthening Household Financial Resilience: Role of Social Security Products
https://youtu.be/J5sXoedQN6g?si=wPmZWHav_8gqlLmV

Looking ahead, **Mr. Manoj Gulati** talked about the next frontiers beyond WASH financing, including school sanitation financing, affordable housing linked to WASH, MSME sector engagement, and innovative financing instruments like social impact bonds. He praised NABARD's $800 million refinancing program for energizing the sector and predicted growing interest from global impact investors attracted to these areas

While technology offers speed, transparency, and uniformity, **Mr. Anil Kumar** stressed the irreplaceable value of human intervention, especially in rural communities. His organization combines sophisticated digital systems such as biometric authentication and geo-tagging with a strong human presence, maintaining thousands of field personnel to educate, build trust, and support beneficiaries, ensuring social security schemes truly reach and benefit people.

In their concluding remarks, panelists underscored the critical importance of partnerships across the ecosystem: government acting as enablers and scalers; MFIs and SHGs providing last-mile delivery; and fintech companies offering digital platforms to enhance accessibility and efficiency.

Ms. Tandon suggested these partnerships could vary by sector, from farm producer organizations and cooperatives in rural areas to gig economy platforms in urban settings for scaling coverage quickly.

Mr. Ashish Kumar also pointed out the mistaken belief that the families will always care for elderly members financially. Given rising life expectancy and changing family structures, formal old-age income security schemes are crucial to ensure dignity and financial independence in retirement.

Mr. Vivek Tiwari emphasized leveraging the trusted relationships that MFIs have built with clients to expand social security products. He recommended creating distribution networks that operate on low margins but high volumes, coupled with ensuring reliable after-sales services to encourage adoption and retention.

In conclusive remarks, **Mr. Anil Kumar** urged policymakers to look beyond scheme design and focus seriously on delivery and continuous feedback for improvements. He noted many programs end at launch, missing valuable opportunities for adjustment based on ground-level realities.

The session closed with a touching video presented by **Mr. Manoj Gulati** showcasing how WASH-linked social security loans have transformed the lives of rural families, especially women, by improving health, saving time, and enhancing economic opportunities.

The panelists' insights and discussions underscored that building true financial resilience requires a multifaceted approach blending product innovation, technology, human engagement, and strong partnerships to lift India's vulnerable households toward a more secure future.

Scan to Watch

Strengthening Household Financial Resilience: Role of Social Security Products
https://youtu.be/J5sXoedQN6g?si=wPmZWHav_8gqlLmV

Key Takeaways

Social Security Coverage Has Expanded but Resilience Remains Weak

Despite the growth in coverage, households remain vulnerable due to limited awareness of product usage, narrow product focus, pocket health expenditures.

All Models Are Ineffective for Informal Workers

Households in the informal sector need savings, insurance and pension products that allow variable contributions aligned with their earnings cycles.

Need Stronger Product Awareness and Delivery Mechanisms

Many eligible beneficiaries do not use available social security schemes due to delivery gaps, trust deficits and low understanding, highlighting the necessity of local intermediaries.

WASH Financing as an Income Enabling Tool

Household infrastructure financing contributes directly to work participation, health gains and dignity, suggesting wider integration of WASH linked loans into resilience strategies.

Technology Can Enable Predictive, Tailored Protection

Digital tools assessing cash flows, environmental risks and migration patterns can strengthen timely protection and support seamless access to multiple social security products.

Stakeholder Partnerships

The expansion of social protection will rely on collaborative platforms where government enables scaling, MFIs and SHGs mile delivery, and digital systems widen reach and efficiency.

Scan to Watch

Strengthening Household Financial Resilience: Role of Social Security Products
https://youtu.be/J5sXoedQN6g?si=wPmZWHav_8gqlLmV

Fireside Chat: Financial Inclusion to Customer Prosperity — A New Lending Approach

Speakers/Panelists

Dr Arvind Virmani
Honourable Member
Niti Aayog

Dr Charan Singh
CEO & Founder Director
Egrow Foundation

The Fireside Chat between Dr. Arvind Virmani (Member, NITI Aayog) and Dr. Charan Singh (CEO & Founder Director, EGROW Foundation) was a substantive analysis of India's macro-economic transition, global economic shifts, and their implications for financial inclusions and microfinance.

Opening the discussion, **Dr. Charan Singh** reflected on how much the microfinance sector has grown over the years and where India stands at this juncture with regard to its movement toward Viksit Bharat. He then invited **Dr. Virmani** to elaborate on his assessment of the macroeconomic environment, recent developments, and the way forward.

Dr. Virmani began by describing the long-term trajectory he foresees for India, mentioning the need to transition from a lower-middle-income economy to an upper-middle-income economy over the next decade and move toward high-income status by 2047–2050. He set this in the context of three major global trends shaping the opportunity landscape for India: demographic divergence between India and the developed world, diversification of global supply chains, and the global unbundling of services across sectors such as education, health, and governance. These, he emphasized, are opening special paths for India to secure its position in labor markets, manufacturing, and service delivery.

Coming to the structural domestic features, **Dr. Virmani** underlined the fact that India’s economy is deeply multilayered, with 57.7% of its workforce being self-employed-a proportion far higher than for most global economies. Such diversity, he said, requires equally nuanced financial systems, which can serve customers across different economic tiers. For India's long-term economic aspirations, it is critical to improve productivity within these layers.

Building on this, **Dr. Singh** drew attention to the one crore individuals entering India's labor force annually and asked about the nature of opportunities available to them. He further invited **Dr. Virmani** to comment on the impact of Trump-era tariffs on MSMEs closely connected to MFIs. Dr. Virmani responded by saying that such tariffs result in uncertainty, which delays investment decisions across the globe and temporarily slows supply-chain realignment towards India.

Scan to Watch

Financial Inclusion to Customer Prosperity —
A New Lending Approach
https://youtu.be/sqiFXhOw29I?si=DMKKpg20Gcp_zD_h

Drawing on past policy experience, he mentioned that tariff differentials of 20-25% are absorbable, while a differential of 50% is effectively prohibitive. He said that export units were exploring interim diversification, while the government had taken measures to mitigate the immediate credit impact.

