



## **SA-DHAN NATIONAL CONFERENCE** **ON INCLUSIVE GROWTH 2023**

*'Microfinance - Marching to Amritkal with 25 Years of Inclusive Impact Legacy'*

8th & 9th November | The Ashok Hotel, New Delhi



# Conference Report

## Sa-Dhan National Conference on Inclusive Growth 2023

“Microfinance - Marching to Amritkal with  
25 Years of Inclusive Impact Legacy”

8th and 9th November 2023  
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# 1. Inaugural Session

## Introduction and welcome speech by Mr. Jiji Mammen, ED & CEO, Sa-Dhan



In his introductory speech, Mr. Jiji Mammen extended a warm welcome to the attendees of the 18th Sa-Dhan National Conference on Inclusive Growth. Emphasizing the microfinance sector's resilience post-pandemic, they noted positive trends such as mergers, acquisitions, and increased interest from investors. The speech highlighted the industry's growth, technological advancements, and successful IPOs, citing ESAF Small Finance Bank's 77-fold oversubscription. The positive impact of microfinance, evident in an 18% increase in borrowers, was discussed, in an upcoming report by the Indira Gandhi Institute of Development Research (IGIDR) and the Small Industries Development Bank of India (SIDBI). The conference aimed to reflect on the sector's 25-year journey, featuring delegates from Bangladesh, Nepal, Myanmar, Cambodia, and the US. Special thanks were extended to dignitaries, sponsors, and partners, including NABARD, SIDBI, and Muthoot Microfin. The speech concluded with a wish for a successful conference.



## Overview of the Sector – Mr. H P Singh, Chair, Sa-Dhan & CMD, Satin Creditcare Network



Mr. H P Singh, addressing sectoral representatives, discussed the evolution of microfinance, noting its historical concentration in Hyderabad and subsequent expansion into states like Uttar Pradesh and Bihar. With Assets Under Management (AUM) reaching INR 3.5 trillion, the sector has achieved nationwide growth. The focus has shifted from poverty alleviation to sustainable businesses, encompassing ESG considerations, health, and education. Digital transformation, accelerated by the COVID-19 pandemic, includes a significant shift to digital transactions and cashless collections. Responsible lending practices, organizational structural changes, and emphasis on underwriting capabilities and risk mitigation were highlighted, along with a clear focus on rural areas. The introduction of Self-Regulatory Organizations (SROs) like Sa-Dhan supports policy advocacy and industry standards. Technology plays a pivotal role in digitizing processes, and the integration of ESG principles into microfinance practices signals a new era, with Mr. H. P Singh expressing optimism about microfinance as a sunrise sector in lending and financial services.

## Felicitation Note – Mr. Pankaj Gupta, MD & CEO, Pramerica Life Insurance



Mr. Pankaj Gupta, representing Pramerica Life Insurance at the Sa-Dhan National Conference, expressed delight and gratitude for inclusion. Having observed microfinance's growth over 9 years, he emphasized alignment with Gandhian philosophy and CK Prahalad's "Fortune at the Bottom of the Pyramid." With over 6 crore borrowers and outstanding loans exceeding 3.5 lakh crores, the microfinance industry sustains an annual growth rate of 20-30%, contributing over 1.3% to total credit and creating 1.28 crore jobs. Gupta highlighted the sector's resilience, future growth prospects, and its crucial role in Prime Minister's Amritkaal priorities. Stressing life insurance expansion, he advocated for win-win-win partnerships, emphasizing Pramerica's commitment since 2016. Gupta concluded by celebrating the microfinance sector's achievements and Pramerica's commitment to its journey.



## Special Note – Mr. Alok Kumar Choudhary, MD, State Bank of India



Mr. Alok Kumar Choudhary, in his special note at the Sa-Dhan event, highlighted the significance of inclusion and human capital for societal wealth creation. Reflecting on the State Bank of India's 27-year commitment, he acknowledged SBI's role in India's journey towards a 5 trillion economy. Choudhary traced the evolution of financial inclusion, recognizing SBI's substantial contributions to initiatives like PMJDY. He emphasized the role of microfinance in addressing evolving customer needs, digital scaling up, and integration with evolving regulations. Stressing financial education and compliance, he called for a robust financial architecture by 2047, expressing gratitude and anticipation for collaboration and growth in the microfinance sector.

## Handing over the Sanction Letter of Entrepreneurship Programme & Address – Mr. S Ramann, CMD, SIDBI



Mr. S. Ramann, CMD of SIDBI, addressed the Sa-Dhan event, highlighting the financial sector's ongoing disruption due to digital transformation and the potential entry of non-traditional players like Google. He stressed the need for data sharing and collaboration between Sa-Dhan and MFIN to create an industry-wide database, enhancing customer knowledge for improved lending practices. Ramann underscored SIDBI's efforts in leveraging machine learning through programs like PRAYAS and urged the MFI industry to harness on-the-ground knowledge for effective lending. He emphasized the importance of comprehensive customer information, shared lessons from the PM SVANidhi program, cautioned about the limited sustainability of government-backed initiatives, and encouraged industry introspection for a viable and sustainable future. Expressing gratitude, he underscored the importance of strategic planning and adaptation.



## Release of Bharat Microfinance Report & Address – Mr. K V Shaji, Chairman, NABARD



Mr. K V Shaji, Chairman of NABARD, greeted dignitaries and released the Sa-Dhan “Bharat Microfinance Report 2023,” emphasizing its value for global understanding. Reflecting on Sa-Dhan’s 25-year journey, he stressed leveraging past learnings for future progress and addressing inequalities. Discussing the historical context of microfinance, he noted its growth to 6 crore loans worth ₹5.4 crores. Mr. Shaji highlighted challenges in data accuracy, regional disparities, and the transition from SHGs to JLGs, emphasizing genuine microenterprises. He commended the focus on female participation, advocated aligning social and business objectives, and urged humanizing credit systems with technology and behavioral sciences. Addressing RBI concerns, he endorsed self-regulation and shared NABARD’s initiatives, emphasizing digitization, data warehousing, and collaboration for inclusive growth.

## Address by Mr. Sadaf Sayeed, CEO, Muthoot Microfin & Treasurer, Sa-Dhan



Mr. Sadaf Sayeed expressed gratitude for the insightful session, likening distinguished speakers to the best batters in a World Cup season. Commemorating Sa-Dhan’s 25th anniversary, he acknowledged industry stalwarts and support from NABARD, SIDBI, and SBI. Celebrating the microfinance industry’s success, he highlighted Satin and EASF-SFB’s listings and the emergence of nine banks. Mr. Sayeed thanked Sa-Dhan’s chair, Mr. HP Singh, for contributing to industry success and concluded by expressing thanks for speakers’ thought-provoking input and audience participation, extending best wishes for the continued growth of the microfinance sector.

## 2. Plenary Session 1: Microfinance in India: Transforming Lives and Charting the Path Ahead

Moderator: **Prof. M S Sriram**, IIM Bangalore

Speakers:

- **Mr. Chandra Shekhar Ghosh**, CEO, Bandhan Bank Limited
- **Dr. Subrata Sarkar**, Prof. & Dean of Faculties, Indira Gandhi Institute of Development Research (IGIDR)
- **Mr. Govind Singh**, MD, Utkarsh Small Finance Bank
- **Mr. Srinivas Bonam**, Head of Inclusive Banking of IndusInd Bank Limited
- **Mr. Sadaf Sayeed**, CEO, of Muthoot Microfin Limited
- **Mr. Vivek Tiwari**, MD, CEO & CIO, Satya MicroCapital Ltd.



### Key takeaways from the session:

- Indian microfinance sector has evolved, and it has a significant impact on individuals, focusing on both financial and social aspects, including women's empowerment.
- Bandhan Bank's initiative in 2006 to support the ultra-poor through a specialized program, providing training, assets, and a pathway to microcredit.
- A significant growth opportunity lies for MFIs in spreading geographically and in the increase in loan amounts to customers. The transformation of MFIs to banks is also a way to capitalize on this opportunity for vertical growth.
- MFIs need to address climate vulnerability of their customers and as an Industry advocate to stop financial vandalism. These offer opportunities for product diversification.
- The Government and the Central Bank have significant oversight of the sector. Therefore, there is an emphasis on customer protection, governance, and regulatory compliance.



**Prof. M S Sriram**, the moderator, began the session by acknowledging Sa-Dhan's 25 years of contributions to microfinance and inclusive finance. He outlined the four phases of microfinance evolution, highlighting Sa-Dhan's role in policy advocacy and engagement with small entities. The focus was on assessing developments in the inclusive finance sector, examining the transition from micro-lending to regulated NBFC-MFIs and banks.

**Mr. Chandra Shekhar Ghosh**, from Bandhan Bank, expressed gratitude, celebrating Sa-Dhan's 25th anniversary. He shared a transformative microfinance success story, emphasizing its broader role in employment generation. Mr. Ghosh highlighted the societal impact, particularly on gender equity, despite challenges.

**Mr. Govind Singh** from Utkarsh Small Finance Bank discussed microfinance's positive impact on self-entrepreneurs and women empowerment. He emphasized the sector's resilience during crises and the importance of improving corporate governance.

**Mr. Srinivas Bonam** from IndusInd Bank highlighted opportunities for banks in microfinance, including addressing vulnerability and exploring untapped areas like retirement planning.

