Sa-Dhan 20 years

Empowering Through Inclusive Finance

National Conference - 2018

"Propelling the Growth of the Informal Sector through Microfinance"

19th & 20th September | India Habitat Centre, New Delhi

Sa-Dhan

Sa-Dhan is the largest and oldest association of Community Development Finance Institutions in India and a Self-Regulatory Organization (SRO) with a membership base of 191 Institutions from diverse legal forms, operating model, size and philosophy. Our network reaches out to 34 States/UTs and 591 districts in India with over 35 million underserved clients and loan outstanding of more than ₹68,789 crore. Sa-Dhan has been engaged with the Govt. of India, State Govts., RBI, NABARD, SIDBI, NHB and others in promoting responsible finance and facilitative policy and regulatory regime.

Mission

Sa-Dhan's mission is to build the field of community development finance in India, to help its members and associate institutions to better serve the low income households, particularly women, in both rural and urban India in their quest for establishing stable livelihoods and improving the quality of life.

The Pillars of Sa-Dhan's works are

1. Sector Representation & Policy Advocacy
2. Compliance of COC & SRO
3. Research, Data and Communications
4. Capacity Building the Sector

1. Sa-Dhan as an association has a mandate to engage with policy makers and regulations to provide a favorable policy environment for the promotion and growth of microfinance and financial inclusion in India. It played a crucial role while drafting the Microfinance Development & Regulation) Bill 2007 & 2012 in association of Ministry of Finance, GoI. Post AP crisis, Sa-Dhan has been instrumental in framing new sectoral regulations for the MFIs, creating a separate category of NBFC-MFIs, PSL guidelines, undertook COC assessments, etc. Sa-Dhan has taken various initiatives in setting up successful MFI Credit Bureaus & Boosting the Self Help Group Banking movement in India.

2 The Reserve Bank of India has recognized Sa-Dhan as a SRO for NBFC-MFIs. The primary roles and responsibilities entrusted to Sa-Dhan includes: formulating and administering a Code of Conduct recognized by the Bank, having a grievance and dispute redressal mechanism for the clients of NBFC-MFIs, responsibility of ensuring borrower protection and education, monitoring compliance by NBFC- MFIs with the regulatory framework put in place by the Reserve Bank, surveillance of the microfinance sector, training and awareness programmes for the members, Self Help Groups, etc and submission of its financials, including Annual Report, to the Reserve Bank.

3. Sa-Dhan has been identified as National Resource Organization by NRLM. Sa-Dhan will be extending technical support to the SRLMs on establishment of specialized institutions for Financial Service Delivery Sa-Dhan has been engaged in the following sector building initiatives since its inception.

   - Promoting Transparency in the Sector
   - Industry Standards and Benchmarking
   - Voluntary Mutual Code of Conduct for its Member Institutions

- Industry Code and Ensuring Compliances
- Social Performance Reporting
- Action Research and Publications of Sa-Dhan

4. Sa-Dhan's capacity building initiatives have been largely two folds; firstly technical inputs to members, non-members & practitioners and secondly perspective building for the institutions engaged in ensuring financial inclusion such as banks, policy makers, government bodies.

During the last few years, Sa-Dhan has intensified its training and capacity building in the area of regulatory and code of conduct compliance. This includes client protection principles and social performance initiatives. Client Protection principles included important principles such as prevention of over-indebtedness, transparency, responsible pricing, appropriate collections practices, ethical staff behavior, mechanisms for complaint resolution, and privacy of client data.

Sa-Dhan brings together best trainers to train the member institutions on the issues, apart from in-house specialists. Most of these capacity building programmes are at a minimal cost for Member institutions. The list of training and courses Sa-Dhan has offered at various point of time is mentioned below.