The discussion then shifted to the preparedness of the Indian financial system to support large-scale growth. **Dr. Virmani** emphasized the transformational role of GST not only as a taxation reform but also as a rich source of formal transactional data that can enhance lending decisions and catalyze new enterprise formation. He also spoke to the skilling imperative, noting that current skill levels in the country are inadequate for a rapidly expanding economy. He mentioned the emergence of opportunities in private skilling markets and their potential link with financial services.

Reflecting on the progress made by India in poverty reduction, **Dr. Singh** asked how MFIs should respond to the fact that nearly 25 crore Indians have exited poverty and that MFI customers today are more aspirational than before. **Dr. Virmani** further agreed that across multiple global thresholds, poverty levels have fallen sharply and said the evolving customer profile opens up new opportunities for lenders. To serve the emerging segment, he underscored the need for technology-driven processes, risk-based assessments, and data-driven models that reduce underwriting costs and enhance decision quality.

The session ended with **Dr. Singh** summarizing the discussion, pointing out India's strengthened economic position, the opportunities and uncertainties in the global environment, and the need for financial institutions to adapt to a more aspirational customer base.

Scan to Watch

Key Takeaways

Term Economic Transition

The country's demographic strength, supply chain diversification and global service unbundling are positioning India for rapid upward mobility in the coming decades.

Multilayered Workforce Demands New Credit Approaches

The large share of self employed workers highlights the need for lending models that varied income tiers and productivity differences.

Global Uncertainty and MSME

Trade uncertainties linked to tariff regimes create temporary stress for export dependent enterprises connected to microfinance.

Digital Formalization as a Growth Driver

linked formal data is expected to significantly strengthen underwriting quality and support formal business formation.

Aspirational Borrowers Require New Credit Models

As millions exit poverty, lenders must shift from basic inclusion to risk led credit assessment aligned with rising household aspirations.

Skills and Financial Ecosystems Must Evolve

The need for large scale skill development will open avenues for private skilling markets and new forms of credit linked to employability.

Scan to Watch

Financial Inclusion to Customer Prosperity — A New Lending Approach
https://youtu.be/sqiFXhOw29I?si=DMKKpg2oGcp_zD_h

Plenary Session 3 – Empowering Women Entrepreneurs — Social and Economic Upliftment through Enterprise Development

Speakers/Panelists

Mr N Srinivasan
Development Finance & Livelihoods Expert

Mr. R Inigo Arul Selvan
CGM- DMFI
NABARD

Dr. Monika
Deputy Secretary
Ministry of Rural Development

Mr Amit Arora
Senior Rural & Agri Finance Specialist
The World Bank Group

Ms Madhu Khetan
Integrator
PRADAN

Mr Vinayak Shukla
GM
Bank of India

The third plenary session focused on the roles of entrepreneurship in enhancing women's social and economic empowerment and the ecosystem support that is needed to sustain these efforts.

The panel, moderated by Mr. N Srinivasan (Development Finance & Livelihoods Expert) featured prominent speakers including Dr. Monika, (Deputy Secretary, Ministry of Rural Development), Mr. R Inigo Arul Selvan (CGM- DMFI, NABARD), Ms. Madhu Khetan (Integrator, PRADAN), Mr. Amit Arora (Senior Rural & Agri Finance Specialist, The World Bank Group) and Mr. Vinayak Shukla (General Manager, Bank of India).

Mr. N Srinivasan opened the thematic dialogue by observing that while SHGs and microfinance networks reach large numbers of women, only about a third of them go on to engage meaningfully in income-generating activities. He raised one of the central questions of whether the focus needs to be on gender, enterprise, or income, and how "graduation" for women should be defined within this context.

Dr. Monika presented the roadmap on the progression pathways in the National Rural Livelihoods Mission, detailing that SHGs and their federations evolve from mere savings and credit discipline to diversified livelihoods and enterprise formation through SVEP, MEDP, and incubation-led models. She showcased examples of women who have moved from difficult conditions at the household level toward viable enterprises and elucidated how the Lakhpati Didi initiative is demonstrating that structured mentorship and credit access are helping women cross the line of ₹1 lakh per annum threshold.

Ms. Madhu Khetan presented the realities of enterprise building in low-monetized regions. She said enterprises are prone to disruptions created by health shocks or household responsibilities and argued that long-term handholding, consistent advisory support, product development assistance, and basic financial record maintenance are indeed essential for enterprise continuity.

Scan to Watch

Empowering Women Entrepreneurs — Social and Economic Upliftment through Enterprise Development
https://youtu.be/G37WqAV4c9k?si=EcSr7ATo6fsC5FzS

Providing the banking perspective, **Mr. Vinayak Shukla** discussed the usage of loans by women borrowers. According to him, a large segment of Mudra loans is still used for consumption rather than enterprise activity, and bottlenecks in terms of restricted documentation and thin credit history still persist. He also emphasized ongoing efforts toward refining women-specific financial products.

Mr. R Inigo Arul Selvan highlighted the training and incubation mechanisms, namely RSETIs, digital learning modules, and Rural Business Incubation Centres. He emphasized alignment to NSQF standards and cited the potential of collective enterprise models, including women-led producer organizations.

From the World Bank Group, **Mr. Amit Arora** emphasized the digitization of SHG transactions and mapping enterprise life cycles. He mentioned that most of the enterprises are not credit-ready yet, having noted the need to have flexible finance structures and strengthen SHG–bank linkages through digital platforms.

Audience questions focused on topics such as the use of digital member-level data, maintaining cohesion at the group level in digitized environments, and environmentally responsible enterprise promotion. The discussion emphasized that better credit flows, higher levels of market integration, more sustained advisory support, and financial planning at the household level were all required to further women-led enterprise ecosystems.

Key Takeaways

Digital Tools as Enablers of Enterprise

Digitized transactions, lifecycle mapping and standardized training are likely to improve readiness for formal credit and market linkages.

Incubation, mentorship and credit pathways are helping women cross income thresholds and build micro enterprise capacity

Health issues, household responsibilities and volatile local markets make long enterprise stability difficult without continued handholding.

Limited Graduation Beyond

While SHG networks have deep reach, conversion into viable income activity remains relatively low.

Structured Pathways Enable Income

Incubation, mentorship and credit pathways are helping women cross income thresholds and build micro

Gaps in Documentation and Product Fit

Thin credit histories and limited documentation restrict scaling of enterprise finance, leading to consumption usage of certain loan products.