**Mr. Sadaf Sayeed** from Muthoot Microfin Limited reflected on the sector's two-decade journey, emphasizing its digital evolution, societal impact, and contributions beyond financial inclusion. **Mr. Vivek Tiwari** from Satya MicroCapital discussed the sector's challenges, achievements, and the collaborative approach with banks, SIDBI, and NABARD. He highlighted the sector's positive impact on lives and envisioned growth despite challenges.

**Prof. Subrata Sarkar**, a researcher, traced microfinance's evolution through four phases, emphasizing its substantial portfolio growth, social impact, and sustainability. He discussed challenges, advocating for a balanced approach to growth and digitalization, preserving the human touch. Prof. Sarkar expressed gratitude for Sa-Dhan's and industry's contributions to an inclusive society.

The diverse perspectives from industry leaders and researchers collectively underscored microfinance's transformative impact, its challenges, and the sector's potential for sustained growth and evolution.

### Questions from the audience:

During the questions and answers session, Mr. Shubrab Ali Khan from TMSS, Bangladesh, inquired about Bandhan Bank's contribution to agriculture entrepreneurship. Mr. Ghosh highlighted that 50% of the bank's portfolio is in agriculture finance, and the majority of the remaining 50% supports agriculture-allied services, particularly in rural areas.

Responding to concerns about the transformation of MFIs into Universal Banks potentially diverting focus from intensive microfinance, Prof. Sriram emphasized the need for specialized institutions while acknowledging the potential for progressive MFIs to evolve into Universal Banks, similar to clients transitioning from MFIs to banks.

Mr. Ashlesh from Kotak Securities questioned the capacity of MFIs to serve the underserved given a 25% penetration level and compliance with RBI's guidelines. Mr. Govind Singh noted the geographical skewness in penetration and substantial potential for expansion, with Mr. Ghosh highlighting Bangladesh's success in serving 25% of its population compared to India's 4%, indicating substantial growth opportunities.

A Bangladeshi delegate queried how the Indian microfinance sector addresses the needs of the poorest. Mr. Ghosh illustrated Bandhan Bank's Ultra Poor program initiated in 2006, providing training, confidence-building, and assets for entrepreneurship to individuals initially unable to take loans. The program, successful in scaling up, offered microcredit access without free money, addressing the needs of the poorest.

Concerns about high interest rates stressing borrowers and contributing to NPAs were addressed by Mr. Vivek Tiwari. He emphasized the dynamics of the rural economy, where even small businesses generate high returns. Microfinance institutions played a crucial role in providing capital and growth opportunities, with doorstep services and timely group meetings contributing to high repayment rates.

Regarding the Indian Government's receptiveness to findings from the microfinance sector, Mr. Ghosh highlighted the industry's regulation, government oversight, and positive impacts. Despite challenges in Andhra Pradesh and Assam, the government, regulators, and political leaders emphasized the importance of reasonable interest rates during policy discussions, demonstrating support for the microfinance sector.

The first plenary session concluded with a vote of thanks to the moderator and speakers, with Mr. Vijay Shekhar from the Reserve Bank of India acknowledging their contributions.





### 3. Breakaway Session 1: The impact of a “harmonized regulation” on the microfinance sector

Moderator: **Mr. Manoj Sharma**, Managing Director of MicroSave Consulting

Speakers:

- **Ms. Veena Srivastava**, GM, DoR, Reserve Bank of India
- **Mr. Md Fazlul Kader**, Additional Managing Director, Palli Karma-Sahayak Foundation (PKSF), Bangladesh
- **Mr. Shalabh Saxena**, MD & CEO, Spandana Sphoorty Financial Ltd
- **Mr. Aditya Chatterjee**, MD, Equifax India



#### Key takeaways from the session:

- Mr. Kader highlighted Bangladesh’s three-stage microfinance evolution from informal to formal regulation, a unique path.
- Mr. Salabh Saxena emphasized successful adaptation to new regulations, fostering prudent lending and steady industry growth.
- Ms. Veena Srivastava praised RBI’s innovation in harmonizing regulations, addressing over-indebtedness, and enabling competition while protecting customers.
- Mr. Aditya Chatterjee discussed the impact of combined credit reports, offering a holistic view and aiding lenders. He also highlighted the recent implementation of household credit reports, providing a consolidated view for better risk assessment.

The session, moderated by **Mr. Manoj Sharma**, provided insights into the evolution of microfinance and the regulatory frameworks in India and Bangladesh. Mr. Sharma reflected on SIDBI’s crucial role in integrating NGOs like Spandana into the sector and the regulatory shifts triggered by the Andhra crisis. He highlighted the sector’s growth, increased regulatory guardrails, and the RBI’s evolving stance, suggesting a positive trajectory.

**Ms. Veena Srivastava** detailed the regulatory changes from 2011 to March 2022, emphasizing the shift from MFIs to diverse lenders. Key concerns addressed included over-indebtedness, competition in loan pricing, and conduct issues. The revised regulations linked loan amounts to household income, set pricing transparency through a simplified fact sheet, and enabled flexibility for lenders, offering a comprehensive approach.

**Mr. Fazlul Kader** shared Bangladesh's regulatory journey, emphasizing distinct institutions for the poor sustainably. He discussed the role of PKSF and MRA, highlighting the multifaceted role of MFIs in social and financial intermediation. The nuanced development of MFIs to address poverty and economic growth was underscored.

**Mr. Salabh Saxena** praised the new regulations, especially capturing household income and liability, seeing it as crucial for prudent lending. He acknowledged the industry's adaptation, urged a moderate approach for sustainable progression, and expressed optimism for substantial growth in the Indian market.

**Mr. Aditya Chatterjee** highlighted the innovative steps by the RBI, combining individual footprints in retail and MFI bureaus. The success of the combined credit report was noted, and he discussed the recent implementation of a household credit report, providing a consolidated view of the entire household's indebtedness. Ongoing collaborations with MFIs and leveraging digital technology were emphasized for reducing indebtedness levels and mitigating stresses in the microfinance sector.

### Questions from the audience:

During the session, Mr. Shubrab Ali Khan sought distinctions in microfinance regulations between Bangladesh and India. Mr. Kader highlighted virtually no difference, commending India's inclusive regulatory approach. Ms. Veena Srivastava noted the removal of loan amount caps, considering household income and indebtedness for assessments.

A query on the April 19, 2022 circular was raised, but Ms. Srivastava redirected it, suggesting seeking clarification from the relevant RBI department. Dr. Hegde proposed using family ration cards for income assessment and involving independent agencies for transparent evaluations. He also addressed concerns about unregistered financing agencies violating responsible lending principles.

NABFINs' representative mentioned increased rejection rates due to new regulations, prompting Ms. Srivastava to advise MFIs to inquire into the reasons, seen as a positive development by Mr. Saxena. The issue of the 75% qualifying assets and sharing SHG data generated discussions, with Ms. Srivastava mentioning ongoing efforts to retrieve data from banks and livelihood missions.

The breakaway session ended with a vote of thanks to the moderator and the panelists. **Mr. H P Singh, CMD, Satin Creditcare Network** and chairperson Sa-Dhan felicitated the moderator and the esteemed panel members.



## 4. Breakaway Session 2: Role of Exponential digital technologies in Microfinance services

Moderator: **Mr. Manoj Agrawal**, Group Editor, Banking Frontiers

Speakers:

- **Mr. Shasidhar Thumuluri**, MD & CEO, Sub-K
- **Mr. Martin P**, COO, Ujjivan Small Finance Bank
- **Mr. Anil Gupta**, Partner – Payments & Distribution, MicroSave Consulting (MSC)
- **Mr. Vinish Shah**, CBO, Craft Silicon



### Key takeaways:

- The microfinance sector has already started implementing exponential technology such as artificial intelligence and machine learning in customer origination and customer management.
- Physical and digital services will continue to share space in the microfinance sector because some customers will still require in-person interactions.
- Customer experience is the key to driving exponential technology in the microfinance sector.
- The role of the Government is to enhance “Digital Public Infrastructure” and the role of the regulator in implementing customer protection principles will also be a major driver of the adoption of exponential technology in the microfinance sector.

In the session moderated by **Mr. Manoj Agrawal**, Group Editor of Banking Frontiers, the focus was on exploring the exponential potential of digital technologies within the microfinance sector. Drawing parallels with events like cricket victories and space missions, the discussion delved into the adoption of cutting-edge technologies in microfinance.

**Mr. Sashidhar Thumuluri**, MD & CEO of Sub-K, presented their approach to microfinance, emphasizing the belief that not all customers require the same level of personal interaction. He discussed Basix's in-house mobile app acting as a digital assistant replicating a loan officer's role. This app enables group interactions, aligning with microfinance principles, and incorporates payment technologies, video technologies, and artificial intelligence. The development journey of three years has resulted in achievements such as over 65% digital collections exceeding and digitized group meetings. Digital onboarding, involving video interactions, constitutes a significant portion (60-70%) of their processes. Mr. Thumuluri highlighted the need to leverage Government-led initiatives like "Digital Public Infrastructure" for exponential growth in technology application. He also championed the fast-paced adoption of exponential technology, anticipating that mistakes from rapid deployments would contribute to a better understanding and crafting of regulations.

**Mr. Martin P**, COO of Ujjivan Small Finance Bank, discussed the continuous demand for innovation and the challenge of making it accessible to the masses. He shared a recent initiative involving a voice, visual, and video-based app to enhance customer experience, inspired by observing customers using voice-enabled services like Google Talk. This shift aimed to overcome digital literacy barriers and provide convenient access to services like checking loan statements or savings account balances, prioritizing customer convenience and ease of use.

