

नए साल की शुभकामनाएँ

Sa-Dhan wishes all its members a very Happy New Year 2026

ਨਵਾ ਸਾਲ ਮੁਬਾਰਕ ਸ਼ੁਭ ਨਵਵਰ੍ਹ

பத்தாண்டு வாழ்த்து

नवा वर्षनी शुभकामनाएँ

പുതുവത്സരാശംസകൾ

నూతన సంవత్సర శుభాకాంక్షలు

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From the Editor's Desk

As we step into 2026, we the team at Sa-Dhan, extend warm wishes to all our members for the year ahead.

Let us reflect on what we did in the year that went by and what we can do in the year ahead.

During the year 2025, we all worked very hard and we learnt a lot. We pushed the sector towards resilience and responsible growth. We all carefully balanced our core mandate of financial inclusion with emerging concerns around funding and portfolio quality. In that direction, many of us consciously shifted focus from rapid expansion to responsible lending practices, strengthened risk management, and

enhanced customer protection. We were guided by the stronger regulatory oversight and the growing role of SROs.

We pushed digitalization, fintech partnerships, and product diversification to expand outreach and improve operational efficiency.

As the sector moves forward, our collective efforts will be key to building stability, trust, and sustainable impact in the years ahead. This newsletter showcases our thoughts and actions and help us become a collective force of transformation and impact.

May the force be with us.

Sa-Dhan's 20th National Conference Showcases Determination & Commitment

The Sa-Dhan National Conference 2025, held on 13-14 November 2025 at Hotel Ashok, New Delhi, marked the 20th edition of Sa-Dhan's flagship annual event and celebrated a decade of its journey as a Self-Regulatory Organisation. Centred on the theme **Building Resilient Microfinance: Promoting Inclusive and Responsible Finance**, the conference brought together policymakers, regulators, microfinance leaders, practitioners, fintech companies, development partners, and experts to deliberate on key issues shaping the financial inclusion:

- ◆ Product diversification
- ◆ Workforce capacity building
- ◆ Women's entrepreneurship
- ◆ Social security products and
- ◆ The evolving regulatory environment

The year 2025 marks two important milestones: (i) Sa-Dhan completed 10 years as the Self-Regulatory Organisation for



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|---------------------|-----|
| Number of Delegates | 869 |
| Number of Speakers | 78 |
| Number of Sponsors | 59 |
| Number of Sessions | 13 |
| Number of Stalls | 24 |



Microfinance Institutions and (ii) hosts its 20th National Conference.

CONFERENCE THEME

This year's theme placed client protection, ethical market conduct, and institutional strength at the centre stage. It reflected that resilience is more than survival; it is the capacity to adapt, learn, and protect clients while maintaining sound governance and sustainability. Inclusive, responsible finance underpins resilience by expanding outreach to underserved communities, closing gender and rural gaps, and upholding client protection, transparency, and fair pricing so that progress never compromises client well-being.

Key sessions set the big picture, linking client realities to system change. The topics focused on customer-centric and responsible lending practices, strengthening households through social security products and discussing the role of regulatory framework and self-regulation in the Indian financial landscape.

The breakaway sessions focused on examining new and emerging trends that can revolutionise the financial landscape – individual centricity in group lending, digital inclusion, employee motivation, enterprise development, small-ticket lending for housing finance, and product innovation. The final session ended with a celebration of all the financial innovations that have reshaped the Indian economic landscape.

DIGNITARIES

Dignitaries graced the inaugural session included Dr Paul Thomas, MD & CEO, ESAF Small Finance Bank & Chair, Sa-Dhan, Sudatta Mandal, Dy MD, SIDBI and Shaji KV, Chairman, NABARD. The inaugural address was delivered by Nagaraju Maddirala, IAS, Secretary, DFS, Ministry of Finance, Government of India. This session was also crucial, as Sa-Dhan felicitated **Padma Shri Aloysius Prakash Fernandez** for his outstanding contribution to Women Empowerment and Financial Inclusion. This session also saw the release of the **CSR Initiatives of Micro Lenders - Stories Beyond Credit** and the released of PwC's white paper on the **Future of Microfinance: Propelling Growth, Fuelling Prosperity**.

THE PLENARY SESSION

The theme for the first plenary session was **Customer Centric and Responsible Lending through Fair, Transparent, Sustainable Lending Practices**.

This session explored the principles and strategies of customer-centric lending within the microfinance sector, focusing on creating fair, transparent and sustainable lending practices. The discussion covered key aspects of inclusive personalised financial solutions, transparent communication and ethical lending standards. Panellists shared insights into innovative customer acquisition and engagement models, the role of technology in enhancing client experiences & strategies

for balancing customer welfare with institutional goals. The session addressed the challenges and opportunities in implementing customer-centric practices in diverse market environments.

The speakers at the session included Dr H P Singh, CMD, Satin Creditcare Network, Sadaf Sayeed, CEO, Muthoot Microfin & Co-Chair Sa-Dhan, Sachin Seth, Chairman, CRIF Highmark & Regional Managing Director, CRIF India & South Asia and others. Prof M S Sriram, IIM Bangalore, moderated the session.