Scan to Watch

Empowering Women Entrepreneurs — Social and Economic Upliftment through Enterprise Development
https://youtu.be/G37WqAV4c9k?si=EcSr7ATo6fsC5FzS

Breakaway Session 4 – Housing for All: Role of Small-ticket Housing Loans

Speakers/Panelists

Ms N Neeraja
MD
NABFINS

Saibal Paul
Deputy Director
Sa-Dhan

Mr Naresh Kumar
COO
NCGTC

Mr Deo Shankar Tripathi
Executive Vice Chairman
Aadhar Housing
Finance Limited

Mr Patrick McAllister
Director - Financial
Policy & Regulation
Terwilliger Center for
Innovation in Shelter

Mr Vishal Goyal
GM
National Housing Bank

The fourth Breakaway Session focused on the role of small-ticket housing finance in advancing low-income home construction and supporting customer graduation beyond traditional microcredit. The session moderated by Dr. Saibal Paul (Dy. Director, Sa-Dhan) featured speakers including Mr. Rajat Agarwal (Chief Business Officer- Enterprise and Financial Assets, PayNearby); Ms. N. Neeraja (MD, NABFINS), Mr. Deo Shankar Tripathi (Executive Vice Chairman, Aadhar Housing Finance); Mr. Naresh Kumar (COO,NCGTC); Mr. Vishal Goyal (GM, National Housing Bank); and Mr. Patrick McAllister (Director- Financial Policy & Regulation, Terwilliger Center for Innovation in Shelter).

The conversation opened with **Mr. Rajat Agarwal**, who presented a detailed view of how distribution and collections infrastructure must evolve to support the micro-housing segment. He explained that while India today has a very strong digital foundation through Aadhaar, UPI and widespread account access, actual usage of digital repayment channels remains low in rural and peri-urban areas. He emphasized that large numbers of accounts and UPI handles lie dormant despite the presence of digital identity, and that bridging this usage gap requires an assisted, hyperlocal network model.

He described how PayNearby has built a network capable of integrating cash and digital payments, dynamic QR-based collections, assisted onboarding and real-time reconciliation. According to him, the ability of a borrower to walk into a trusted local touchpoint to make an instalment—whether in cash or digitally—helps reduce the cost of collections and improve repayment visibility. He also noted the "ambassador effect" created when women borrowers who are familiar with financial products guide others in their community, which accelerates financial literacy and improves borrower behaviour.

Dr. Saibal Paul framed the discussion by situating housing within broader social outcomes such as dignity, stability and livelihood continuity. He stated that housing finance for low-income borrowers is not only a credit product but often the basis on which a household anchors itself economically. He highlighted that microfinance institutions, having already worked closely with national missions, are well-positioned to extend small-ticket housing credit that matches incremental construction practices commonly seen in rural India.

Scan to Watch

Housing for All: Role of Small-ticket Housing Loans
https://youtu.be/VfHei4TSKDA?si=MDTplQyXA3TZVAE8

The practitioner's perspective came from **Ms. N. Neeraja**, who explained that housing needs among microfinance clients are typically simple, phased and focused on owned land. She noted that most customers build incrementally—room by room—and therefore require products in the range of ₹3–5 lakh, with unsecured loans up to around ₹1.5 lakh and secured loans up to around ₹5 lakh forming the practical operational band. She underlined that housing finance helps retain customers who have grown beyond traditional microfinance loan sizes and that a dedicated housing vertical is required to assess technical feasibility, property conditions and income stability.

From the housing finance company lens, **Mr. Deo Shankar Tripathi** underscored that the segment is better defined as "low-income housing" rather than low-cost housing, as the nomenclature reflects income bands rather than construction quality. Drawing from industry evidence, he reiterated that most housing demand arises from the EWS and LIG segments, which have historically demonstrated strong credit discipline. However, he highlighted the constraints lenders face: imperfect land titles, non-mortgageable property, complex legal requirements, state-level stamp duty practices and the need to structure EMIs that do not strain livelihood cashflows. He proposed co-lending models as a practical solution, emphasising that MFIs' last-mile strengths complement HFCs' underwriting capabilities. He also called for stronger credit guarantee support to make very small-ticket housing loans viable.

Mr. Naresh Kumar outlined the guarantee products overseen by NCGTC, explaining that they currently operate a micro-loan guarantee scheme for loans up to ₹20 lakh and a dedicated affordable housing guarantee scheme for EWS/LIG segments with coverage up to around 70 per cent. He positioned credit guarantees as essential tools for expanding lender confidence and encouraged MFIs to utilise schemes available on the NCGTC platform.

From a refinancing standpoint, **Mr. Vishal Goyal** noted that NHB has long supported housing finance expansion through refinance to banks, HFCs and cooperatives. He explained that while MFIs currently cannot receive NHB refinance directly, industry bodies may place proposals before the government, and until such decisions evolve, NHB encourages structured partnerships between HFCs and MFIs. He added that improved digital footprints and increasing credit visibility among rural customers make the timing right for MFIs to scale housing lending with proper underwriting discipline.

Bringing an international viewpoint, **Mr. Patrick McAllister** highlighted that a supportive enabling environment and transparent, segmented data are vital for scaling low-income housing finance. Drawing from comparative global experiences, he explained that when data clarity and policy alignment coexist, lenders can target appropriate customer segments more confidently and at scale.

Across the session, several recurring challenges emerged: imperfect titling of land, high operational intensity of small-ticket loans, the need for specialised underwriting at the field level, state-level procedural inefficiencies and the requirement for calibrated guaranteed coverage. Speakers consistently highlighted that MFIs are naturally positioned to serve the up-to-₹5 lakh segment due to their reach, but scaling will require co-lending models, guarantee-backed risk sharing, digital integration for collections, stronger field-level capability and a coordinated approach across regulators, lenders and development institutions.

The discussion concluded with broad agreement that small-ticket housing finance is both feasible and necessary, provided policy, institutional capacity and risk-sharing tools evolve in step with the realities of incremental construction and the income patterns of low-income households.

Scan to Watch

Housing for All: Role of Small-ticket Housing Loans
https://youtu.be/VfHei4TSKDA?si=MDTplQyXA3TZVAE8

Key Takeaways

Usage Gap in Digital Payments

Despite robust digital infrastructure, rural borrowers still rely on cash, making assisted, hyperlocal models critical.