**Mr. Anil Gupta**, Partner – Payments & Distribution, MicroSave Consulting, emphasized the need for true digital transformation beyond moving from paper to digital processes. He highlighted the importance of giving individuals the power to set their digital preferences, using customizable limits on banking accounts as an example. Mr. Gupta stressed the necessity of clear vision and understanding in digital use cases, preventing challenges from partial digitization. He also emphasized the importance of using voice assistance to aid those facing challenges with digital technologies due to visual impairment.

The discussion concluded with Mr. Gupta underlining the wide and deep social and economic ramifications of exponential digital technologies, emphasizing the need for cautious and well-thought-out innovations.

**Mr. Vivekanand Salimath**, Chairman of IDF Financial Services Private Limited and former board member of Sa-Dhan felicitated the moderator and the panelists.



## 5. Breakaway Session 3: Mainstreaming Gender through Microfinance and the Next Level of Gender Inclusion Needed

Moderator: **Dr. Sumita Kale**, CEO & Senior Fellow, Indicus Foundation

Speakers:

- **Dr. Kalpana Sankar**, MD, Belstar Microfinance Limited
- **Ms. Kalpana Ajayan**, Regional Head-South Asia, Women's World Banking
- **Ms. Shinjini Kumar**, Co-Founder, SALT
- **Dr. Neetha N**, Professor, Centre for Women's Development Studies



### Key takeaways of the session:

- Women's participation in our country's workforce has steadily declined from 1990 to 2018. The level of participation of women in urban areas is poorer compared to their rural counterparts. Self-employed women also earn 60% less than men on average.
- Skill-based training programs have catapulted at least 10-15% of women microfinance borrowers into micro-entrepreneurs, thereby creating opportunities for other women to become employed.
- Limited representation of women leaders on the boards of microfinance institutions signifies societal bias against women as business leaders.
- Social biases against women also stifle their participation in equity investments and capital formation.
- Leading organizations such as Women's World Banking recognize the need to mandate women's representation at the board level and advocate a KPI-driven approach to measure the progress in that regard.
- There is an increasing risk to poor people's financial health due to slow-onset events exacerbated by climate change. Women are disproportionately impacted. Therefore, stakeholders at every level must step in to address the increasing vulnerability of women in poor households.

The panel discussion, moderated by **Dr. Sumita Kale**, CEO & Senior Fellow at Indicus Foundation, focused on two key themes: evaluating the impact of microfinance on women's employment quantity and quality in India and understanding the reasons behind the tepid growth in women's employment within the microfinance sector.

**Dr. Neeta N, Professor** at the Centre for Women's Development Studies, highlighted macro trends in women's employment, emphasizing a persistent decline in the women's workforce participation rate from 1990 to 2018. Although rural areas exhibit higher participation rates than urban areas, concerns arise regarding the quality of women's self-employment, given lower earnings compared to men. Dr. Neeta stressed the importance of supportive institutions like microfinance in addressing constraints and promoting women's economic independence and agency.

**Dr. Kalpana Sankar**, MD of Belstar Microfinance Limited, shared her experiences of empowering women borrowers through skills-based training, with 10-15% becoming entrepreneurs. She underscored the need for digital financial literacy and identified emerging opportunities in the financial sector for women, such as business correspondents and insurance agents. Dr. Sankar also addressed the decline of women in leadership positions in microfinance institutions, advocating for mid-career leadership training programs for women employees.

**Ms. Shinjini Kumar**, Co-Founder of SALT, highlighted societal mindset challenges and gender bias stifling women's employment. She shared her experiences of balancing workplace challenges with societal expectations regarding children's education. Ms. Kumar emphasized the role of digital technologies in enabling women's self-employment in both urban and rural areas. She urged addressing biases limiting women's investment opportunities and educational choices, highlighting the need for capital and skills to bridge the gender gap in women's participation in the economy.

**Ms. Kalpana Ajayan**, Regional Head-South Asia of Women's World Banking, stressed the importance of moving from inclusion to empowerment. Their approach involves well-designed products, understanding women's context, gender sensitization for regulators, capital investments in women-related businesses, and research. Ms. Ajayan asserted a strong correlation between inclusion and empowerment, demanding women's board representation in investee companies and tying it to key performance indicators for management. The discussion concluded with an emphasis on the need for a comprehensive roadmap to empower women in the workforce.

### **Questions from the audience:**

During the session, Mr. Govind Chandra Dash asked about creating more employment opportunities for mothers. Ms. Shinjini Kumar expressed it as a desirable goal.

Concerns were raised about reported lower earnings for women, clarified by Dr. Neeta N as data for self-employed individuals. Mr. Narendra Naik inquired about boosting women employees' participation in MFIs; Dr. Kalpana Sankar highlighted initiatives like women-only branches and flexible working hours.

Addressing climate vulnerabilities for women from poor households, Dr. Sankar emphasized the collective responsibility of stakeholders, citing Sewa's work on heat parametric insurance for women members.

**Ms. Harinda B**, founding member of Sa-Dhan and former chair at Sa-Dhan felicitated the moderator and the panelists.



## 6. Sa-Dhan and Water.org awards for top contributing financial institutions in Water & Sanitation Financing

At the 18<sup>th</sup> Sa-Dhan National Conference 2023, Sa-Dhan and Water.org organized a series of awards for organizations that significantly contributed to driving the adoption of safe drinking water and hygienic sanitation facilities by low-income households by delivering meaningful and affordable financial services.

The panel of eminent persons that handed over the awards to the top contributors comprised:

- **Mr. Jiji Mammen**, Executive Director & CEO, Sa-Dhan
- **Mr. H. P Singh**, Chairperson, Sa-Dhan and CMD, Satin Creditcare Limited,
- **Mr. Manoj Gulati**, Regional Director, South Asia of Water.Org
- **Mr. Md. Fazlul Kader**, Additional Managing Director, Palli Karma-Sahayak Foundation (PKSF)
- **Mr. Ajit Maity**, Chairman of Village Financial Services and Association of Microfinance Institution (AMFI), West Bengal
- **Ms. Anita Sekhar**, Head of Micro-Banking at ESAF Small Finance Bank



The first set of awards was for microfinance institutions that demonstrated significant contributions towards water and sanitation financing. The microfinance institutions were categorized into three categories based on their asset under management (AUM). The winners of the Sa-Dhan and Water.Org awards for top microfinance institutions under each category are:



Categories (based on AUM)	Name of the microfinance institutions
up to INR 300 Crores	Grameen Shakti Microfinance Private Limited
between INR 300 to 3,000 Crores	Pahal Financial Services Private Limited
more than INR 3,000 Crores	IIFL Samasta Finance Limited

The award for top capital provider catalyzing the delivery of WASH finance was conferred to Nabsamruddhi Finance Limited.

The award under the category of top performing self-help group of promoting institution driving the adoption of water and sanitation microfinance was accorded to the Odisha State Livelihood Mission.





## 7. Plenary Session 2: The Microfinance Sector's Role in Fostering Sustainable Livelihoods

Moderator: **Dr. Charan Singh**, Non-Executive Chairman, Punjab & Sindh Bank

Speakers:

- **Mr. Ittira Davis**, MD & CEO, Ujjivan Small Finance Bank
- **Mr. Rahul Gupta**, Director & CEO, Avanti Finance Pvt. Ltd.
- **Dr. Pushpa Pathak**, Senior Visiting Fellow, Centre for Policy Research
- **Mr. Ashutosh Mahajan**, SVP – Head Rural Insurance & Virtual Offices, Future Generali India Insurance Company
- Maj. Karthik Chakrapani (Retd.), Chief Business Officer (CBO), Pramerica Life Insurance



### Key takeaways from the session:

- The microfinance sector has weathered several crises, including the COVID-19 pandemic. It demonstrates the resilience and sustainability of the sector.
- Digital technologies driven at the grassroots level by India's massive Digital Public Infrastructure will ensure the delivery of sustainable livelihoods for poor people.
- Insurance is key to addressing the vulnerabilities of the poor against regular crises and the increasing impact of external shocks including the COVID-19 pandemic.
- Going forward, product customization, offering individualized pricing of loan and insurance products to the MFI customers, and quicker access to these services to more and more people from the bottom of the pyramid will be the key to the MFI sector's continued role in delivering sustainable livelihood solutions.



The second plenary session, led by **Dr. Charan Singh**, commenced with an expression of gratitude and acknowledgment of key contributors like Mr. Jiji Mammen. Dr. Singh shared insights from his experience working with NABARD Financial Services and the Reserve Bank of India, particularly focusing on microfinance research in Bangalore, notably in Tumkur. He underscored the significance of the business correspondent model and self-help group concept fostered by NABARD since 1985, playing a pivotal role in achieving nationalization objectives for banking penetration.

The central theme of Dr. Singh's introduction revolved around sustainable livelihoods and the challenges faced by commercial banks in reaching the last mile. He posed thought-provoking questions about the direct and indirect impact of the microfinance sector on sustainable livelihoods, covering crucial aspects such as housing, water, sanitation, health, and financial literacy.