BREAKAWAY SESSION 1: Keeping Individual Centricity in Group Lending Model: The New Norm of Microfinance

EXPERT SPEAKERS:

- ◆ G Kiran Kumar, ED & CEO Svamaan Financial Services
- ◆ Nikhil Rajadhyaksha, Chief Risk Officer, TransUnion CIBIL
- ◆ Paritosh Mathur, Head -Wholesale Bank, IDFC First Bank
- ◆ Dr Indradeep Ghosh, Executive Director, Dwara Research
- ◆ Asim Parashar, Partner, PwC
- ◆ Deepshikha Sikarwar, Associate Editor and National Editor (Economics), The Economic Times (Moderator)

This session focused on the future of lending within microfinance, a model that has been instrumental in providing financial access to underserved communities. The



session dwelt upon the critical challenges faced by the MFIs. Panellists shared insights into innovative approaches and tools for improving credit assessments, including the use of data and technology solutions, and community-based evaluation.

A third report was released before Breakaway Session 1 - **Microfinance Outlook Report by TransUnion CIBIL and Sa-Dhan.**

BREAKAWAY SESSION 2:

The Digital Inclusion in Microfinance Journey: Preparing for the Next Phase in Microfinance

3 Conference Reports Released

1. CSR Initiatives of Micro Lenders - Stories Beyond Credit

https://www.sa-dhan.net/wp-content/uploads/2025/11/CSR-Report-final_compressed.pdf

2. The Future of Microfinance: Propelling Growth, Fuelling Prosperity

<https://www.sa-dhan.net/wp-content/uploads/2025/12/the-future-of-microfinance-propelling-growth-fuelling-prosperity.pdf>

3. Microfinance Outlook

<https://www.sa-dhan.net/wp-content/uploads/2025/12/Revised-Microfinance-Outlook-Report-September-2025.pdf>

EXPERT SPEAKERS:

- ◆ Rahul Gupta, Director & CEO, Avanti Finance
- ◆ Rakesh Dosi, Chief Business Officer, Protean eGov Technologies,
- ◆ Nalini Venkat, Chief Business Officer, Digit Insurance
- ◆ Anant Deshpande, Co-Founder & COO, FinBox
- ◆ Dr Abhishek Agrawal, Managing Partner, ACCION (Moderator)

This session explored the evolving digital microfinance landscape and the crucial enablers, including policy frameworks, fintech collaborations, and inclusive product designs that can ensure equitable, secure, sustainable financial inclusion for India's underserved populations in the next decade.

BREAKAWAY SESSION 3:

Building a Resilient Workforce: Enhancing Human Resource Development through Capacity Building and Employee Motivation

EXPERT SPEAKERS:

- ◆ Aditya B Chatterjee, MD, Equifax India Credit Information Services
- ◆ Balbir Singh, ED & CEO, Great Place to Work
- ◆ Dr Aqueel Ahmed Khan, MD, Mitrata Inclusive Financial Services
- ◆ Prof Partha Ray (Moderator)

This session addressed the critical challenges MFIs face regarding Human Resources (HR). Speakers discussed the high employee turnover in microfinance institutions (MFIs) and explored effective

strategies for human resource development and retention. As MFIs strive to serve diverse and underserved communities, they discussed the paramount need for a skilled, motivated, and stable workforce. They focused on innovative approaches to recruitment, training, career development, and employee engagement that can enhance job satisfaction and loyalty. Panellists shared insights about successful HR practices and the role of organisational culture in retention.

PLENARY SESSION 2:

Strengthening Household Financial Resilience: Role of Social Security Products

EXPERT SPEAKERS:

- ◆ Dr Ajay Kumar Sood, Dy MD, NABARD
- ◆ Suparna Tandon, CEO, NPS Trust
- ◆ Ashish Kumar, CGM, PFRDA
- ◆ Vivek Tiwari, Chairman, MD & CEO, SATYA MicroCapital
- ◆ Manoj Gulati, Regional Director - South Asia, Water.org
- ◆ Anil Kumar S.S., CEO, SKDRDP BC Trust
- ◆ Ritu Singh, Deputy Editor, CNBCTV 18 (Moderator)

This session explored the vital role of microinsurance, WASH and other social protection products in enhancing the financial resilience of underserved populations. It discussed how MFIs can work towards providing last-mile delivery for schemes, products & programs that improve the economic resilience

of poor households. The discussion focused on innovative microinsurance models, WASH products, and the integration of comprehensive social protection measures, such as health insurance and pension schemes, to support vulnerable communities.

FIRESIDE CHAT:

Financial Inclusion to Customer Prosperity: A New Lending Approach

A conversation with **Dr Arvind Virmani**, Member, NITI Aayog and **Dr Charan Singh**, CEO & Founder Director, EGROW Foundation.

PLENARY SESSION 3:

Empowering Women Entrepreneurs: Social and Economic Upliftment through Enterprise Development

Keynote Address: Shailesh Kumar Singh, IAS, Secretary, Department of Rural Development, Government of India

EXPERT SPEAKERS:

- ◆ Smriti Sharan, IPoS, Joint Secretary, Ministry of Rural Development, Government of India
- ◆ R Inigo Arul Selvan, CGM, DMFI, NABARD
- ◆ Vinayak Shukla, General Manager, Bol
- ◆ Amit Arora, Senior Rural & Agri Finance Specialist, The World Bank Group, Bank of India, Punjab National Bank
- ◆ N Srinivasan, Development Finance &

Livelihoods Expert (Moderator)

Speakers discussed the impact of these initiatives on women's economic independence, community development, and overall social change. The session explored the challenges faced by women entrepreneurs and the support systems required to sustain and scale these enterprises. This session focused on the initiative to uplift women's socio-economic status through enterprise development models like **Lakhpatti Didi**, which aims to empower women by fostering entrepreneurship and enhancing their contribution to household income through micro-enterprises.