Incremental Construction Shapes Product Needs

ticket, flexible loans aligned to incremental home construction are essential for this segment.

Operational and Legal Barriers

Imperfect documentation and complex level processes remain key constraints to scaling small ticket housing loans.

lending and Guarantees as Catalysts for Scale

Joint lending models and guarantee schemes emerge as viable tools to expand lender confidence in this customer segment.

Underwriting Capability Must

Accurate assessment of property conditions, construction feasibility and cashflow stability requires a dedicated housing

Digital Footprints Expected to Strengthen Viability

Growing digital traceability and improved records will enable more confident lending in rural housing markets.

Scan to Watch

Housing for All: Role of Small-ticket Housing Loans
https://youtu.be/VfHei4TSKDA?si=MDTplQyXA3TZVAE8

Breakaway Session 5 - Reinventing Microfinance: Product Diversification and Lending Models

Speakers/Panelists

Ms Hamsini Karthick
Editor-BFSI
Moneycontrol

Mr Inderjit Camotra
MD & CEO
Unity Small Finance Bank

Mr Vineet Chandra Rai
Vice Chairman
Aavishkaar Group

Mr Amardeep Singh Samra
MD
Midland Microfin

Mr LVLN Murty
MD & CEO
Dvara KGFS

Mr Abhijit Ray
Co-Founder & MD
UC Inclusive Credit

The fifth Breakaway Session discussed the evolving landscape for microfinance in terms of the need for product diversification and new lending models to address issues such as sectoral perceptions, client aspirations, operational challenges and the increasing role of technology. The discussion was moderated by Ms. Hamsini Karthik (Banking Editor, Money Control) with distinguished panel of speakers including Mr. Inderjit Camotra (MD & CEO, Unity Bank), Mr. Vineet Chandra Rai (Founder & Vice Chairman, Aavishkaar Group), Mr. Amardeep Singh Samra (MD, Midland Microfin), Mr. L.V.L.N. Murty (MD & CEO, Dvara KGFS) and Mr. Abhijit Ray (Co-Founder & MD, UC Inclusive Credit).

The discussion began with **Ms. Hamsini Karthik** posing the basic question facing the sector: that microfinance has gradually become an “unwanted” or “inefficient” model, as reflected in remarks from policymakers and the hesitation of banks to lend to the segment. She asked how the industry could overcome this widening perception gap. Responding first, **Mr. Inderjit Camotra** recalled that just a year earlier the atmosphere around microfinance was one of panic, but the sector had now regrouped to think strategically about revival. He reminded the audience that India had been a global poster country for microfinance, having empowered nearly nine crore women—representing nearly a quarter of India’s population when extended to households. He attributed the perception problem partly to the frequency of shocks the sector has endured over the past two decades.

Turning to the long arc of sectoral experience, **Mr. Vineet Chandra Rai** noted that microfinance always evolves through cycles of excess liquidity, rapid growth and subsequent corrections. The core model of lending to women and supporting livelihoods empowerment has been mastered at scale, but the industry continues to stumble in how it engages with politics, regulators and its own understanding of client aspirations. He further argued that aspirations have flattened across income classes; children in microfinance households today have the same exposure to media and technology as their urban peers. However, institutions continue to operate with products designed in the 1990s, thus widening the disconnect and feeding negative perceptions. Microfinance remains one of the world’s most efficient systems, yet practitioners often communicate apologetically instead of owning the sector’s accomplishments.

Scan to Watch

Reinventing Microfinance:
Product Diversification and Lending Models
https://youtu.be/hZ_EPoAgg1w?si=jSM-D_f_OtSzGETR

Offering the perspective of a long-time debt provider, **Mr. Abhijit Ray** concurred that the sector was being "cornered" despite decades of high repayment performance and minimal write-offs. He felt that over the years, many NBFC sectors had fallen by the wayside, while microfinance institutions had survived and remained extremely efficient. He said the industry needed to go back to some basic principles such as being client-led, savings as part of microfinance and that there was a need to revisit some of the regulatory assumptions about income limits and indebtedness. He pointed out inconsistencies whereby secured lenders could lend to the same customers without these constraints applying to MFIs. He urged the industry to address these structural asymmetries and take a broader view of household needs.

On the issue of cycles and institutional vulnerability, **Mr. L.V.L.N. Murty** said the sector had become increasingly resilient even as shocks became more frequent-whether floods, political events or behavioural changes triggered by restructuring during the pandemic. He believed perception problems often resulted from how institutions presented themselves, especially around the cost of lending. He added that the cyclical impacts were now better understood because the institutions had strengthened internal risk frameworks and had accepted that uncertainty was a constant feature requiring preparedness rather than periodic crisis management. Elaborating on cyclic behaviour, **Mr. Amardeep Singh Samra** said that the inability of the sector to innovate products earlier was partly because regulatory constraints compelled institutions to remain heavily concentrated in traditional MFI lending. While the new RBI framework had created greater room for diversification, it now fell upon the practitioners to decide whether to grow aggressively once again or move gradually. He viewed diversification as an important way to reduce vulnerability to cycles and address evolving customer needs.

The discussion then shifted to a core structural issue: the relevance of the JLG model. **Ms. Hamsini Karthik** asked whether the gradual shift of borrowers toward individual lending and the weakening of group cohesion threaten the model. Mr. Inderjit Camotra said the JLG model had been foundational in identifying creditworthy women, and the shift toward individual products was driven by customer evolution, not obsolescence of the model. **Mr. L.V.L.N. Murty** and **Mr. Amardeep Singh** Samra both pointed to pandemic-era restructuring, rapid liquidity-driven expansion and regulatory changes as factors that weakened group homogeneity. They said institutions often fast-track customers from JLG to enterprise loans without strengthening underwriting for cash-flow-based lending.