**Mr. Ittira Davis**, MD & CEO of Ujjivan Small Finance Bank, took the stage to highlight key events and changes in the microfinance industry that showcased its sustainability. He emphasized the sector's resilience post the economic crises triggered by the COVID-19 pandemic. Mr. Davis pointed out the transformation of some MFIs into small finance banks, enabling these credit-only entities to offer a comprehensive suite of accessible and affordable financial services to their microfinance customers. He also discussed the role of digital technologies in sustaining the industry and offering better rates to creditworthy customers based on their credit histories.

**Mr. Rahul Gupta**, Director and CEO of Avanti Finance Limited, expressed gratitude for the introduction and delved into the transformative impact of India's digital public infrastructure on financial inclusion and sustainability. He highlighted Avanti's role as an NBFC functioning as a financial inclusion platform with a paperless, presence-less, and cashless operating model. Gupta emphasized the importance of asset-light, capital-light, and scalable models, showcasing Avanti's operational model that leverages technology for a seamless customer journey.

**Dr. Pushpa Pathak**, Senior Visiting Fellow at the Centre for Policy Research (CPR), shared insights from her extensive background in the World Bank and UN-Habitat, focusing on urban finance, local government finance, and climate-resilient cities. Dr. Pathak highlighted challenges faced by women in the urban informal sector in accessing microfinance and questioned whether the current surge in microfinance is due to increased demand or oversupply. She stressed the need for gender and sector-based data on credit availability, particularly considering women's relatively lower access to digital technology.

The session continued with contributions from **Mr. Ashutosh Mahajan** of Future Generali India Insurance, emphasizing the crucial role of insurance in ensuring MFI sustainability, and **Maj. Karthik Chakrapani (Retd.)**, CBO of Pramerica Life Insurance, advocating for a robust semi-open ecosystem to support the entire journey of value creation for microfinance borrowers. The speakers collectively highlighted the transformative potential of microfinance and the need for continued growth and innovation in the sector to unlock its vast untapped potential in rural populations.

## Questions from the audience:

Mr. Shubrab Ali Khan, the leader of TMSS, a Bangladesh-based NGO-MFI, inquired about the landscape and future of agriculture risk transfer products in the micro-insurance industry. Mr. Chakrapani from Pramerica Life Insurance emphasized that advancements in analyzing microfinance customers' income and cashflow profiles would facilitate suitable agriculture insurance products. Concerns were raised about how the Indian MFI sector addresses vulnerabilities in poor communities. Mr. Rahul Gupta highlighted the role of technology in enabling MFIs to underwrite loans tailored to the needs of poor communities for sustainable livelihood development.

Regarding the integration and measurement of social performance in the microfinance sector, Mr. Ittira Davis emphasized the sector's significant impact in lifting a considerable percentage of people out of perpetual poverty. He also stressed the role of digital payments and credit history in expanding access to financial services for the poor.

Mr. Sashidhar Thumuluri inquired about the possibility of reducing interest rates charged to borrowers, echoed by Dr. Charan Singh. Mr. Rahul Gupta and Mr. Ittira Davis explained that after the deregulation of interest rates, MFIs charge rates necessary for sustainability. They highlighted the impact of high repo rates on interest rates across the market, and the potential for reduction will depend on future changes in interest rates.



## 8. Breakaway Session 4: Housing Finance for the Next Billion: Emerging needs, challenges, and opportunities

Lead Presentation: Making Housing Markets Inclusive for the Low-Income Segment' by **Ms. Nupur Maroti**, Manager-Housing Finance Systems, Habitat for Humanity International

Moderator: **Mr. Mani Kandan**, Specialist in Housing Finance and Low-income Housing, Indian Housing Federation

Speakers:

- **Mr. Jiji Mammen**, ED & CEO, Sa-Dhan
- **Mr. A Ramesh Kumar**, Chairman & MD, LaRaksha Impact Finance Enterprise Pvt Ltd
- **Ms. Shruti Gonsalves**, MD & CEO, SEWA Grih Rin Limited
- **Ms. Mona Kachhwaha**, Partner, UC Impower



### Key takeaways from the session:

- Affordable housing is an urgent need for growing urban settlers across the Globe. The investment gap to meet that need is a staggering USD 16 trillion.
- There is a significant opportunity to finance housing for a segment that earns between INR 1 to 5 Lakhs per annum through housing micro-credit.
- Innovations such as Roofing Loan products are key to entering into housing micro-credit.
- In India, structural challenges in the land records system pose significant challenges for financiers entering into housing micro-credit. Other states can learn from the exemplary reform work done by Odisha through the Jaga Mission.
- MFIs can support this sector but they need financing support and the BC model might be the best option for them given regulatory and balance sheet constraints.
- Technology innovation can reduce operational costs for financial institutions and reduce fraud in housing microfinance.



**Ms. Nupur Maroti, Manager-Housing Finance Systems, Habitat for Humanity International** emphasized the significance of housing. She highlighted the global housing challenge, with 1.6 billion people lacking adequate housing. To address this, an estimated USD 16 trillion is required, with USD 3 trillion from public funding and a significant USD 13 trillion from private investment. The focus is on affordable housing for the low-income segment, particularly in countries like India, where 86% of people are economically active but just above the poverty line.

The speech introduced Habitat for Humanity, a not-for-profit working in 120 countries. Their approach involves engaging with market players, including construction suppliers, financial service providers, and policy advocacy. Three pillars guide their efforts: building materials and construction practices, financial services, and policy engagement. In the finance sector, Habitat for Humanity collaborates with microfinance institutions, acting as technical partners and providing loans through Micro Build India and Micro Build Global Fund.

Ms. Maroti mentioned the evolving opportunities in the housing sector, extending beyond traditional microfinance clients to urban migrants, gig workers, and the urban poor. Despite progress, there remains a gap in housing solutions for the low-income segment with ticket sizes of INR 1 Lakh to INR 5 lakhs. The speech concluded by handing over to Mr. Mani Kandan to discuss challenges and opportunities in the housing space further.

Moderated by **Mr. Mani Kandan**, the session explored India's housing challenges, focusing on segments with the capacity to repay but lacking documented evidence. Data from the Pradhan Mantri Awas Yojana highlighted the need for 1.2 crore houses in urban and 2.95 crore in rural areas. **Ms. Shruti Gonsalves**, MD & CEO of SEWA Grih Rin Limited, emphasized their commitment to economically weaker sections, especially for home repairs and construction using microfinance.

She noted challenges, including access to capital and product innovation barriers. Tenancy rights and transferability of titles hindered mortgage creation. Ms. Gonsalves cited Odisha's Jaga Mission as an example, addressing tenancy rights. Housing finance companies can aid in water, sanitation, and energy efficiency, requiring partnerships.

**Mr. Ramesh Kumar**, Chairman & MD of LaRaksha Impact Finance Enterprise, shared experiences from Cyclone Thane, leading to Swarna Pragati Housing Microfinance. Challenges included scaling due to innovation hesitancy. He advocated an innovative approach for profitable housing finance.

**Mr. Jiji Mammen** addressed Microfinance Institutions (MFIs) in housing, highlighting the need for product evolution. Sa-Dhan's project in Odisha faced COVID-19 challenges. One-fourth of MFIs fund housing, mainly for repairs. Mr. Mammen emphasized skill enhancement for comprehensive housing financing.

**Ms. Mona Kachhwaha**, Partner at UC Impower, discussed loans of one to five lakh and structural challenges. She highlighted funding and security issues, suggesting

regulators, large banks, and small finance banks play a role. Technology's role, especially geospatial data for monitoring, was stressed.

In conclusion, addressing structural challenges and incorporating technology will be essential for scaling housing microfinance in India, with collaborative efforts from financial institutions, regulators, and innovative approaches.

### Questions from the audience:

The CEO of Satya Housing Finance asked why the adoption of housing microfinance is regionally skewed towards the Western and Southern states and what is the approach towards the greening of the micro-housing segment. Several panelists addressed these questions by referring to the political and structural challenges in Eastern states that stifled the delivery of housing microfinance. Similarly, the greening of the micro-housing space will depend on the cost versus benefits delivered by something like a rooftop solar.

There was another question on the retention of borrowers originated by microfinance companies in the micro-housing lending space. Ms. Shruti Gonsalves replied by saying that meeting other important needs of the segment could be key to customer retention.

At the end of the question and answer session, Mr. Pramod Kumar Paliwal, Chairman and Managing Director of Arth Microfinance felicitated the moderator Mr. Mani Kandan, and the esteemed panelists.



## 9. Fireside Chat: Microfinance – a boost to rural lives

At its 18<sup>th</sup> National Conference Sa-Dhan organized a high-profile fireside chat between two eminent personalities to discuss the role of India's microfinance sector in boosting rural lives and ushering transformation to the rural economy.

The host of the session was Mr. Tamal Bandopadhyay, Consulting Editor at Business Standard and a Senior Adviser to Jana Small Finance Bank Limited. Mr. Bandopadhyay has authored numerous books and publications on the Indian banking and financial services sector. He is a prominent authority in inclusive finance and banking in India.

One of India's most prominent economists, and former Deputy Chairman of the Planning Commission was the guest speaker.