BREAKAWAY SESSION 4:

Housing for All: Role of Small-ticket Housing Loans

EXPERT SPEAKERS:

- ◆ Vishal Goyal, General Manager, National Housing Bank
- ◆ N. Neeraja, Managing Director, NABFINS
- ◆ Deo Shankar Tripathi, Executive Vice Chairman, Aadhar Housing Finance
- ◆ Patrick McAllister, Director - Financial Policy & Regulation, Terwilliger Centre for Innovation in Shelter
- ◆ Naresh Kumar, COO, NCGTC
- ◆ Dr Saibal Paul, Dy. Director, Sa-Dhan (Moderator)

India faces a massive housing shortage, with over 40 million units needed across rural and urban areas. As PMAY 2.0 aims to reach 30 million households by 2029, it is imperative to address the financing gap in the EWS and LIG segments to complete their home construction. This session focused on the potential of small-ticket housing loans (under ₹10 lakh) to bridge this gap. It explored how microfinance clients, ready to graduate to higher-value credit, can be empowered through innovative lending models and policy support.

BREAKAWAY SESSION 5:

Reinventing Microfinance: Product Diversification and Lending Models

EXPERT SPEAKERS:

- ◆ Hamsini Karthik, Banking Editor, Money Control (Moderator)
- ◆ Inderjit Camotra, MD & CEO, Unity SFB
- ◆ Vineet Chandra Rai, Founder & Vice Chairman, Aavishkaar Group
- ◆ Amardeep Singh Samra, Managing Director, Midland Microfin
- ◆ LVLN Murty, MD & CEO, Dvara KGFS
- ◆ Abhijit Ray, Co-Founder & MD, UC Inclusive Credit

This session addressed the current products offered by MFIs and the importance of product diversification for MFIs to broaden their outreach and improve risk management. As MFIs evolve, there is a growing recognition



WATER.ORG & SA-DHAN AWARDS 2025

1. Top Performing Microfinance Institution

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|---|---|
| AUM above ₹2000 cr. | Muthoot Microfin |
| Special Appreciation Award | Satin Creditcare Network |
| AUM between ₹500-₹2000 cr. | Save Microfinance |
| AUM below ₹500 cr. | Mitrata Inclusive Financial Services |
| Top Performing Bank | Ujjivan Small Finance Bank |
| Special Appreciation | Nabsamruddhi Finance |
| Top Performing SHPI - Supporting WASH Financing | Andhra Pradesh Mahila Abhivruddhi Society |

2. Elaben Memorial Award for Best Women-Friendly Institution 2025

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|------------------------------|--|
| Large Microlender | 1st Prize - NABFINS |
| | 2nd Prize - Satin Creditcare Network |
| Mid-sized Microlender | 1st Prize - Annapurna Mahila Co-operative Credit Society |
| | 2nd Prize - Sarala Development & Microfinance Pvt. Ltd. |
| Small Microlender | 1st Prize - SEVA Manipur |
| | 2nd Prize - Valar Aditi Social Finance Private |
| Banks | ESAF Small Finance Bank |
| Fintech | Swadhaar Finaccess |
| SHPI | Chaitanya |





that a diverse product portfolio not only meets the varied needs of clients but also strengthens institutional resilience. By offering a range of financial products, MFIs can cater to different segments of the population, including those in underserved and remote areas. The session also highlighted the role of innovation and technology in facilitating product diversification and improving customer experience.

BREAKAWAY SESSION 6:

Celebrating Financial Innovations: Reshaping the Financial Inclusion Landscape of India

EXPERT SPEAKERS:

- ◆ Subrat K Nanda, CGM-IDD, NABARD
- ◆ Chitrabhanu K G, Exec. Vice President & Country Head - Agri, MRBD & Gold, Federal Bank
- ◆ Jagadish Babu Ramadugu, MD & CEO, Pragati Finserv
- ◆ Ajit Singh, Director, PwC
- ◆ Sameer Nagpal, COO, Spice Money
- ◆ Shishir Sinha, Associate Editor, Business

Line (Moderator)

India's financial ecosystem has undergone transformative innovations that have collectively propelled financial inclusion and sustainable growth across multiple segments. This session discussed the pioneering developments driven by diverse institutions such as Cooperatives, Regional Rural Banks (RRBs), Lead Banks, and Self-Help Groups (SHGs), as well as flagship government initiatives such as PMJDY and MUDRA. These innovations have created a robust and inclusive financial infrastructure that reaches the remotest and most underserved communities. From digitisation efforts and simplified account to innovative credit delivery models and tailored financing solutions, each component plays a critical role in fostering equitable economic participation.