The panel also discussed the preparedness of the industry in view of fintech-driven instant credit. **Mr. L.V.L.N. Murty** pointed out that emergency borrowings through digital wallets could undermine MFIs unless the institutions adapted by redesigning products and turn-around processes. Mr. Amardeep Singh Samra mentioned that over-digitisation at the grassroots could expose low-literacy customers to cyber risk. Mr. Abhijit Ray contended that there was a need for renewed emphasis on field engagement as also an understanding of client behaviour rather than solely digital mechanisms. On diversification pathways, Mr. Inderjit Camotra emphasized home improvement loans, micro-gold loans and cross-sell products as ways to retain customers and strengthen relationships. **Mr. L.V.L.N. Murty** shared his institution's approach of entering households with JLG loans and gradually graduating customers to higher-ticket unsecured or secured products, including innovative ideas like lending against broken jewellery. **Mr. Amardeep Singh Samra** mentioned water, sanitation, green products and nano-enterprise loans as areas of focus. Addressing the long-term institutional models, **Mr. Abhijit Ray** felt that India needed a multi-tiered structure of institutions as banks alone could not reach the last mile. **Mr. L.V.L.N. Murty** said NBFCs would remain very important frontline entities, while Mr. Amardeep Singh Samra was content at staying an NBFC-MFI. **Mr. Vineet Chandra Rai** said that NBFC-MFIs may merge into the general NBFC category in due course but maintained that India's large geography allowed both large and niche institutions to coexist. **Mr. Inderjit Camotra** summed up, saying even as Unity Bank moved towards its goal of becoming a universal bank, microfinance would remain at the core of its strategy.
The session wrapped up on a shared view that microfinance must evolve with client aspirations, regulatory realities, and technological shifts, while preserving its foundational purpose of supporting low-income households with responsible and relevant financial products.

Scan to Watch

Reinventing Microfinance:
Product Diversification and Lending Models
https://youtu.be/hZ_EPoAgg1w?si=jSM-D_f_OtSzGETR

Key Takeaways

Persistent Perception Challenges

Repeated cycles and external shocks continue to shape negative narratives around microfinance.

Evolving Aspirations Demand New Product Structures

Borrowers increasingly require products that reflect diverse incomes, aspirations and changing livelihood patterns.

Weakening of Group Cohesion

era restructuring, rapid growth and behavioral shifts have reduced the uniformity that traditionally supported group

Underwriting Gaps in Transition to Individual Lending

The sector has moved clients into larger individual loans without consistently strengthening cashflow based underwriting.

Fintech Disruption Requires Rapid Adaptation

Emergency digital loans create competitive pressure, pushing MFIs to redesign products, processes and engagement models.

Diversification and Digital Transformation Will Define the Future

linked credit, micro green products and digitally integrated operations will be central to long sustainability.

Scan to Watch

Reinventing Microfinance:
Product Diversification and Lending Models
https://youtu.be/hZ_EPoAgg1w?si=jSM-D_f_OtSzGETR

Breakaway Session 6 - Celebrating Financial Innovations: Reshaping the Financial Inclusion Landscape of India

Speakers/Panelists

Mr Shishir Sinha
Associate Editor
BusinessLine

Mr. Nabin Kumar Roy
GM
NABARD

Mr. Chitrabhanu K. G.
Exec. Vice President
& Country Head
Federal Bank

Mr Jagadish Babu Ramadugu
MD & CEO
Pragati Finserv

Mr Ajit Singh
Director
PwC

Mr Sameer Nagpal
COO
Spice Money

The sixth Breakaway Session focused on how financial innovations are reshaping India's financial inclusion landscape through improved accessibility, efficiency and customer-centric delivery.

The session moderated by Mr. Shishir Sinha (Associate Editor, Business Line), featured prominent speakers including Mr. Nabin Kumar Roy (GM, NABARD), Mr. Chitrabhanu K. G. (Executive Vice President & Country Head – Agri, MRBD & Gold, Federal Bank), Mr. Jagadish Babu Ramadugu (MD & CEO, Pragati Finserv), Mr. Ajit Singh (Director, PwC) and Mr. Sameer Nagpal (COO, Spice Money).

The discussion opened with a reflection on India's financial inclusion journey since the launch of the Pradhan Mantri Jan Dhan Yojana in 2014. **Mr. Shishir Sinha** highlighted how millions of accounts were opened within weeks, eventually crossing 56 crores, with balances exceeding ₹2.7 lakh crore. He framed the central question: should financial literacy precede financial inclusion, or should inclusion come first and literacy follow?

Mr. Nabin Kumar Roy explained that NABARD has been addressing financial inclusion for over three decades through the SHG–Bank Linkage Program. Drawing on this experience, he argued that financial inclusion must come first, because customers understand better when they see functional models in practice. Once an account or lending structure is in place, financial literacy becomes meaningful. He used the analogy that people need the lemon first before considering how to extract the juice, explaining that availability of the financial model precedes a deeper understanding of its mechanisms.

Mr. Chitrabhanu K. G. responded by noting that the debate resembles the classic "chicken and egg" problem. From a banking standpoint, financial inclusion often follows financial literacy, as lenders require reasonable visibility into customer viability and repayment behaviour. However, he stressed that financial inclusion should not lag too far behind literacy—both must progress in tandem.

Scan to Watch

Celebrating Financial Innovations: Reshaping the Financial Inclusion Landscape of India
https://youtu.be/_X-RX8HLzJc?si=I6YRHHziCONpiBED

He highlighted the difficulty of the last-mile challenge, explaining that rural customers cannot easily visit branches due to livelihood constraints. He argued for digitally enabled visibility so that credit can be delivered "invisibly" without imposing time and travel burdens on customers.

Mr. Jagadish Babu Ramadugu added that India's evolution from 1992 to 2012 had limited innovation, but the Aadhaar ecosystem, JAM trinity, eKYC, e-sign and instant transaction confirmations have transformed how financial services reach low-income customers. He contrasted this with the clay savings-pot method used in childhood, explaining that innovations have drastically shortened the time between literacy and inclusion for working adults who cannot afford long transition periods. He emphasised that public digital infrastructure has made it possible to design more relevant and responsive financial products.

Providing the fintech distribution perspective, **Mr. Sameer Nagpal** described how Spice Money works through a vast rural network of "Adhikaris" who serve as on-ground nanopreneurs. He explained that despite large-scale account opening, physical banking points have not grown proportionately because of branch and ATM cost structures. Adhikaris fill this access gap, enabling withdrawals, deposits, account opening, small-ticket insurance and credit lead generation.

The biggest challenge, he said, is trust—customers initially hesitate to transact with a non-bank individual. Trust builds when Adhikaris demonstrate reliability and guide customers across multiple financial services. He added that performance differences across the network show that those who proactively learn and guide consumers create higher balances and deeper product engagement.