The summary of the fireside chat between Dr. Ahluwalia and Mr. Bandopadhyay is as follows:



**Mr. Tamal Bandopadhyay** welcomed Dr. Montek Singh Ahluwalia, lauding his contributions to India's economic liberalization since 1991. Mr. Bandopadhyay traced the term "Financial inclusion" to the 2005 financial year, highlighting the evolution of microfinance and its resilience amid challenges like GST, demonetization, and COVID-19. Expressing gratitude for Dr. Ahluwalia's insights, Mr. Bandopadhyay praised microfinance as an alternative to money lenders despite higher interest rates. He raised concerns about cultural challenges in bank-MFI mergers and highlighted the RBI's Level Playing Field effective from April 2022. Mr. Bandopadhyay explored microfinance's role in shaping a self-reliant India, referencing government initiatives. He mentioned Dr. Ahluwalia's impactful remarks and ideas for the industry's transformative role in rural



India. Addressing digitization, past crises, and regulations, Mr. Bandopadhyay discussed the microfinance industry's potential impact on India's economy compared to China.

**Dr. Montek Singh Ahluwalia** commended the sector's transformative journey, acknowledging its role in bridging credit gaps for communities, especially women. He discussed the challenges of high-interest rates and emphasized the sector's competition with money lenders. Reflecting on Joseph Stiglitz's insights, Dr. Ahluwalia positioned microfinance as an intermediate stage, urging successful clients to transition to the banking system for expansion. He cautioned against widespread loan write-offs, emphasizing the need for careful consideration. Dr. Ahluwalia suggested a partnership model aligning MFIs with banks, facilitating a seamless transition for clients. He questioned whether MFIs would drive the digitalization of customer interactions and emphasized the importance of effective digitalization for competitiveness. On regulations, Dr. Ahluwalia advocated for a "light touch regulatory regime" for MFIs. Expressing skepticism about India's 5 trillion target, he endorsed a 30 trillion goal by 2040, emphasizing sustained 7-8% real growth. He believed MFIs could play a crucial role in supporting rural entrepreneurial capabilities and suggested private sector banks acquiring MFIs for rural development.

At the end of the session, **Mr. Jiji Mammen, ED & CEO, Sa-Dhan** presented Dr. Montek Singh Ahluwalia with a coffee table book and a copy of the Bharat Microfinance Report.



## 10. A presentation on 'Climate Risk Management & Parametric Insurance Solutions for MFIs/FIs' by Mr Balachandran M K, Head of Growth, IBISA Network

Mr. Balachandran M. K., Head of Growth at IBISA Network, delivered a presentation titled 'Climate Risk Management & Parametric Insurance Solutions for MFIs and FIs.' During the presentation, he congratulated the audience on the growth sustainability of MFIs and acknowledged the significance of addressing climate-related risks. IBISA, a global insurtech company, specializes in climate risk solutions, particularly in agriculture and allied sectors. Mr. Balachandran emphasized the increasing threat of climate change, citing recent events like floods in Kerala and Cyclones in coastal areas.



IBISA's approach involves data analysis, utilizing historical and predictive data for climate risk modeling. The company offers tools to optimize loan portfolios by identifying high and low-risk zones based on climate events. Additionally, they design parametric insurance products to protect loan portfolios against unforeseen climatic events. The presentation highlighted IBISA's success in the Philippines, covering cooperatives against typhoon-related risks.

The proposed solutions aim to assist financial institutions and MFIs in making strategic decisions related to climate risk, providing data-driven insights for expansion or diversification. Mr. Balachandran encouraged collaboration and feedback from the audience to further refine and implement these climate risk management solutions. The presentation concluded with contact details for further engagement and discussions.

Mr. Jiji Mammen, ED & CEO Sa-Dhan felicitated Mr. Balachandran M K and congratulated him for the informative presentation.

# 11. Plenary Session 3: Can the Microfinance sector help in expanding and deepening the social safety net for the informal sector workforce and gig workers?

Moderator: **Mr. H R Khan**, Former Deputy Governor, RBI

Speakers:

- **Mr. Saurabh Garg**, IAS, Secretary, Department of Social Justice & Empowerment, GoI
- **Mr. Pravesh Kumar**, CGM, PFRDA
- **Dr. Aqueel Ahmad Khan**, MD, Mitrata Inclusive Financial Services Ltd.
- **Mr. Pravin Saha**, Chief Business Officer, Unity Small Finance Bank
- **Mr. Diwakar Ram Boddupalli**, MD & CEO, CreditAccess Life Insurance Ltd.
- **Mr. Neeraj Maheshwari**, Co-Founder & CEO, M-Swasth



## Key takeaways of the session:

- The rise in India's informal workforce is a challenge and an opportunity for the inclusive finance sector to cater to the credit and non-credit needs of this segment.
- Government-led financial inclusion programs such as the Pradhan Mantri Jan-Dhan Yojana, Atal Pension Yojana, UPI, One-Nation One-card, and Bhasa-Sangam are the integrated bedrock of financial inclusion for the informal sector workers.
- Microfinance industry players have demonstrated a pace of innovation and facilitated a series of social protection measures derived from Government schemes such as PM SVANidhi and led by themselves such as specialized credits and insurance programs.
- The PFRDA has amended its guidelines to make it easier for informal sector workers to participate in Atal Pension Yojana.



**Mr. H R Khan**, the moderator, commenced the session by acknowledging SaDhan's 25th anniversary. He focused on India's gig economy, citing studies indicating the significant presence of informal workers. The challenges faced by gig workers, such as job insecurity and low wages, were highlighted. Mr. Khan emphasized the importance of government intervention in providing a safety net for the informal and gig sectors.

Moving forward, Mr. Khan invited industry players, Mitrata and Unity SFB, to share their experiences in small-value and cash-flow-based credit products.

**Mr. Saurabh Garg** expressed gratitude and discussed social safety nets and the role of microfinance institutions (MFIs). He highlighted government interventions and digital initiatives, emphasizing their impact on reducing poverty. Mr. Garg commended MFIs for complementing existing interventions and contributing to upward mobility.

**Mr. Pravesh Kumar**, acknowledging Sa-Dhan's invitation, addressed the conference on the inclusion of unorganized sector workers and gig workers. He discussed the significant growth of the Microfinance Institution (MFI) sector and the challenges in the unorganized sector. Mr. Kumar emphasized demographic concerns, introduced the Atal Pension Yojana (APY), and urged MFIs to play a crucial role in promoting financial literacy and awareness about long-term financial products, including pensions.

**Dr. Aqueel Ahmed Khan** shared experiences of driving financial inclusion for unserved segments. He highlighted credit products for international migrants and facilitating the release of Government benefits to poor households. Dr. Khan emphasized that MFIs work in financial inclusion and called for bundling products like Hospicash with loans. He stressed the need to educate customers about the benefits of such products.

**Mr. Pravin Saha** alluded to the contribution of the gig economy, mentioning players such as Ola, Zomato, Blinkit, and Swiggy in creating jobs for Indian youth. Shifting the focus to the microfinance industry, Mr. Shah shared impressive data on employment in regulated institutions and banks. He took pride in the industry's contribution to generating employment, emphasizing its impact on rural youth.

Mr. Shah addressed the silent achievements of the microfinance sector, noting its positive influence on mindset and family dynamics, particularly in rural areas. The speech concluded with Mr. Shah calling to continue providing employment opportunities and preparing for future industry developments, particularly in medical inclusion. He stressed that product innovation is the fastest in the microfinance industry.

**Mr. Diwakar Ram Boddupalli** reflected on Sa-Dhan's 25 years, tracing the evolution of the low-income segment. He emphasized the need to go beyond credit, entering realms of protection, insurance, and pension. Mr. Boddupalli praised regulatory support and emphasized collaboration for innovation.

**Mr. Neeraj Maheshwari** focused on health in microfinance, addressing the sector's evolution toward social inclusion. He highlighted the role of physical clinics, telemedicine services, and affordability solutions in enhancing healthcare accessibility.

In response to questions on clinic accessibility, Mr. Maheshwari highlighted telemedicine services' availability 24x7 on smartphones, addressing awareness and accessibility challenges. He emphasized their substantial impact on healthcare accessibility and affordability, especially for remote populations.

### **Questions from the audience:**

A representative from the Bangladeshi delegates asked if Indian MFIs are also thinking of education support for children of migrants. Dr. Aqueel Khan replied by stressing the fact that educational institutions must become proactive in delivering education at the grassroots level. Another audience member highlighted the need to address the health situations of poor borrowers to minimize credit risks on the lenders' portfolios and what Indian MFIs are doing to address the vulnerabilities of the poor people. Mr. H R Khan stressed that in general, the credit-plus approach is the key to addressing these vulnerabilities. Mr. Pravesh Kumar added to this context the recent changes in PFRDA guidelines benefitting informal workers





## 12. A presentation on 'Driving Insurance Adoption through Technology' by Mr. Ratan Nayak, National Sales Head, Bimaplan



Mr. Ratan Nayak, representing Bimaplan, presented an overview of the company's three-year journey in the insurance sector, particularly focusing on challenges encountered by microfinance institutions (MFIs) and non-banking financial companies (NBFCs) in rural markets. Bimaplan, founded by Mr. Vikul Goyal, utilizes API technology to offer an end-to-end solution, addressing issues related to documentation, insurer interactions, and product design for underprivileged individuals. The platform streamlines insurance processes for MFIs and NBFCs, facilitating quick integration with various insurance products. Notable achievements include outreach to 22 states, serving over a million customers, collecting premiums totaling 150 million, and onboarding 80-plus partners. Key features encompass embedded technology, branch manager customization, real-time claim management, and analytics for sales tracking. Success stories, like the Anand Suraksha project covering 6,000 farmers, underscore Bimaplan's commitment to simplicity, ease of payment, and increased financial inclusion in rural markets.