PLENARY SESSION 4:

Regulatory Framework for Responsible Lending: Role of Self-Regulation in Indian Financial Landscape

EXPERT SPEAKERS:

- ◆ Jignasa Morthania, DGM - DoR, RBI
- ◆ Kalengada Mandanna Nanaiah, Sector Expert & Member of SRO Committee, Sa-Dhan
- ◆ Mukul Jaiswal, Managing Director, Cashpor Micro Credit
- ◆ Kartik S Mehta, Co-founder & MD, Pahal Financial Services
- ◆ Raman Aggarwal, CEO, FIDC
- ◆ Jiji Mammen, ED & CEO, Sa-Dhan
- ◆ Tamal Bandyopadhyay, Consulting Editor, Business Standard (Moderator)

The session focused on the evolving role of self-regulation in the Indian financial landscape and on how SROs have managed self-regulation in MFIs. The session examined the Omnibus Framework issued by the RBI on SROs and their role in regulating other financial services. As lending practices expanded, SROs became pivotal in promoting ethical standards, ensuring compliance, and protecting consumer interests. The session explored how SROs bridge the gap between regulatory authorities and financial institutions by establishing guidelines, monitoring adherence, and facilitating grievance redressal.

Key discussion points included the development and enforcement of ethical lending standards, fostering accountability, enhancing consumer protection, and opportunities for collaboration among SROs, government bodies, and financial institutions. ■

Future of Microfinance: Propelling Growth, Fuelling Prosperity – Executive Summary

This white paper, jointly developed by Sa-Dhan and PwC India, presents a comprehensive assessment of India's microfinance sector, its evolving landscape, emerging challenges, and the strategic path forward. Microfinance remains central to India's financial inclusion goals, enabling access to formal credit, particularly for low-income and women-led households, and supporting livelihood resilience and socio-economic mobility.

A nationwide survey conducted for this paper highlights the sector's immediate priorities: diversifying into adjacent financial products, strengthening core microfinance operations, and accelerating technological capabilities. Institutions are also exploring partnerships, M&As, and multi-product NBFC models. Customer service, trust, and conduct are increasingly central to institutional strategies as MFIs work to stabilise delinquencies and improve customer experience.

Key challenges identified include collection efficiency, access to capital, compliance burdens, customer sourcing, and high operational costs. Capital market ambitions remain muted, with most MFIs not considering IPOs in the near term. The role of Self-Regulatory Organisations (SROs) is viewed as critical for strengthening compliance, governance, consumer protection, and constructive engagement with regulators.

The paper outlines a forward-looking roadmap focused on embedding resilience, leveraging technology responsibly, enhancing affordability assessments, transitioning to an appropriate mix of group and individual lending models, and expanding financial literacy. Strengthening data-based predictions, streamlining workflows, digitising collections, and enhancing industry-wide transparency through SROs are key to building trust and long-term sustainability. ■

Need funding boost to accelerate microfinance growth

Microfinance sector, had been in the news for past several months, mostly on account of wrong reasons. The issue of over leverage, higher delinquency, unhealthy collection practices and so on. But finally, some green shoots are visible with the microfinance portfolio is performing better in the previous two quarters as compared the earlier quarters starting from the Q1 of FY 25. The latest data from the credit bureaus indicates that **the worst is over**. The PAR 30+ dpd, which had peaked in December 2024, has started declining since then. The Q4 data for FY 25 shows an improved position, which has further improved in Q1 of FY 26. But **caution and diligence have to maintained** so that the sector does not fall back again.

Sa-Dhan as an SRO, came up with additional guidelines from the second half of the last FY putting overall limit to the borrowing of a household at ₹2 lakh. Subsequently it was further tightened by prescribing a **lender cap of three**. Member institutions were also party to this decision, which shows the intention of these institutions not go beyond the limit.

After a couple of quarters after the guardrails were put in place, clear positive results are emerging in terms of the number of borrowers with 4 or more lenders, as well as the borrowers with the outer cap of 2 lakh credit exposure.

MOMENTUM

Going forward, how to keep up this momentum and continue the positive trends? The only answer is the strict adherence to the **code of conduct and guardrails**. The growth in portfolio should be aimed from the newer geographies and new to credit



Jiji Mammen is seeing some green shoots as the microfinance portfolio is performing better in the previous two quarters as compared the earlier quarters

borrowers. It is a fact that microfinance has still not penetrated well in more than two third of our districts. It may not possible to reach everywhere with the current model. But definitely the geography can be doubled.

Secondly, there should a **better assessment of the household income** and their credit liabilities, considering that some of the credit liabilities of the borrowers are not reflected in the credit bureaus. Thirdly, the recent relaxation of the qualifying assets norms by RBI needs to be handled prudently and with better expertise. Definitely, a larger window for non-qualifying assets can help institutions in improving their bottom line. But one needs to understand it is a different ball game and accordingly prepare for taking up a larger share of non-qualifying assets

FUNDING

Another area of concern, which can affect the positive growth microfinance, is the lack of funding support. The data shows that **funding from the banking system has almost halved** in the last financial year and was mostly availed of by the very large entities in the sector. Microfinance institutions which primarily depend on the debt funding, as the national system do not allow mobilizing savings from the members, unlike many other countries in the world, needs a better consideration by the lenders. Many banks and financial institutions have tightened their lending norms, after seeing the recent stress in the sector. Also, rating companies have also started reviewing their credit rating in the view of the recent development.