Mr. Ajit Singh elaborated on how rural financial infrastructure has evolved. He pointed to RRB consolidation, technology-enabled upgrades and PACS computerisation—undertaken through projects with NABARD—that are resolving long-standing data and capacity gaps. Digitisation at PACS level, he explained, allows transactions and records to be captured consistently, enabling better governance and eventually more reliable underwriting. He noted that as land digitisation and rural credit scoring evolve, banks and fintechs will be able to underwrite rural customers more accurately and participate more confidently in lending.

The conversation shifted to financial discipline and repayment. Drawing from NABARD's experience, **Mr. Nabin Kumar Roy** emphasised that digitisation is critical for enforcing fiscal discipline, as data reflects real-time behaviour. He explained that NABARD's work in PACS computerisation, efforts toward a unified digital platform for RRBs and the formation of Sahakar Sarathi are aimed at strengthening governance and reducing inefficiencies. He highlighted that the share of agricultural credit through cooperatives has fallen from over 20 per cent to 8.7 per cent, driven partly by customers migrating toward tech-enabled institutions.

On NPAs, **Mr. Chitrabhanu K. G.** said that while recent disruptions have affected microfinance portfolios in some markets, smaller borrowers are generally disciplined. The challenge is often insufficient income rather than behavioural unwillingness. He stressed that digital collections and reminders will become crucial, as manual cash collection is burdensome and prone to delay.

The session then explored the high pricing of microfinance loans. **Mr. Jagadish Babu Ramadugu** broke down the components: cost of funds, high operating cost of last-mile delivery, and credit losses, especially in unsecured lending. He noted that while India's microfinance operating costs are among the lowest globally, they still represent 6–8 per cent due to people-intensive models. Combined with average cost of funds of 13–14 per cent and typical credit losses of 2–5 per cent, pricing cannot fall below certain thresholds. He highlighted the role of credit guarantees, such as CGFMU, in stabilising credit costs.

Scan to Watch

Expanding on system-wide enablers, **Mr. Ajit Singh** reiterated that better data, credit models and differentiated customer segmentation can reduce risk premiums and attract bank participation. He pointed out that co-lending models, land digitisation, rural scoring mechanisms and analytics-driven underwriting will play central roles.

When questioned about slow individual lending through SHGs despite strong repayment records, **Mr. Chitrabhanu K. G.** explained that underwriting individual borrowers is difficult without reliable visibility into income patterns and business viability. Mr. Nabin Kumar Roy added that digitalisation of SHG transactions through tools like Money Purse will enable seamless, real-time credit flows and reduce current bottlenecks.

On small-business financing, **Mr. Jagadish Babu Ramadugu** explained that business and household cashflows often intertwine, making individual credit history central to small-business lending. He noted a growing market for unsecured MSME loans and LAP-based microenterprise credit.

Finally, the panel reflected on the future. **Mr. Sameer Nagpal** foresaw that rural fintech networks will expand beyond cash services to support investment, credit and higher-order financial products through trusted physical-digital channels. Mr. Ajit Singh emphasized how digitization, predictive farming models and cooperative sector reforms will reshape rural economic structures.

The session concluded with the view that the path to deeper financial inclusion lies in data-driven underwriting, digitalization, distribution innovation and disciplined credit structures that collectively support India's long-term development objectives.

Scan to Watch

Celebrating Financial Innovations: Reshaping the Financial Inclusion Landscape of India
https://youtu.be/_X-RX8HLzJc?si=I6YRHHziCONpiBED

Key Takeaways

Usage Gap Still

Millions of accounts exist, but sustained usage remains limited due to behavioral barriers and trust gaps.

Assisted Last Mile Delivery Remains

Hyperlocal agents are critical to overcoming travel constraints, building trust and supporting multi product engagement.

Pricing Challenges Tied to Structural

Operating intensity, cost of funds and loss ratios constrain how low pricing can go.

Public Digital Infrastructure as a Transformative Force

and instant payments have dramatically improved the responsiveness of financial services.

Digitization of Rural Institutions to Strengthen Governance

Structured digital records will improve transparency, reduce inefficiencies and enhance underwriting confidence.

Looking Models Will Be

Digital scoring mechanisms, co predictive models will guide future rural credit growth.

Scan to Watch

Celebrating Financial Innovations: Reshaping the Financial Inclusion Landscape of India
https://youtu.be/_X-RX8HLzJc?si=I6YRHHziCONpiBED

Plenary Session 4 – Regulatory Framework for Responsible Lending: Role of Self-Regulation in the Indian Financial Landscape

Speakers/Panelists

Mr Tamal Bandhopadyay
Consulting Editor
Business Standard

Ms Jignasa Morthania
DGM
RBI

Mr Kalengada Mandanna Nanaiah
Sector Expert &
Member- SRO
Committee, Sa-Dhan

Mr Mukul Jaiswal
MD
Cashpor Microcredit

Mr Kartik S Mehta
Co-founder & MD
Pahal Financial Services

Mr Raman Aggarwal
CEO
FIDC

Mr. Jiji Mammen
ED & CEO
Sa-Dhan

The fourth plenary session looked at how SROs can promote responsible lending, tackle sector challenges, and strengthen the financial ecosystem.

The panel, moderated by Mr. Tamal Bandyopadhyay (Consulting Editor, Business Standard) featured prominent speakers including Ms. Jignasa Morthania (DGM– DoR, RBI), Mr. Kalengada Mandanna Nanaiah (Sector Expert & Member- SRO Committee, Sa-Dhan), Mr. Mukul Jaiswal (MD, Cashpor Micro Credit), Mr. Kartik S Mehta (Co-founder & MD, Pahal Financial Services), Mr. Raman Aggarwal (CEO, FIDC) and Mr. Jiji Mammen (ED & CEO, Sa-Dhan).

While moderating the session**, Mr. Tamal Bandyopadhyay** pointed out that SROs around the world often have considerable enforcement power. However, India's framework focuses more on sector discipline, consumer protection, and regulatory links instead of punishment. He noted the growth of SROs in microfinance, NBFCs, fintech, and payment systems, and he encouraged an open discussion about expectations and shortcomings.

From a practitioner's viewpoint, **Mr. Mukul Jaiswal** observed that microfinance SROs have made meaningful contributions through codes of conduct, client grievance systems, and sharing best practices. He did acknowledge, though, that today's microfinance landscape includes diverse participants across various legal forms, which complicates consistent oversight.