## 13. Breakaway Session 5: Leveraging ESG for sustainable growth and sustained capital flow

Moderator: **Mr. Ved Arya**, Founder, SRIJAN & Buddha Institute

Speakers:

- **Ms. Jyotsna Sitling**, Member, Advisory Committee to SEBI on Social Stock Exchange (SSE)
- **Dr. Diwakar Hegde**, MD, NABFINS Limited
- **Mr. G. Kiran Kumar**, Director & CEO, Svamaan Financial Services Pvt. Ltd.
- **Dr. Agyeya Trippathi**, ESG & Impact Advisor
- **Ms. Somya Srivastava**, CEO, Prayatna Microfinance



### Key takeaways from the session:

- To access International ESG-linked funding Indian MFIs must align their reporting frameworks and reporting capabilities with Global Reporting Initiative (GRI) indicators and the Sustainability Accounting Standards Board (SASB).
- Agencies such as NABARD and NABFINS have successfully accessed and deployed International Climate Funds/ ESG-linked funds.
- The criteria to access funding through India's Social Stock Exchange is overwhelming for most non-profits as they lack the capacity to structure their issues.
- The possibility of setting up Impact Investment metrics and frameworks aligned with India's domestic ESG and climate goals needs evaluation.

The session, moderated by **Mr. Ved Arya**, focused on the intersection of Environmental, Social, and Governance (ESG) considerations and the feasibility of Microfinance Institutions (MFIs) participating in the Social Stock Exchange (SSE). Mr. Arya expressed gratitude to SaDhan for organizing the panel and emphasized the global importance of ESG, linking it to recent discussions in San Francisco. He outlined the SSE guidelines and eligibility criteria for social enterprises, highlighting the primacy of social intent and impact on vulnerable populations.

**Dr. Agyeya Tripathi** addressed how foreign funds view Indian MFIs in terms of risk and ESG frameworks. He emphasized the need for genuine intent in aligning with ESG standards, suggested key performance indicators (KPIs) for fundraising, and discussed the importance of governance within Indian MFIs. Dr. Tripathi also touched on climate-related financial disclosures and the need for alignment with specific frameworks.

**Dr. Diwakar Hegde** highlighted the perception of the microfinance sector and emphasized the need for an ESG framework to measure social impact. He shared successful collaborations in natural resource management and environmental initiatives, showcasing the potential for blending finance to achieve social and environmental goals.

**Ms. Soumya Srivastava** of Prayatna discussed the challenges faced in meeting SSE registration criteria despite aligning with government priorities. She emphasized the need for guidance on leveraging ESG frameworks for impact funding and highlighted the difficulty smaller MFIs face in accessing funds compared to larger counterparts.

**Mr. G Kiran Kumar** discussed the regulatory landscape for MFIs, emphasizing the crucial role they play in addressing the energy transition. He argued for regulatory flexibility to allow MFIs to contribute more significantly to this transition and praised the RBI's governance framework.

**Ms. Jyotsna Sitling** highlighted SEBI's role in social impact regulation, emphasizing the need for a common framework for microfinance institutions. She discussed SEBI's efforts to enhance market participation and reduce application and issue sizes, advocating for a streamlined impact assessment framework.

Overall, the panel explored the challenges and opportunities at the intersection of ESG considerations, SSE participation, and the role of MFIs in contributing to social and environmental goals.

### **Questions from the audience:**

Key questions and their answers are summarized as follows:

Q: Why is there a need for ESG in the microfinance industry despite existing ratings, grading, and client protection measures? How does climate change, as a risk factor, relate to ESG in microfinance, and should it be considered an ESG or operational risk?

A: The evolving landscape necessitates consideration of Environmental, Social, and Governance (ESG) factors in microfinance. ESG proves crucial in addressing risks like climate change and operational challenges beyond traditional assessments. Climate change poses a significant risk in microfinance and understanding it as part of ESG is crucial.

Q: Should there be an Indian-specific framework for SDGs, or should it align more closely with international guidelines? Why propose the Indianization of impact parameters rather than adopting existing international frameworks?

A: An Indian framework is needed in alignment with local needs and is crucial to avoid high overhead costs and ensure that impact assessment aligns accurately with ground realities. Proposing the Indianization of impact parameters recognizes the uniqueness of local context without rejecting global standards.

At the end of the session, Mr. Ved Arya thanked the panel members for a diversified outlook on the topic and an engaging discussion. Somesh Dayal, Deputy Director of Sa-Dhan felicitated the moderator and the panel members.





## 14. A presentation on 'Disbursing loans 30% faster with Leegality Paperless Process' by Mr Sapan Parekh, Co-Founder & Chief Business Officer, Leegality



In his speech, **Mr. Sapan Parekh**, Co-Founder of Leegality, addressed the challenges in microfinance processes in India, emphasizing the need for digitization. He highlighted the inefficiencies arising from the current five to nine-step processes involving extensive paperwork, causing delays and increased costs. Leegality's solution condenses the process to four steps, eliminating physical paperwork and utilizing digital signatures. The features include digital processing of stamp papers, fraud prevention through various measures, and a focus on compliance and security. Testimonials from industry leaders showcased the significant reduction in paperwork time, cost savings, and efficiency gains. Leegality's tailored products for microfinance, including Aadhar-based signatures and local language flows, resulted in a remarkable reduction in branch time and increased disbursals. Mr. Parekh concluded by presenting Leegality's success metrics, highlighting their commitment to digitizing microfinance and reducing operational costs with a global outlook for their solutions.

## 15. Breakaway Session 6: New paradigms and practices in Microfinance – Learning from other countries too

Moderator: **Mr. Suresh Krishna**, Co-Founder & CEO, Yunus Social Business Fund

Speakers:

- **Dr. Prasun Kumar Das**, Secretary General, Asia Pacific Rural & Agricultural Credit Association (APRACA)
- **Mr. Ram Bahadur Yadav**, President, Nepal Microfinance Bankers Association (NMBA)
- **Mr. Md Abdul Awal**, Executive Director, Credit and Development Forum (CDF), Bangladesh
- **Mr. Anjan Dasgupta**, Managing Director, ASA International India Microfinance Ltd.



### Key takeaways from the session:

- Microfinance institutions across Asia need to improve their governance to stay relevant.
- Microfinance is a branded export of Bangladesh and organizations like the PKSF and MRA have played crucial roles in establishing Bangladesh's position as a pioneer in microfinance.
- Nepal's Central Bank has enacted mergers to bring down the number of microfinance institutions from 99 to 57 thereby enhancing the resilience of the merged institutions.
- The microfinance industry in India has demonstrated resilience despite the severe economic impact of the COVID-19 pandemic and increased operational efforts needed to comply with a new set of regulatory guidelines.
- There are several opportunities and challenges for the microfinance industry in South Asia. While rapidly evolving technology will aid in operational efficiency, product diversification, and a better understanding of customers, climate change and an increased need for corporate governance will challenge the industry players.

The session, moderated by **Mr. Suresh Krishna**, delved into the evolution of the microfinance sector, recognizing its roots in India and Bangladesh. SaDhan, an influential association, played a crucial role in steering the sector, advocating for regulations, and obtaining recognition as a self-regulatory organization for over 25 years. Mr. Krishna emphasized the sector's client-centric focus and invited panelists to discuss regional growth, especially post-COVID innovations in rural and agricultural credit.

**Mr. Prasun K Das** discussed the evolution of microfinance in the Asia Pacific region, highlighting the founding role of central banks in APRACA. He explored diverse models, governance challenges, and advocated for MFIs to graduate into banks after deposit-taking and proper supervision. Global investors and development financial institutions were seen as pivotal in supporting this transition.

**Mr. Md Abdul Awal** spotlighted the significance of microfinance in Bangladesh, citing innovations like PKSF and MRA. He detailed major actors, challenges, and the impact of the COVID-19 pandemic on reduced incomes and increased costs for MFIs. The role of client savings, totaling 31.07% of the total fund disbursed to MFIs, was underscored.

**Mr. Ram Bahadur Yadav** shared insights into the Nepalese microfinance industry, tracing its history as a poverty reduction tool. Regulatory changes and challenges faced during the COVID-19 pandemic were discussed, along with initiatives by the Central Bank and NMBA to address liquidity crises and non-performing loans. Despite challenges, optimism prevailed, emphasizing collaborative efforts.

**Mr. Anjan Dasgupta** provided a positive outlook on challenges faced by Indian microfinance institutions post-COVID. He categorized the situation into Before COVID (BC) and After Digital (AD), highlighting regulatory changes and India's robust digital environment. Challenges included evolving regulations, restrictions on accessing deposits, and gaps in the credit bureau system. Mr. Dasgupta called for patience and understanding, stressing the importance of supporting impact investments for the underprivileged during crises.

### Questions from the audience:

A delegate from Bangladeshi MFI TMSS asked Mr. Prasun Das what risks and challenges he envisages for South Asian MFIs in the near term. A representative from India's Odisha State Microfinance Association asked the esteemed panel members to share their perspectives on the microfinance sector's contribution to women's empowerment.

Mr. Prasun Das replied to the questions by highlighting opportunities for MFIs to enhance their operational efficiencies and ability to generate customer insights (with the use of advanced technologies). He also alluded to Climate Change as one of the significant risks and the need for enhanced corporate governance to thrive in a market that is becoming more sensitive to the issues of ESG.