RESILIENCE

Microfinance has proved in the past several times that **the sector is very resilient** and any crisis can be converted into an opportunity for innovation and has come back strongly and quickly. This was seen in the past several crises like Andhra crisis or demonetization of high value currencies or even when the Covid pandemic affected the sector. So, it is time for the lenders to be more practical and start opening up their purses bit more liberally. The Hon'ble Finance Minister, while addressing the NBFC Symposium on 9 July, told the bankers to collaborate more with NBFCs and NBFC MFIs and work together to the dreams of **Viksit Bharat**. The lenders to MFIs need to take her advice forward and ensure there is an overall growth of micro lending in the country, which is a backbone of the financial inclusion and inclusive growth. ■

Jiji Mammen, ED & CEO,
The Author's views are personal.

86% of microfinance customers served by NBFCs & NBFC-MFIs

NBFCs and NBFC-MFIs contribute to 86% of the microfinance client base and 84% of the outstanding portfolio, reveals a report prepared jointly by Sa-Dhan and NABARD. The total active client base of the MFIs stood at 8.28 crore and loan outstanding at ₹3,81,225 crore at the end of the 2024-25 fiscal. Other entities which extend microloans are banks and small finance banks. The top 5 states for the micro-lending business are Bihar, Tamil Nadu, Uttar Pradesh, West Bengal and Karnataka.

NABARD chairman **K V Shaji** shared that MFIs have emerged as the cornerstone of India's socio-economic



transformation by fostering financial inclusion, adding: "Millions have been able to access timely and collateral-free credit, enabling them to build sustainable livelihoods."

Sa-Dhan Executive Director and CEO Jiji Mammen explained that the issue of over-leveraging of credit had been causing stress in the sector "Sensing this, the SROs and industry leaders have come up with additional guardrails, which brought restrictions and controls in lending. These controls have led to negative growth of the sector, which is expected to be better in the current financial year," he said. (Source: Economic Times) ■

Microfinance in the AI Age: Why the Next Decade Belongs to Entrepreneur Finance

by Shreyansh Jain, Strategic Manager – AI Systems

For more than two decades, microfinance has been one of India's most powerful forces of economic transformation. What began as a modest experiment in financial inclusion - offering small, unsecured loans to women through joint liability groups (JLGs) - has today become a ₹3.7 trillion industry serving over 70 million borrowers. It has empowered millions to build livelihoods, transformed rural economies, and strengthened the fabric of financial democracy in India.

But as the country marches toward a \$5-trillion economy, the sector stands at a decisive crossroads. The next chapter of this story will not be written in the language of microcredit alone. It will be written in the language of entrepreneurship, innovation, and growth. And that means reimagining microfinance itself, from a vehicle of financial inclusion to the engine of entrepreneurial India.

THE JOURNEY SO FAR: A REMARKABLE FOUNDATION

Microfinance has achieved what few other sectors could. It has taken financial services to the last mile – to villages where banks had no branches and to communities that were invisible to the formal credit system. It has empowered women to become business owners, decision-makers, and contributors to household income. It has enabled small enterprises – from dairy units to Kirana stores – to emerge as stable sources of livelihood.

Equally important, the sector has evolved from informal lending circles into a regulated, RBI-supervised industry. NBFC-MFIs today operate with high compliance standards, robust governance, and growing investor confidence. The resilience shown during the post-covid recovery, when collection efficiencies bounced back and portfolio quality stabilized, is a testament to the sector's inherent strength and social relevance.

LIMITS OF THE OLD MODEL

There is no denying that the traditional JLG model – the backbone of microfinance – is reaching its natural limits. The group guarantee mechanism, once a powerful safeguard, is no longer as effective in the post-pandemic landscape. Economic disruptions, changing borrower behavior, and urban migration patterns have all weakened the social glue that held group lending together.



Moreover, most portfolios remain narrow – dominated by short-tenure, sub-₹30,000 loans – limiting both customer impact and institutional profitability. The sector is still heavily reliant on bank funding, while technology adoption lags far behind mainstream financial services. Besides this fact, the current infrastructure is beset with redundancies, as can be evidenced by the prevalence of Ring-Leaders across the channel. And despite its strong track record, microfinance is still often perceived as a high-risk, low-return business.

These challenges signal a clear message: the future of microfinance will not look like its past.

THE FUTURE: MICROFINANCE AS ENTREPRENEUR FINANCE

If the last 20 years were about inclusion, the next 20 must be about acceleration. That means evolving from lending to groups to financing individuals, and from generic credit to sector-focused entrepreneur finance.

1. From Group to Individual Credit Decisions:

The future lies in granular, data-driven risk assessment at the borrower level. AI-powered image analysis, bureau data, digital bank statement analyzers, and repayment-intent scoring can together deliver a far deeper understanding of customer behavior. This is made possible with increased accessibility of such infrastructure to all with the advent of the current AI revolution. This allows us to underwrite larger ticket sizes, offer longer tenures, and reward good borrowers with better pricing, which was not feasible previously due to the limitation of the credit staff that a company could afford.

2. Building Sector Expertise: Tomorrow's

leading MFIs will not be generalists; they will be specialists. Institutions that build deep expertise in financing dairy farmers, EV drivers, shopkeepers, Agri-value chain entrepreneurs, or salaried nano-borrowers will not only reduce credit risk but also create far more meaningful impact.