- Compliance to RBI regulation
- Code of Conduct compliance and assessment process
- Governance and Risk Management
- Curriculum for front line staff of MFIs: now with IIBF
- Delinquency Management
- Perspective Building Program
- Microfinance Education Program
- Livelihood Education Program
- Financial & Operational Standards & Ratios
- Financial Literacy & Client Education
- Financial Management & Analysis

Overview of the Conference

The 2018 National Conference of Sa-Dhan “Propelling the Growth of the Informal Sector through Microfinance” brought together representatives from Government Officials, Policy Makers, Micro Finance Institutions, Banking Sector, Insurance, Development Finance Institutions, Regulatory Authorities, Rating Bureaus, Rating Agencies, Technology Service Providers, HFCs, NBFCs, MSMEs, Energy Companies, Researchers and Academicians and Stakeholders. Through discussions on a wide array of perspectives and developments, the conference aimed to understand, deliberate on solutions that will propel growth of informal sector through microfinance.

The two day conference comprised of three plenary sessions and nine breakaway sessions where the panelists, following a presentation on the topic of the session, discussed the present micro finance scenario to the informal sector, different issues pertaining to the MSME, unorganized sector, presented their views and offered possible solutions.

The conference kicked off with the release of the ‘Bharat Microfinance Report 2018’ and the ‘Integrated Health and Microfinance in India, Volume III: Banking on Health’ by Shri Giriraj Singh, Honorable Minister of State, Independent Charge, Ministry of Micro, Small and Medium Enterprises, Government of India; Shri Hemant Contractor, Chairman, PFRDA; Shri K V Rao, CGM, MCID, NABARD and Shri P Satish, ED, Sa-Dhan. Apart from these, The Directory of MFIs (Volume III) brought out by Sa- Dhan and SRO Self- Assessment & Monitoring Tool were also released by Shri N S Vishwanathan, Deputy Governor, RBI and Shri P Satish, ED, Sa-Dhan. A Thought Leadership paper ‘Financial Inclusion –a Tool for Mitigating Marginalization’ by KPMG was also released.

Key Takeaways from the Sessions

Inaugural Session:

- The objective of the conference was to see how the microfinance sector can help promote growth of the informal sector and contribute towards formalization. Also, do larger good for those who are part of the sector and lack social security.
- The Micro Finance sector has shown growth and progress following the Andhra Pradesh crisis and has become a major player in the financial landscape of the country. The Micro Finance Industry has reported growth of 47%, with gross loan portfolio of ₹68,789 crore compared to 2017's industry size of ₹46,842 crore.
- The informal sector accounts for almost 85% of workforce in India, however, the sector is fraught with certain issues and gaps such as heterogeneity, seasonal nature, and lower financial literacy. Also, till recently the sector has been largely excluded from the benefits given to formal sector such as lack to social security
- There is need to customize products as per the need of the target clients
- One major step towards filling the demand supply gap is by enhancing financial literacy among people, this would ensure their participation in programmes and schemes that are beneficial for them.
- Financial inclusion is a pre-requisite in the country's development.
- Micro Finance Institutions must bring down operating charges and reduce the challenges in operations.
- At present, there are more 125 million people who are over the age of 60 in the country. By 2030, the number will increase to 200 million. Thus, there is an urgent need to support senior citizens and provide security to them.

Plenary Session 01: Empowering the Invisible Workforce: Unorganized Sector within the ambit of Microfinance

- A supportive ecosystem is vital for the Micro Small & Medium Enterprises (MSME) sector to thrive and move towards formalization. This would contribute immensely to entrepreneurial environment and economic development of the society.
- In order to become more effective and become truly efficient in mitigating risk there has to be a movement towards assessing customer on an individual basis rather groups.
- From risk mitigation perspective as well as for the financial institutions in this segment to stay relevant, playing an advisory role to the customer is important.
- There is scope of benefiting by forming integrated value chains. Micro enterprises are very small in size but can be aggregated and establish partnerships with Small and Medium Enterprises (SMEs) to bridge their constraints and reach the market.
- Partnership between banks and MFIs is critical for delivery of financial and non- financial products to customers in the informal sector.