Mr. Kartik S Mehta agreed that SROs have provided stability, especially during crises, but he pointed out that they have mostly reacted to situations. He recommended that SROs should take more initiative in policy representation, consistent enforcement, and support for smaller MFIs.

Mr. Kalengada Mandanna Nanaiah stressed the need to detect systemic stress earlier, citing the recent overleveraging period. He argued that improved data analysis could have identified risks sooner and emphasized the need for formal certification systems to help with high staff turnover in the field.

Scan to Watch

Regulatory Framework for Responsible Lending: Role of Self-Regulation in the Indian Financial Landscape
https://youtu.be/JAzlEcpXQ1E?si=prdLLE9HiHRWCXO9

From the NBFC SRO perspective, **Mr. Raman Aggarwal** explained that SROs act as a link between the regulator and sector participants. They interpret regulatory expectations, guide compliance, and gather sector-level data. He clarified that SROs cannot impose penalties; they can only report issues or expel members, with enforcement power resting solely with the Reserve Bank of India.

Reflecting on Sa-Dhan's experiences, **Mr. Jiji Mammen** discussed the ten-year development of the microfinance SRO model, which began after the Andhra Pradesh crisis. He acknowledged that some measures have seemed reactive due to delays in data access. He stated that timely data and better analytical capacity are priorities. Regarding conflict of interest, he noted that only a small part of Sa-Dhan's funding comes from membership fees.

Presenting the regulatory viewpoint, **Ms. Jignasa Morthania** from the Reserve Bank of India announced that SROs should focus on protecting borrowers and ensuring that smaller MFIs are not overshadowed by larger ones. She explained why the shift to principle-based regulation occurred in 2022, noting that previous interest-rate caps had become informal benchmarks across institutions. While the RBI is considering reintroducing interest-rate ceilings, she said it thinks that such a move is too early. She also highlighted the need for accurate assessments of household income, risk-based pricing, and ensuring that compliance requirements do not unfairly burden smaller institutions.

Audience questions centered on interest rates, liquidity issues, coordination between the two microfinance SROs, and the needs of smaller MFIs. Panelists mentioned that essential sector-wide frameworks, such as the Code of Conduct, are created together, but there is still room for better coordination.

The session wrapped up with a shared understanding of the need for stronger data systems, better inter-SRO collaboration, and a more proactive approach to sector challenges.

Scan to Watch

Regulatory Framework for Responsible Lending: Role of Self-Regulation in the Indian Financial Landscape
https://youtu.be/JAzlEcpXQ1E?si=prdLLE9HiHRWCXO9

Key Takeaways

SROs as Discipline Mechanisms, Not Enforcers

India's SRO framework aims at sector discipline and consumer protection rather than punitive oversight.

Diverse Sector Structures Create Oversight Challenges

Different legal forms within microfinance make consistent standards difficult to

Need for Early Identification of

Recent overleveraging episodes showed the need for stronger analytical systems to detect risks earlier.

Balancing Regulation Across Institution Sizes

based regulation requires fair treatment regardless of institutional scale.

Strengthening Data Ecosystems Will Be

Better data access, analytics and interoperability will be essential for future regulatory effectiveness.

Scan to Watch

Regulatory Framework for Responsible Lending: Role of Self-Regulation in the Indian Financial Landscape
https://youtu.be/JAzlEcpXQ1E?si=prdLLE9HiHRWCXO9

Valedictory Session - Special Note

Mr. Haragopal (MD, NABCONS) set the context by noting the sector's role over the past 25 years in India's socioeconomic transition. He highlighted microfinance as a driver of financial inclusion, women's empowerment, and livelihoods of artisans, small and marginal farmers, and other vulnerable communities. He emphasized that millions have gained access to collateral-free and timely credit, while acknowledging that it is not always low-cost.

Tracing the sector's evolution, he outlined NABARD's early efforts from the late 1980s and early 1990s to engage with unbanked, underprivileged segments and convert "unbankable" borrowers into creditworthy clients despite absent credit histories. On the supply side, he noted the transformation of NGOs into MFIs, Small Finance Banks (SFBs), and in some cases universal banks. On the demand side, micro-borrowers have graduated into micro-entrepreneurs, creating micro-enterprises. Linking microfinance to the "Amrit Kaal" and Viksit Bharat agenda, he reviewed macroeconomic and credit trends. India's GDP grew around 6–6.5% last year, with Q1 at 7.8%; IMF and RBI project around 6.5% for the current year. India is on track to become the third-largest economy, outpacing a global average of about 3%. He cited projections of GDP rising from roughly USD 4 trillion to USD 6.6 trillion by 2035, with potential to reach about USD 8.8 trillion if growth accelerates to 8%.

On credit flows, he noted bank credit rising from about ₹65 lakh crore in 2015 to around ₹180 lakh crore as of March 31, 2025, and ₹192 lakh crore by October 31. Microfinance outstanding grew from about ₹1 lakh crore in 2015–16 to over ₹4 lakh crore and stood around ₹3.88 lakh crore as of March 31, 2025. Extrapolating current trends (10% for bank credit; 15% for microfinance), he projected bank credit could reach ₹500 lakh crore by 2035, with microfinance at not less than ₹10 lakh crore if it maintains a 2% share.
Looking ahead, he called for digital transformation in microfinance, with AI/ML, data analytics, and predictive models for credit assessment and risk management. He suggested diversification beyond traditional microcredit into areas such as education, health, and insurance. He observed that listed SFBs are diversifying due to market perceptions, which may partly explain a recent dip in microfinance outstanding, alongside borrower graduation (around 1 crore borrowers moving out) and investor preferences.

Finally, he noted the stronger regulatory architecture and RBI's efforts on harmonization and a level playing field. He urged the sector to review whether interest rate advantages are being passed on to borrowers and to take appropriate decisions. He concluded that microfinance would remain integral to India's growth journey, with scope for balanced expansion, innovation, and deeper inclusion.

Scan to Watch

Valedictory Session
https://youtu.be/JDEiuTdZyWg?si=ZhnjP9pzMJanUjEy

Valedictory Session - Valedictory Address

Mr. Vijay Mahajan (Sector Expert) presented a long-term assessment of India's microfinance journey, connecting its origins, evolution, and current issues to a set of course corrections. He recounted how two ideas gained traction: the Self-Help Group (SHG)-bank linkage model and direct microfinance via MFIs (Grameen-style). Regulatory changes permitting unregistered SHGs to open bank accounts and NABARD's nationwide push scaled the SHG movement from under 10,000 groups in 1996 to over 1.1 crore today. In parallel, MFIs, NBFC-MFIs, SFBs, and banks developed microcredit channels. Across these models, the sector's core purpose remains enabling productive finance that raises household incomes, not financing consumption gaps.