3. Tech-First Credit Infrastructure: Credit decisioning must become machine-first and human-validated. Technology can enable precision underwriting, automate verification, and scale operations without proportional increases in manpower. It's not just about efficiency - it's about building the risk architecture that future growth demands. Future customer interaction depends on humanizing the customer interaction and digitizing all the processes associated with customer onboarding and maintenance, for a frictionless relationship.

4. Diversifying Capital Sources: To fund this next stage of growth, the sector must also diversify beyond traditional bank borrowings. Access to capital markets - through securitization, non-convertible debentures, and ESG-linked bonds - can significantly lower the cost of funds and improve ratings. With standardized ESG and impact reporting, MFIs can attract patient global capital that seeks both profit and purpose.

At the same time, policy frameworks must evolve to recognize MFIs not as risk pockets but as growth enablers. We are financing the most dynamic layer of India's economy – the micro-entrepreneurs who create jobs, stimulate consumption, and anchor local value chains.

A NEW VISION: FROM MICROCREDIT TO MACRO IMPACT

At its core, microfinance was never just about money. It was about dignity, opportunity, and self-reliance. That mission remains unchanged – but its scale and ambition must grow.

As we enter this defining decade, we at Vedika Finance firmly believe that microfinance must evolve into entrepreneur finance. A platform that not only includes but also accelerates, not only empowers but also scales. If we succeed, we will not just be lenders, but instead we will be the architects of a new economy built by millions of small entrepreneurs, driving India forward one enterprise at a time. ■

Sugmya Finance received its first ever CSR Award for Sarvesham Kalyanam Bhavet (Wellbeing for All)

Sugmya Foundation, established on December 1, 2023, as the Corporate Social Responsibility (CSR) arm of Sugmya Finance, upholds the ethos of its guiding philosophy, “Sarvesham Kalyanam Bhavet” (Well-being for All). Since its inception, the Foundation has been unwavering in its commitment to addressing critical societal challenges and creating a meaningful impact in the lives of individuals across India.

TYPE OF INTERVENTIONS:

Sugmya implemented 5 transformative projects aligned to UN-SDG's Goals with a focus on

- ◆ Poverty Alleviation (Hope Project),
- ◆ Healthcare (Sugmya Sampoorna Swasth),
- ◆ Women's Health and Hygiene (Suno Saheli),
- ◆ Education (Bachpan ek darpan),
- ◆ Climate Action (Greener & Cleaner Planet Program).

HEALTH CARE INTERVENTION:

The initiative began as a women-centric health awareness campaign conceptualized by the CSR arm of Sugmya Finance. Realising that rural women were unable to access even the most basic health services, the foundation envisioned a **mobile and community-driven intervention model**. This led to the launch of Suno Saheli, a holistic platform focused

on menstrual hygiene and community empowerment, especially in remote areas across six north Indian states. One of their standout initiatives this year was the Cervical Cancer awareness and screening campaign, undertaken as part of our **Suno Saheli project**. Recognizing that cervical cancer remains one of the leading causes of cancer-related deaths among women in India, we identified the urgent need to address this issue, particularly in underserved regions where access to healthcare is limited. To bridge this gap, their Mobile Van took life-saving cervical cancer screenings to the **remotest corners of Rajasthan**.

They conducted **PAP smear tests for 3000 women**, ensuring early detection and timely intervention, and educated women on the importance of early diagnosis and preventive care. This project not only saved lives but also empowered women with critical health knowledge.

BENEFICIARIES:

- ◆ Operating across 12 states and 1 Union Territory
- ◆ Reach over 7.6 lakh+ lives in the past 2 years
- ◆ Conducted PAP smear tests for 3000 women
- ◆ Educated over 49,000 women about menstrual health & hygiene practices and the importance of using sanitary napkins.



OUTCOME/RESULT:

Sugmya is committed to empowering marginalized communities. It integrated its work in community development, economic & social responsibility, and environmental sustainability by raising awareness among society on various issues.

IMPACT:

This healthcare initiative of Sugmya has made a significant positive impact on healthcare interventions by addressing critical needs and improving access to quality healthcare services. These initiatives bridge gaps in healthcare infrastructure, promote health awareness, and focus on vulnerable populations. ■

Niva Dutta – Against All Odds, Towards Self-Reliance

Udaan: Stories of Empowered Women Entrepreneurs

From Srijangram Block, Bongaigaon district (Assam), Niva Dutta, a 42-year-old widow and member of Asha SHG since 2009, built her path to self-reliance while raising her two daughters. Despite her limited business knowledge, market exposure, and the burden of existing loans, she took the bold step of starting a footwear business to secure a stable livelihood for her family.

With guidance from Sa-Dhan trained Vitta Sakhi, Chinu Ray, and support from ASRLM, Niva received continuous handholding in business planning, bookkeeping, vendor negotiation, and marketing. In January 2025, she accessed formal institutional credit for the first time, securing a ₹1 lakh loan under the Mahila Udyamita Scheme from Assam

Gramin Vikash Bank (AGVB).

Today, she has expanded her enterprise with a diversified range of footwear, upgraded from a roadside kuccha setup to a permanent shop in the local market, and extended her reach to nearby villages. Her monthly savings increased from ₹2000 to nearly ₹9000.