Breakaway Session 01: Financing Affordable Homes

- The major challenge to provide housing loans include larger size of the loan, higher number of installments for repayment (EMIs), income of the borrower and capacity to create an equal mortgage.
- The challenges on the supply side for affordable housing include low technical knowledge for water and sanitation, limited access to resources/funds for construction of affordable homes, non-availability of skilled masons for construction. The current situation is that skeletons of houses are being constructed in the affordable homes funded through subsidies, without provisions for electricity supply or proper sanitation structure.
- Solutions to meet these challenges include creation of risk funds and partnerships between Micro-Finance Institutions and Housing Finance Corporations

Breakaway Session 02: Building a Culture of Responsible Lending

- The Surveillance Tool and the Over Indebtedness Tool that were launched would help Sa- Dhan to monitor its members to ensure compliance with its Code of Conduct, as well as collect information about over-indebtedness risks for clients at member institutions.
- The regulatory authorities and credit bureaus have contributed to the growth of the micro finance sector though data, information and tools that have helped the institutions avoid risks and the focus of regulatory agency is on access, sustainability of the credit, integrity and customer protection
- With the changes in the sector, growth of MFIs and entry of new players, the regulatory authorities have made changes in their objectives also.
- Some of the concerns of the regulators that continue to persist include infusion of funds concentrated to certain geographies, operational inefficiencies, prices of credit, decline in the cost of funding not been passed down to the borrower, over-indebtedness is one of the biggest concern.

Breakaway Session 03: Revamping Insurance for the Informal Sector

- The forum recognized the need of building simple, affordable, flexible and accessible solutions. In addition to this, servicing and claim payout are necessary to ensure that trust of the customers is maintained.
- There is need for the customers to recognize the value proposition and requirement of insurance product. This can be achieved through concerted efforts towards building awareness among the target segment and educating about insurance. Further, there needs to be handholding support provided to the customers to navigate through the system.
- It is imperative that all the stakeholders across the value chain unite their expertise to bring forth a valuable proposition for the customer.
- Training and capacity building of the staff is necessary to increase access and penetration of the products. Also, in order to bring in cost efficiency, by reducing transaction and distribution costs, companies need to customize the products. Additionally, product bundling as per the needs of the customers such as health, asset coverage, and wage loss coverage may enhance adoption.
- Technology is a key driver for last mile connectivity. Its efficient use for maintenance of database, evolution of systems and flexibility to design tailor made solutions can enhance the penetration of micro insurance products.

Plenary Session 02: Inclusive Finance: Pathway to meet the Sustainable Development Goals (SDGs)

- Meeting one SDG such as, Clean Water and Sanitation will have a ripple effect on meeting other SDGs as well.
- MFI's have played a significant role towards meeting some of the SDGs, such as in ensuring clean energy to people across the globe.
- There is a need to understand the exclusion of different groups in the society such as, women and

the landless and design inclusion strategies accordingly for these different segments.

- The need of the hour is to constructively engage the labor and capital of the country at the optimal level. This needs to be supported by bringing the labor workforce into the mainframe financial system and create employment opportunities for them.
- Shortening of cycle through digitalization and concept of operationalization of accounts is a pre-requisite. Therefore financial literacy and explaining that money makes money for the people is the concept that needs to be explained.
- MFI's have a vast reach that needs to be tapped properly, while ensuring scalability and sustainability in all areas and opportunities like WASH.
- The virtual banking services should be available at everyone's doorstep, to ensure accessibility of funds.

Breakaway Session 04: Revisiting the trajectory of financing MSME's

- Customization of the products as per the needs and functions of the sector is the way forward. Thus, products need to be funded with a focus on gender lens, seasonality has to be taken into account, have an assessment tool that can assess the borrowers and link them to formal market.
- Micro Finance sector needs to concentrate on households within a specific income bracket, and extend customized products for rural and urban sector. Addressing challenges related to particular states, and standardization of procedures is crucial.
- There is need to explore different methods of identifying authenticity of revenues and other mediums of income, and facilitate in extending support to borrowers.
- Creating an environment where everyone is skilled uniformly is important for growth.