Mr. Ram Bahadur Yadav representing Nepal's microfinance sector commented that MFIs have scope to deliver clean energy solutions. Mr. Anjan Dasgupta representing the Association of Microfinance Institutions of West Bengal talked about women's



empowerment, health, and education as critical driving forces for MFIs. Mr. Md Abdul Awal said that since Bangladesh is always exposed to climate disaster risks the role of microinsurance in mitigating such shocks is undeniable.

At the end of the session, **Dr. Saibal Paul**, Associate Director at Sa-Dhan felicitated the moderator and the panel members.



## 16. Breakaway Session 7: WASH and Climate Financing: Unlocking Opportunities and Creating Value

Lead Presentation: “Climate Change: Challenges and Opportunities for MFIs and MSMEs in WASH” by **Mr. Shubham Sodhani**, Manager, KPMG

Moderator: **Mr. Sajid Amit**, Executive Director, South Asia, Water.org

Speakers:

- **Mr. Dinesh P**, CGM, DCAS, NABARD
- **Ms. Purvi Bhavsar**, Co-Founder & MD, Pahal Financial Services Pvt. Ltd.
- **Ms. Bonani Roychoudhury**, MD, NABSAMRUDDHI Finance Ltd.
- **Mr. Suresh S**, General Manager, IDBI Bank



### Key takeaways from the session:

- There is an undeniable link between climate change and the WASH sector, highlighting the sector’s potential for both adaptation and mitigation strategies.
- The MFI sector should innovate climate-resilient WASH solutions and engage WASH MSMEs in the sector.
- Nabsamruddhi’s is committed to the WASH financing sector, championing WASH lending and supporting 25 NBFC partners with INR 250 crores worth of WASH loans.
- From the MFI borrower’s viewpoint, water is considered a state responsibility, sanitation a lower priority, and hygiene often overlooked.
- Similar to interest rate subventions offered in the Agricultural sector and credit guarantees for MSMEs, there can be schemes to channel commercial capital in the climate and WASH sectors through such schemes.

**Mr. Shubham Sodhani**, Manager at KPMG, presented a succinct yet insightful speech on climate change, specifically addressing challenges and opportunities for Microfinance Institutions (MFIs) and Micro, Small, and Medium Enterprises (MSMEs) in the Water, Sanitation, and Hygiene (WASH) sector. Grounded in a comprehensive study involving diverse stakeholders, the presentation established a direct link between climate change and WASH, emphasizing its potential for both adaptation and mitigation.

The study, based on interactions with over 600 MFI borrowers, revealed the tangible impacts of climate change on communities, including damaged water infrastructure, reduced income, and health issues. Mr. Sodhani highlighted how climate change affects MFIs, impacting borrowers' repayment capacity and leading to operational challenges and increased costs.

While outlining challenges such as financial constraints and a lack of prioritization, the presentation identified opportunities in the WASH sector, stressing the need for innovative, affordable, and climate-resilient products. The proposed "road to climate resilience through WASH products" involved promoting innovation, enhancing institutional support, and improving access to financial products. The speech concluded by emphasizing the significant demand for WASH products, positioning climate-resilient WASH as an essential priority in the global climate action scenario, offering substantial opportunities for MFIs and MSMEs.

The panel discussion commenced after the presentation by Mr. Sodhani. The discussion, moderated by **Mr. Sajid Amit** of Water.Org, explored the intersection of water, sanitation, hygiene (WASH), and climate change, focusing on the role of Microfinance Institutions (MFIs) and Micro, Small, and Medium Enterprises (MSMEs). Ms. Bonani Roychoudhury of Nabsamruddhi highlighted WASH as critical for sustaining marginalized communities, overcoming perceptions of non-income generating loans. She emphasized the increasing impact of climate change on water availability and sanitation facilities, advocating for blended financing to mobilize funds for the WASH sector.

**Ms. Purvi Bhavsar** shared her experience at Water Equity, expressing gratitude for their support. She addressed the disconnect between perceived low demand for WASH products and the ground reality, emphasizing the challenges of convincing microfinance borrowers about WASH funding. Ms. Bhavsar presented innovative financing cases and stressed the substantial market potential in the sector, urging increased awareness.

**Mr. Dinesh P** from NABARD discussed the organization's role in climate finance, emphasizing the need to transition from grant-based to mainstream funding. He advocated for blended financial products, including grants and commercial funding, and proposed guarantee products and incentives. NABARD aims to support government initiatives and become a key player in climate finance, collaborating on evolving carbon credit markets and green credit guidelines.

**Mr. Suresh S** highlighted IDBI Bank's role in MSME financing for water, sanitation, and climate resilience projects. He emphasized the importance of innovative financial



products, policy support, and addressing awareness gaps among MSMEs. He advocated for interest rate subventions in the WASH sector, he suggested schemes to channel commercial capital into the climate and WASH sectors.

The discussion concluded with **Ms. Bonani Roychoudhury** presenting a brochure from Nabsamruddhi, highlighting their work in green and WASH finance. **Mr. Manoj Gulati** of Water.Org presented awards to winners of the WASH quiz organized by Nabsamruddhi. The dialogue emphasized collaborative efforts, blended financing, and the pivotal role of MFIs and MSMEs in addressing the challenges posed by climate change in the WASH sector.

### Questions from the audience:

An audience member asked what IDBI bank's plan is to facilitate social debt syndication for MSMEs in the WASH sector. In response to the question, Mr. Suresh S said that along with social debt syndication for MSMEs they are actively considering co-lending arrangements with NBFCs.

An audience member from Bangladesh asked how MFIs will tackle the issue of the cost of funds to make water sanitation financing available for the poor. Ms. Bonani Roychoudhury replied that in India the way forward would be to include water and sanitation financing in the priority sector lending targets and sub-targets. The shortfall in the targets can be parked with NABARD or any other DFI so that these institutions can channel the money to the WASH sector.

At the end of the session, **Mr. S S Bhat, MD, and CEO of FWWB** felicitated the moderator and the panel members.



## 16. A presentation on ‘Transforming Primary Healthcare for the Next Billion with Digital Technologies’ by Mr. Ashok Kumar, Chief Strategy & Distribution Officer, Medibuddy



**Mr. Ashok Kumar** delivered a presentation highlighting the role of his company, Medibuddy, in promoting inclusive healthcare through digital technologies. He began by introducing Medibuddy as a digital healthcare company providing services like doctor consultations, lab tests, medicine delivery, and surgery concierge through digital platforms. The company initially targeted direct consumers and later expanded its services to corporates, serving 4 million employees and their families.

The presentation outlined the significance of social inclusion in healthcare and how Medibuddy aims to contribute to this goal. Mr. Kumar emphasized the challenges in healthcare accessibility, especially in rural areas, citing the shortage of doctors and suboptimal quality of the Primary Health Care Centers. He provided statistics, such as only 28,000 doctors out of 1.25 million working in Primary Health Care Centers.

Mr. Kumar discussed the three main challenges: availability, quality, and addressing differential healthcare needs based on socio-economic factors. He argued that the solution requires not only more doctors but also an evolution in the secondary healthcare layer. The presentation highlighted the importance of Medibuddy's services in bridging these gaps, offering telemedicine with a focus on local languages and running mobile camps in rural areas, enabling early detection and diagnosis.

He presented the impact of Medibuddy's efforts, including close to a thousand mobile camps per month and successful collaborations with microfinance institutions. The company's commitment to data security and compliance with data protection regulations, especially in collaboration with insurance companies, was emphasized.

In conclusion, Mr. Kumar stated the company's mission is to make high-quality healthcare accessible to a billion people. He discussed the need for partnerships and exploration of opportunities to contribute to inclusive growth, particularly by working with microfinance institutions.



Mr. Jiji Mammen, ED & CEO, Sa-Dhan felicitated Mr. Ashok Kumar for the insightful presentation. Mr. Mammen thereafter launched a book authored by **Ex-CMD of Canara Bank, Mr. S. Raman**. The title of the book is **“From A Car Shed to the Corner Room and Beyond”**.



## 17. Plenary Session 4: Transforming Micro borrowers to Micro-Entrepreneurs – The Synergy of Government and Financial Institutions

Moderator: **Mr. Amit Arora**, Development Finance Specialist, The World Bank Group

Speakers

- **Mr. T Koshy**, MD & CEO, ONDC
- **Mr. Sanjay V.S.**, General Manager, State Bank of India
- **Ms. L Leivang**, CGM, NABARD
- **Dr. S S Acharya**, CGM, SIDBI
- **Dr. L. H. Manjunath**, ED & CEO, SKDRDP
- **Mr. Anjani Singh**, SPO, BMGF



### Key takeaways from the session:

- SHGs play a crucial role in the transition from micro-borrowers to micro-entrepreneurs. SHGs are valuable platforms for daily financial needs, working capital, and building the economic capital of individuals.
- The Open Network for Digital Commerce (ONDC) in India is an important DPI meant to democratize commerce. It provides equal visibility to sellers, enabling small enterprises and artisans to access markets and financial services. The focus was on enhancing market access through digital mediums and creating a digital history of business transactions.
- Challenges in transforming SHG members into micro-entrepreneurs include the need for financial literacy and business literacy among micro-entrepreneurs.
- Collaboration among various stakeholders, including government programs, NGOs, financial institutions, and foundations is crucial to this transformation. India must create a comprehensive ecosystem that goes beyond financial support, encompassing non-financial services like logistics, marketing, and skill development.