She has further diversified her income by introducing thread sales and now regularly participates in the Tinglai weekly market.

Her journey highlights how timely credit, sustained handholding, and strong community institutional support can transform women-led enterprises into sustainable livelihoods. ■



Microfinance Industry Update

Trends of Portfolio, Loan Accounts and Portfolio Quality from March 2024 to Nov 2025

| Loan Portfolio and Loan Accounts | | | | | | |
|---|-----------------------|-----------------|-------------------------|--------------------------|-----------------|-----------------|
| Particulars | As of Nov 2025 | As of Oct 2025 | As of Sept 2025 | June 2025 | March 2025 | March 2024 |
| Loan Portfolio (in ₹ cr) | 3,40,016 | 3,37,979 | 3,41,947 | 3,52,935 | 3,75,138 | 4,15,234 |
| Active Unique Borrowers (in Lakhs) | 718 | 729 | 738 | 770 | 777 | |
| No. of Loan Accounts (in lakhs) | 1,137 | 1,149 | 1,174 | 1,253 | 1,324 | 1,444 |
| Average Balance per Loan Account (in ₹) | 29,910 | 29,420 | 29,125 | 28,159 | 28,344 | 28,756 |
| Disbursement | | | | | | |
| Particulars | During Oct & Nov 2025 | During Oct 2025 | Q2 FY 26 July-Sept 2025 | Q1 FY 26 April-June 2025 | During FY 25-26 | During FY 24-25 |
| Disbursed Amount (in ₹ cr) | 40,236 | 18,869 | 63,251 | 58,010 | 3,27,182 | 3,89,493 |
| Loan Accounts (in lakhs) | 65.80 | 30.83 | 101.88 | 102.38 | 653 | 835 |
| Average Ticket Size (in ₹) | 61,144 | 61,213 | 62,084 | 53,655 | 50,104 | 46,646 |
| Portfolio Quality | | | | | | |
| Particulars | As of Nov 2025 | As of Oct 2025 | As of Sept 2025 | June 2025 | March 2025 | March 2024 |
| PAR 30-179 dpd | 4.40% | 4.79% | 5.27% | 6.08% | 6.65% | 2.36% |
| PAR 60-179 dpd | 3.60% | 3.86% | 4.28% | 4.98% | 5.28% | 1.84% |
| PAR 90-179 dpd | 2.72% | 2.88% | 3.27% | 3.65% | 3.93% | 1.21% |
| PAR 180+ dpd | 16.21% | 15.76% | 15.27% | 13.02% | 10.68% | 7.76% |

Granular District-Level Analysis of States

Along with the overall analysis, Sa-Dhan also separately analysed specific states, including Bihar, Karnataka, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal, to better understand district-level saturation, delinquency, etc. Sa-Dhan analysed each district in these states based on levels of indebtedness, penetration, multiple lending, and PAR. Key highlights:

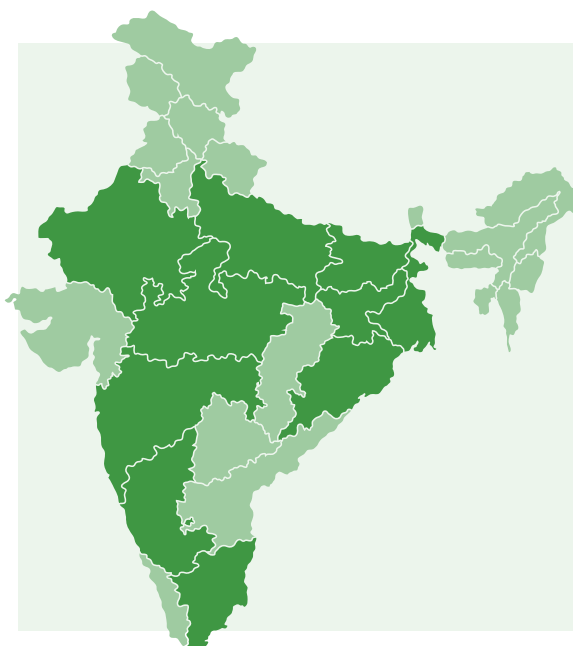
10 districts of Bihar, 10 districts of Karnataka, 10 districts of Jharkhand, 15 districts of Madhya Pradesh, 16 districts of Maharashtra, 10 districts of Odisha, 23 districts of Rajasthan, 14 districts of Tamil Nadu, 25 districts of Uttar Pradesh, and 9 districts of West Bengal have a higher % of borrowers with >₹2 lakhs outstanding above their respective state averages.

7 districts of Bihar, 10 districts of Karnataka, 7 districts of Jharkhand, 17 districts of Madhya Pradesh, 15 districts of Maharashtra, 9 districts of Odisha, 12 districts of Rajasthan,

15 districts of Tamil Nadu, 22 districts of Uttar Pradesh, and 10 districts of West Bengal have % of borrowers having more than 3 lenders and above their respective state averages.

There are 21 districts of Bihar, 12 districts of Karnataka, 13 districts of Jharkhand, 25 districts of Madhya Pradesh, 11 districts of Maharashtra, 16 districts of Odisha, 18 districts of Rajasthan, 19 districts of Tamil Nadu, 26 districts of Uttar Pradesh, and 13 districts of West Bengal which have PAR 30+ dpd greater than their respective state average of PAR 30-179 days.