Breakaway Session 05: Clean Energy towards Sustainable Livelihoods

- Microfinance Institutions need to design differentiated financial products for energy access, identify the right energy product and supplier for their customer base.
    - Financial products for energy access will have to be a combination of subsidy through government schemes, aid from various donors and development finance institutions and loan from MFIs
    - Financial products for energy access would need to have longer tenure, bigger ticket sizes and lower interest rates compared to the financial products currently offered by MFIs.
    - There is a need for application-linked subsidies to ensure energy access for livelihood creation and MSME sector
- Decentralized Renewable Energy segment is growing at a fast pace and is a huge market. State of the decentralized renewable energy sector in India estimates size of the DRE market to be USD 100 billion considering that around 100 million kerosene lamps are currently in use.
- Innovation in energy products and good after-sale service is required to meet the consumer demand. For instance, demand for single use products like solar lanterns is being replaced by demand for integrated products offering multiple uses like mobile charger, lighting and music player

Breakaway Session 06: Health Inclusion fosters better Financial Inclusion

- Health inclusion in terms of health financing and health insurance is essential as the expenditure on health catastrophe is a major cause of rural population slipping back into poverty.
- The MFIs can take up the role of educating the beneficiaries of multiple government schemes which provide health cover and insurance to the poor such as Rashtriya Swasthya Bima Yojana (RSBY) and National Health Protection Scheme (NHPS) as they are not aware of their entitlements.

- On way to drastically reduce the spending of the people who belong to rural areas and who have lower socio-economic status on healthcare is by educating the women on preventable disease and their cures such as diarrhea, snakebites, wounds etc.
- Income enabling loans such as loans on water and sanitation result in saving of approximately ₹50,000 per annum for a household. These loans also make economic sense for the financial institutions as a healthy beneficiary ends up paying income generation loans at a better rate.

Breakaway Session 07: Strengthening Livelihoods through SHG Linkages in the evolving Financial Landscape

- To ensure easy access to credit through banks the focus should be on strengthening the governance structure of the SHGs and promotion of Farmer Producer Organizations (FPOs) this will also ensure that people are able leverage programmes such as, The National Rural Livelihood Mission.
- Even though SHGs are getting better at book keeping operations management, development of a common MIS system should be taken up by NRLM or other agencies for hassle free banking services.
- Aggregated loans should be raised for sustainable enterprise development and income generation. Small loans are mostly utilized as consumption loans.
- NABARD supported Small Medium Enterprise University for members of Self Help Groups should be set up where they can acquire entrepreneurial skills and knowledge.
- Enabling the implementation of schemes through SHGs in all the states would be quite beneficial. At present it is being done in Jharkhand wherein Agriculture and Horticulture schemes are being implemented by the SHGs.

Breakaway Session 08: Forging Partnerships for convergence of Banking and Microfinance solutions

- Partnerships between banks and MFIs can help leverage on the existing resources and benefit organizations in various sectors. But in order for the partnerships to go a long way, everyone needs to understand their roles from the banks and financial institutes.
- As highlighted earlier, customization of the products as per the needs of the target audience is the need of the hour, as there is a large market spread across geographies to be catered to.
- Money if received directly by the beneficiary will help to strengthen Returns in Investments and create assets.
- Digitalization will lead to more opportunities at the same time; will bring operational challenges, with need for more skilled labor capital.
- Customers are the strength of the microfinance sector; 'customer ownership' is a misconception. MFI's need to match up to the customer's requirements, as they are independent to move to another institution if they are not satisfied with one's services.
- Both partnership and relationship between MFIs and banks can be a boon in the financial sector.

Breakaway Session 09: Microfinance for truly Marginalized – Homeless, Trans-genders, Rag pickers and others

- Transgender community, homeless people, denotified tribes and rag-pickers are some of the many marginalized groups in India. Some other marginalized groups are landless laborers, beggars and elderly, people above the age of seventy, differently abled people, rescued victims of human trafficking and poorest of all.
- Transgender person can form SHGs within the framework provided by NABARD. However, currently there is no option to open a bank account with transgender identity

- Social inclusion is a must before attempts are made for financial inclusion of marginalized groups
- Transgender community in heterogeneous and includes different gender identities like feminine men who does not recognize themselves as third or other sex.
- Community sensitization and awareness is required for success of any initiative for marginalized groups
- It is important to involve affected communities in policy making process so as to ensure their concerns, issues and aspirations are acknowledged

Plenary Session 03: Technology – Key driver for efficient delivery of Financial Inclusion