The post-lunch plenary session, moderated by **Mr. Amit Arora**, delved into the intricate relationship between government and financial institutions in transforming micro-borrowers into entrepreneurs. Mr. Arora emphasized the challenge of graduating microfinance beneficiaries and sought insights on specific strategies for facilitating their transition.

Representing the State Bank of India, **Mr. Sanjay V S** highlighted the evolving landscape of microfinance, noting the transition of women from micro-borrowers to micro-entrepreneurs. He commended the progress of self-help groups (SHGs) and emphasized digitalization, partnerships, and specialized products as key strategies for exponential growth in the micro-entrepreneurship segment.

**Mr. T Koshy** demystified the Open Network for Digital Commerce (ONDC), emphasizing its role in democratizing commerce. He showcased successful transactions on the platform and highlighted the significance of digital market access, creating a digital transaction history for credit extension. ONDC's recent specifications for financial products, including micro-credit and insurance, were discussed, showcasing its potential to benefit micro-enterprises.

**Ms. L Leivang** from NABARD outlined the organization's role as an ecosystem facilitator for SHGs and JLGs, focusing on deepening, widening, and strengthening their ecosystem. NABARD's interventions involved indicative and demonstrative actions, evolving products and processes, and creating a conducive environment for credit linkage opportunities. Ms. Leivang highlighted the M-Suvidhaa scheme, aiming to enhance bankers' comfort levels and promote skill training in parallel with credit linkage.

**Mr. S S Acharya** from SIDBI emphasized the need for both supply and demand-side interventions to transform micro-credit borrowers into micro-entrepreneurs. He highlighted the LEAD program, micro-business incubation centers, and the Prayas scheme to bridge the credit gap for the "missing middle" segment. The importance of business literacy and empowering individuals for value creation was emphasized.

**Dr. Manjunath** from SKDRDP shared insights on converting ordinary individuals into micro-entrepreneurs, emphasizing the importance of the SHG structure even as members transition. SKDRDP actively participated in the Prayas scheme, supporting beneficiaries and addressing challenges faced by smaller NGOs and NBFCs in collaborating with banks.

**Mr. Anjani Singh** from the Bill & Melinda Gates Foundation highlighted their commitment to working closely with government programs and ministries, particularly in rural development. He acknowledged ongoing graduation in the microenterprise ecosystem and stressed the need for non-financial support for micro-enterprises, calling for collaboration among various stakeholders.

The discussion concluded with a call for a holistic ecosystem supporting the graduation of individuals from microfinance to larger financial solutions, both financially and non-financially. The evolving aspirations of Self-Help Group (SHG) members and the



importance of moving beyond microfinance were central themes, with a focus on collaboration for sustainable growth.

### Questions from the audience:

An audience member asked what the Government of India is doing for the marketing of the services of these microenterprises. Mr. T Koshy replied that the ONDC and PM Vishwakarma schemes are the efforts to that end. Mr. Anjani Singh added the GeM portal to the list of initiatives that the Government has undertaken for the microenterprise sector.

Another question from the audience was regarding the need for GST registration to get onboarded on the ONDC platform. The audience member also asked how ONDC manages data accountability. Mr. Koshy replied that the Government, going forward, might evaluate provisions to ensure that microenterprises that are exempt from GST registration might be able to access ONDC.

At the end of the session, **Mr. Manoj Gulati**, Regional Director- South Asia, Water.Org, and **Ms. Harvinder Bedi**, founding member, Sa-Dhan felicitated the moderator and the panel members.





## 19. A presentation on 'The Digital Differentiation' by Ms Nalini Venkat, Strategic Partnerships & Head – Institutional Business, Digit Insurance



**Ms. Nalini Venkat** delivered a speech on Digit Insurance, beginning with a brief introduction and expressing gratitude for the audience's time during the Diwali celebration. She highlighted the significant role of microfinance companies in enhancing insurance penetration, securing loans, and enabling cross-selling of insurance policies, particularly hospicash policies for health insurance support. Ms. Venkat emphasized the need to insure income-generating assets, such as shops, cattle, or sewing machines, to protect customers' livelihoods.

The speaker proposed the integration of small-ticket insurance products with microfinance offerings to safeguard against asset loss. Additionally, she suggested introducing savings products to help clients accumulate capital for future needs. Ms. Venkat underscored the importance of transparent communication about insurance contracts, emphasizing the need for regional language communication and audio-visual materials to enhance customer understanding and awareness.

Moving on, Ms. Venkat discussed Digit's digital claims management solution tailored for microfinance customers. The company streamlined the claims process by minimizing documentation requirements for hospitalizations under six days and addressing KYC mismatches. Leveraging microfinance companies' KYC documents, Digit Insurance achieved a 96% claims settlement rate within three days. Ms. Venkat concluded by presenting a customized portal for self-service claim processing and invited further discussion and queries.

Mr. Jiji Mammen, ED & CEO, Sa-Dhan presented Ms. Nalini Venkat with a memento and congratulated her for the presentation.

## 20. Ela Ben Memorial Award for the best gender-friendly MFI

To award the Ela Ben Memorial Award for the best gender-friendly MFI, Mr. Jiji Mammen, ED & CEO, Sa-Dhan invited Ex-Vice Chancellor of Gandhi Gram Institute currently heading the Sewa Bank and the chairperson Sewa Bank after **Ela Ben, Padmashree Ms. Renana Jhabvala** and **Deputy Managing Director, SIDBI, Mr. Prakash Kumar**.

Mr. Jiji Mammen, in the concluding session of the conference, addressed the audience with a focus on the award function and valedictory section. He welcomed Ms. Renana Jhabvala, the ex-chairperson of Sewa Bank, and DMD, SIDBI, Mr. Prakash Kumar for the valedictory session. Mr. Mammen introduced the Ela Ben Memorial Award, instituted in honor of Ms. Ela Bhatt, a pioneer in microfinance and women's empowerment. The award recognizes the best women-friendly Microfinance Institutions (MFIs) based on criteria such as policies, environment, and the representation of women across organizational levels.

Mr. Mammen hinted at future expansions beyond MFIs, encompassing banks, Small Finance Banks (SFBs), and Non-Banking Financial Companies (NBFCs). Despite learning from the inaugural year, he emphasized the commitment to recognizing institutions fostering women-friendly practices.

The host announced the winner of this year's Ela Ben Memorial award for best gender-friendly MFIs. They were:

- Annapurna Finance Pvt. Ltd.
- Midland Microfin Limited
- Annapurna Mahila Co-operative Credit Society
- Valar Aditi Social Finance Private Limited







Ms. Renana Jhavbala addressed the audience, emphasizing Ela Bhat's pivotal role as the founder and initiator of the microfinance movement. Ms. Jhavbala highlighted Ela Ben's contribution in changing regulations, promoting women's involvement, and establishing Sewa Bank as the first Microfinance Institution. She underscored Ela Ben's global impact through Women's World Banking. Ms. Jhavbala urged reflection on the imbalance in the microfinance sector, where women comprise most consumers, but men dominate providers. She commended SaDhan's viability and encouraged efforts to increase women's representation, both in microfinance institutions and their events. Ms. Jhavbala envisioned a future where the movement achieves greater gender balance.





## 21. Closing and Valedictory Session

**Special Address - Mr. Prakash Kumar, CGM (DMD Designate), SIDBI**



Mr. Prakash Kumar commemorated SaDhan's 25th anniversary and the 25-year journey of SIDBI's microfinance program, SFMC. He highlighted the sector's evolution from informal lenders to diverse microfinance institutions (MFIs), including the transformation of NGOs into NBFCs and full-scale banks like Bandhan. Discussing SFMC's mission, he emphasized its focus on establishing a robust network of viable MFIs. Despite growth, he addressed concerns about usurious interest rates, recognizing the sector's dual identity as commercial entities and social enterprises. Mr. Kumar outlined initiatives, including a collaborative impact study with Sa-Dhan and NPCI to innovate credit delivery through UPI, promoting digital inclusion. He stressed product innovation, formalization of informal enterprises through Udyam registration, and the role of MFIs in the next five years, emphasizing responsible lending practices and social impact measurement.

## Vote of Thanks - Mr. Jiji Mammen, ED & CEO, Sa-Dhan

In his vote of thanks at the Sa-Dhan National Conference 2023, Mr. Jiji Mammen expressed his deep appreciation to the esteemed Chief Guest, Madam Renana Jhavbala, for graciously presenting the Miss Ela Ben Memorial Best MFI Friendly Award. He highlighted the honor of having Mr. Prakash Kumar, the newly appointed Deputy Managing Director of SIDBI, deliver an excellent valedictory address, underscoring the significance of Mr. Kumar's recent appointment and his long-standing support for the microfinance sector.



Mr. Mammen took a moment to express his gratitude to the dedicated organizing team, particularly highlighting the efforts of Mr. Chandan and Ms. Sunitha. He acknowledged the collective toil of the 22-member team in making the conference a resounding success. Looking forward, Mr. Mammen expressed hope for an even more extensive conference in the coming year, promising a better agenda and more distinguished speakers.

Concluding on a festive note, he extended warm Diwali wishes to all attendees and wished them a safe journey back home. Anticipation was expressed for the prospect of meeting everyone again soon, with the promise of an even more remarkable conference next year.

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