There are 5 districts of Bihar, 4 districts of Karnataka, 5 districts of Jharkhand, 5 districts of Madhya Pradesh, 4 districts of Maharashtra, 4 districts of Odisha, 4 districts of Rajasthan, 4 districts of Tamil Nadu, 8 districts of Uttar Pradesh, and 4 districts of West Bengal with relatively lower PAR 30+ dpd, multiple lending, indebtedness, and number of lenders. There is scope for further expansion of microfinance activity, as indicated by the data.



These analyses have been very popular and useful for Sa-Dhan member MFIs in planning their operations and reducing risk. The state-specific notes were shared with the member MFIs and the RBI on 22nd December 2025. ■

NBFC-MFIs look to 2026 Union Budget for a Credit Guarantee Fund

Anticipating big announcements in the Union Budget, small and mid-sized NBFC-MFIs are hoping that a credit guarantee scheme will become a reality.

In August 2025, Sa-Dhan and MFIN, the two SROs for the MFI sector, had suggested to the government to set up a ₹20,000-crore credit guarantee scheme. This fund was mooted as banks have slowed down lending to the smaller NBFC-MFIs in the last couple of years in light of multiple factors, including asset quality concerns, liquidity crunch, operational challenges, declining disbursements, and lower client retention.

However, the authorities have not yet made any announcement regarding the same.

Jiji Mammen, Executive Director & CEO, Sa-Dhan pointed out that due to the delay in setting up the credit guarantee scheme, the small and medium-sized MFIs are struggling as they are not able to access funding so easily. "Disbursements from banks to these

entities have either stopped or is very limited. Whatever recovery these MFIs make, only that can be recycled for giving fresh loans and repaying the loans taken from banks. So, ultimately, not much lending is happening. That's the reason the overall MFI loan portfolio has come down. But, now slowly a small reversal is happening," Mammen said.

Mammen underscored that the larger NBFC-MFIs have started becoming active as raising capital and getting bank loans isn't an issue for them. The top 15-20 NBFC-MFIs account for about 85% of the portfolio of NBFC-MFIs.

MFIN, in a November 2025 report, observed that it been advocating for the revival of the Credit Guarantee Scheme for MFIs (CGSMFI) and creation of a dedicated financing facility for the sector to address the inherent liquidity problem faced by the NBFC-MFIs.

The outstanding loan portfolio of the



microfinance industry (NBFC-MFIs: 94, banks:17, small finance banks:10, NBFCs: 99, and others:65) shrunk by 15.5% yoy to ₹3,41,947 crore, as at September-end 2025, per Sa-Dhan's quarterly microfinance report (July-September 2025). ■

(source: Hindu Business Line)

CRIF High Mark reports improved microfinance asset quality

CRIF Highmark, a leading credit bureau in India, has released the latest edition of its quarterly publication MicroLend. The report highlights the continuous cautious yet improving credit environment as of September 2025. The overall Gross Loan Portfolio (GLP) continued to moderate while delinquencies and origination quality trends point toward improving asset health and better portfolio management across lenders.

The industry's GLP stood at 3.46 lakh crore as of September 2025. This is a decline of 16.5% yoy and 3.8% qoq. However, the value of loans disbursed rose 6.5% qoq, indicating a shift toward higher ticket sizes and lending to seasoned borrowers.

Portfolio quality improved noticeably, with PAR 1-180 DPD improving to 5.99%, a 1.07% qoq decline. DPD buckets (PAR 1-30 and PAR 31-90) eased across most lender types



Sachin Seth

KEY TRENDS:

- ◆ NBFC-MFIs continued to dominate originations value, accounting for 41.6% of total disbursement value in Q2 FY26, followed by banks (31.2%), small finance banks (14.5%) and NBFCs (12.7%).
- ◆ Loans in the ₹50,000-1 lakh segment accounted for the majority of

disbursements, while loans above ₹1 lakh doubled their share yoy to 15%, driven largely by banks and NBFCs.

- ◆ As of Sep'25, borrowers with aggregate portfolio exposure up beyond 2 lakh (guardrails threshold) accounted for just 2.3% of the overall industry, reducing from 5.1% as of Sep'24

CRIF Highmark Chairman Sachin Seth commented on the findings: "The microfinance sector continues to demonstrate its resilience, with lenders showing prudence in customer selection and credit underwriting. The steady rise in ticket sizes and increased lending to experienced borrowers reflect a maturing credit ecosystem that is balancing growth with sustainability. As institutions leverage data-driven insights to assess borrower behavior, we expect the next few quarters to see more calibrated expansion backed by stronger asset quality." ■

Spandana Spohoorty to transfer stressed assets to ARC

Spandana Spohoorty Financial will transfer its stressed loan portfolio, including written-off accounts, to an asset reconstruction company for a consideration

of ₹345.5 mn. The transaction will be executed under the Swiss Challenge Method in line with extant RBI master directions. The company's board has also approved the

allotment of NCDs worth ₹4.15 bn through a private placement to strengthen its funding base. The company had recently appointed Venkatesh Krishnan as its MD & CEO. ■