Mahajan flagged a structural drift from productive to consumption use of microcredit, including household-level evergreening. National data show that the bottom four income deciles run income deficits; credit cannot address structural shortfalls in income and, when used to fund consumption, strains asset quality. The post-COVID surge in lending was followed by stress in NPAs. He underscored incentive misalignments across investors, management, and field staff toward portfolio growth rather than prudent, income-linked lending, and called for rigorous household income assessment—through high-tech or high-touch methods—in line with RBI guidelines.

He proposed a set of corrections before the sector scales further. First, reorient portfolios toward productive credit even if overall growth moderates; prioritizing income-generating loans is essential for borrower outcomes and portfolio quality. Second, modernize operations by moving away from legacy group meetings and cash-intensive processes; leverage UPI and digital infrastructure to reduce transaction costs and borrower time. Third, address the credit gap in the lower end of MSMEs, particularly hired worker enterprises (about 96 lakh units, averaging 4.6 workers) whose working capital and investment needs are in the ₹2–10 lakh range. Current reliance on loan-against-property is inadequate; a focused approach to these enterprises could unlock real-sector growth.

Finally, he urged realignment of incentives from investors to field agents to reward prudent, productive lending and adherence to underwriting norms. He called on sector leaders, regulators, and long-term observers to reposition microfinance as an agent of economic development rather than micro personal finance, aligning growth with productivity and inclusion.

Scan to Watch

Valedictory Session
https://youtu.be/JDEiuTdZyWg?si=ZhnjPopzMJanUjEy

Vote of Thanks

In his concluding Vote of Thanks, **Mr. Jiji Mammen** (ED & CEO of Sa-Dhan), expressed deep gratitude to all stakeholders who contributed to the success of the two-day Sa-Dhan National Conference. He acknowledged the dedication of participants who engaged across the full program, noting that their presence and energy were integral to making the event impactful. Mr. Mammen extended special appreciation to the nearly 80 speakers and moderators across 11 sessions for their insightful guidance, deliberations, and thought leadership, which drew wide appreciation from attendees.

He thanked the special guests present, members of the Board of Governance, and Chairman Dr. Paul Thomas for their support and encouragement. Recognizing the collective effort behind the conference, Mr. Mammen lauded the Sa-Dhan team for delivering a high-quality event despite being a small team, highlighting their teamwork and commitment. He also acknowledged the conference anchor, Ms. Sushita, for her adept introductions and seamless session management, and conveyed thanks to partners, sponsors, supporting institutions, and the hotel for their essential contributions.

Looking ahead, Mr. Mammen invited continued collaboration and support for future initiatives, underscoring Sa-Dhan's commitment to convening meaningful dialogues for inclusive growth. He closed with warm wishes and appreciation to all who guided and encouraged the conference, affirming that the collective participation and partnership made the 20th Sa-Dhan National Conference a resounding success.

The session concluded with a call for the Sa-Dhan team to assemble for a group photograph and a note of thanks to all attendees for their involvement over the two days.

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Felicitation of Sponsors and Partners
https://youtu.be/oZJCXWPibNA?si=iTvfmlH91Q2MrUZX

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AWARDS

Elaben Memorial Award for Best Women-Friendly Institution

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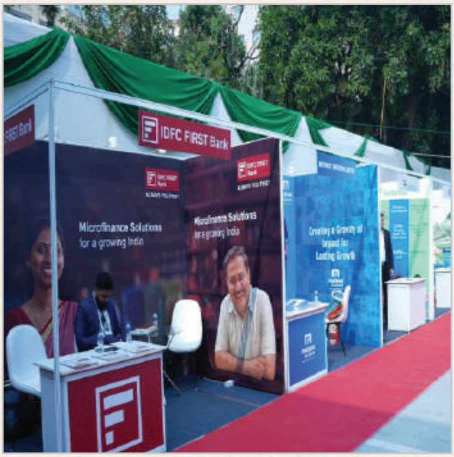
Award for Participants' Choice for the "Best CSR Initiative by Micro Lenders"

Sa-Dhan Stalls

24
STALLS



Sa-Dhan Conference in Media

Keep your interest rate reasonable: DFS Secretary to MFIs

NEW DELHI: (Nov 13) Financial Services Secretary M Nagaraju on Thursday asked microfinance institutions (MFIs) to keep their interest rates reasonable to foster financial inclusion.

"I come across very uncomfortable rates of interest by some MFIs. It is actually because of inefficiencies in a MFI," Nagaraju said while addressing an event organised by Sa-Dhan, an RBI appointed SRO for MFIs.

He said a high or unreasonable rate of interest could be because you fail to achieve cost efficiency and productivity.

M Nagaraju, Secretary, Department of Financial Services

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4 ECONOMY & PUBLIC AFFAIRS

IN BRIEF

India inaugurates new military airbase close to China border

FinMin asks hospitals, insurers to make healthcare affordable

Unsecured bad loans to peak this financial year, S&P estimates

Inefficiency in MFIs leads to high interest rates: DFS secretary

"THERE IS A NEED FOR STRONGER INFRA, DIAGNOSTICS AND SECTOR-WIDE SERVICES THAT CAN SUPPORT SUSTAINABLE MICROFINANCE"

M Nagaraju, Secretary, Department of Financial Services

What are the emerging trends in India's microfinance sector?

India's microfinance sector is undergoing a structural shift driven by quality-focused lending, rising digital adoption, changing borrower profiles, and a move away from traditional group-based models, finds a study.

ETBFSI Research • ETBFSI

Published On Nov 18, 2025 at 08:00 AM IST • Read by 678 Professionals

What are the emerging trends in India's microfinance sector?

India's microfinance industry is undergoing a structural transition marked by deliberate portfolio recalibration, changing borrower demographics, rising digital adoption, and a shift away from traditional group-based lending. According to a report by PwC and Sa-Dhan, the sector is prioritising asset quality over aggressive growth amid elevated credit risks and rising delinquency indicators.

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