- In addition to the application of technology for Last mile connectivity for bank transaction, technology can also play an important role in training the employees of financial institutions.
- Digital doesn't only imply going paperless or cashless but a new way of thinking around how financial institutions lend to customer and ensure financial inclusion. Such as, Aadhaar linked KYC which is a technological innovation which has considerably bought down the cost of account opening and also made it easier for customers to open accounts as they do not need to carry photocopies of identity proofs or photographs.
- Decrease in cost of operations, as a result of technological innovations, has enabled a large number of people to be able to pay for banking and financial services, thereby increasing the pace of financial inclusion
- Grant funding support is required for increasing penetration of smart phones and use of digital applications.
- If the clients experience the value created by use of technology, they will learn to use technological products by themselves for financial transactions. No training programmes or hand holding was required to train people to make calls or send text messages with mobile phones
- Protecting customer data is the responsibility of the financial institution collecting and storing the data. Therefore, it is important to take consent of the consumers before capturing and analyzing their personal and financial data.
- Contrary to the popular notion poor people do make cash transactions but these are anonymous. Thus, there is a need to develop appropriate financial proxies to represent these anonymous cash transactions and hence, provide financial history to the poor.
- Given the current penetration levels of smart phones and quality of internet connectivity, it is important to design simpler applications, that run over feature phones, for financial transactions

Valedictory Session

- The SRO Self-Assessment and Monitoring Tool will help in facilitating data flow from Microfinance sector in a more systematic way and on real time basis, help to identify MFI which are at risk, by giving early warning signals and help in overall assessment of exposure and volatility of sector.
- Adequate, affordable and accessible credit is a requirement for the growth of nation, and unlike formal sector, informal has limited and virtually no access to financial market.
- Need to develop the skill sector, identify the differences in formal and informal sector, and strengthen the informal sector.

- Transparencies of transaction are important aspects in MFI. There is a need for self-regulation and licensing of small finance banks to increase access to institutional credit.
- Areas of improvement include internal systems, quality of internal governance, risk management, and controls, focus on customers and customer empowerment and investments in technology and workforce.

Conference Schedule

1st Day			
Time	**Sessions**		
09:00 am - 10.00 am	**Registration**		
10.00 am - 11.00 am	**Inaugural Session**		
11.00 am - 11.30 am	**Networking Break**		
11.30 am - 01.00 pm	**Plenary Session 1**: Empowering the Invisible Workforce: Unorganized Sector within the ambit of Microfinance		
01.00 pm - 02.00 pm	**Lunch**		
02.00 pm - 03.00 pm	**Breakaway Session 1**: Financing Affordable Homes	**Breakaway Session 2**: Building a Culture of Responsible Lending	**Breakaway Session 3:** Revamping Insurance for the Informal Sector
03:00 pm – 03:30 pm	**Networking Break**		
03:30 pm – 05:00 pm	**Plenary Session 2:** Inclusive Finance: Pathway to meet the Sustainable Development Goals (SDGs)		
2nd Day			
Time	**Sessions**		
10:00 am – 11.00 am	**Breakaway Session 4**: Revisiting the trajectory of financing MSMEs	**Breakaway Session 5**: Clean Energy towards Sustainable Livelihoods	**Breakaway Session 6**: Health Inclusion fosters better Financial Inclusion
11:00 am – 11:30 am	**Networking Break**		
11:30 am – 12:30 pm	**Breakaway Session 7**: Strengthening Livelihoods through SHG Linkages in the evolving Financial Landscape	**Breakaway Session 8**: Forging partnerships for convergence of Banking and Microfinance solutions	**Breakaway Session 9**: Microfinance for truly Marginalized – Homeless, Trans-genders, Rag pickers and others
12:30 pm – 01:30 pm	**Lunch**		
01:30 pm – 03:00 pm	**Plenary Session 3:** Technology – Key driver for efficient delivery of Financial Inclusion		
03:00 pm – 03:45 pm	**Valedictory Session**		
03:45 pm – 04:00 pm	**Felicitation of Partners / Sponsors and Vote of Thanks**		
Tea			

Inaugural Session

Welcome address and Introduction:

- Shri P. Satish, Executive Director, Sa-Dhan

Special Address:

- Shri Hemant Contractor, Chairman, Pension Fund Regulatory and Development Authority (PFRDA)

Inaugural Address by the Chief Guest:

- Shri Giriraj Singh, Honorable Minister of State, Independent Charge, Ministry of Micro, Small and Medium Enterprises, Government of India

Brief of the Session:

The conference was inaugurated in the esteemed presence Shri Giriraj Singh and Shri Hemant Contractor on September 19, 2018, who along with Shri K V Rao and Shri P Satish released the 'Bharat Microfinance Report 2018' and the 'Integrated Health and Microfinance in India, Volume III: Banking on Health'.

Shri P Satish addressed the representatives of various fraternities such as microfinance, banking, insurance, extending his gratitude to them for reposing faith in Sa-Dhan, which is nearing a completion of two decades. He shared the objective of the conference, which is to see how microfinance can help to formalize and do larger good for those at the lower strata of the economy. He acknowledged NABARD for being the principal sponsor of the conference and for sowing the seeds of microfinance through the SHG model.

Following this, Mr Satish gave a snapshot of the Bharat Microfinance Report 2018, and shared details such as geographical spread of MFI's, which included details like MFI's operate in 34 states and union territories, covers 591 districts through 14,026 branches, there is an increase in the workforce to 1,10,814, with a growth rate of 24% over last year, and female staff comprise of 12% of the total workforce. He also shared gross loan portfolio spread through India's map. Talking about the operational landscape he shared that 200 MFI's reported for Bharat Microfinance Report, this year which is the highest number of MFI after Andhra Pradesh crises. The report included that MFI client base has increased to 35 million, a growth of 19% over last year, and data on statistics on share of SC/ST and minority clients, average loan amount per borrower, Net Own Portfolio, data of Top ten MFI's, loan disbursed by MFI's, rural clientele share.

He moved on to provide information on the financial performance, including the total expenses of MFI's on operations, personnel costs and administrative costs, total income earned by MFIs, interest on loan portfolio and the total net surplus generated by the sector. His last slide was on the Key Rations, where in MFI's have managed to bring down operating costs, median average borrower per credit officer, median finance cost. Last was the information on the balance sheet distribution and capital structure, followed by the trends of self-help groups on the trends, savings, loan disbursed and NPA decline. He concluded the overview by acknowledging that MF is an active sector and is catering to the constituents for which all institutions are striving for. This sector is resilient to issues, and can be seen it's back to its rail and speedy working.

Shri Hemant Contractor complimented the MFI sector for its performance, as has been indicated by the numbers, showing its growth and high progress. He expressed his pleasure on the topic of the conference, as it focused on informal sector, a sector that needs focused attention. He shared his concern over the gaps seen is the informal sector, which has been largely excluded till recently from the benefits given to formal sector, and are backed by legislations. However, the reasons for such difference in access to benefits seem to be the nature of informal sector, which is large, diverse, heterogeneous, seasonal, difficult to administer, has lower financial literacy, and needs regular controlling and monitoring and where the level of income is much lower than the formal sector. However, informal sector accounts for almost 85% of workforce in India and unfortunately such a large sector is excluded from social security benefits. It is impressive to see that attempts have been made recently, for example, through the Jan Dhan Program, and through other bank services available to bank account holders. Considering the nature of the population, it has been an ambitious program, and the product had to be modified, and made simple, and it was similar to the case of insurance, where the micro insurance product was made available as per needs of the diverse group. Shree Hemant further elaborated on pension scheme (Swa magat development scheme) and Atal pension scheme, in which the government rightly focused on first opening a bank account, as a standing platform. He shared that the way to tackle informal sector is by designing a product which is suitable to them as standard products would meet with very little success. But that is from the supply side, one needs to look from the demand side as well, where it was necessary to tackle issue preventing the people from enhancing financial literacy, because if people are not aware of the advantages, they will be reluctant in joining.

His next point was regarding the different services that are offered by the banks, which are determined by the income levels. For example, people with lower income levels face issues of lower surplus available for investment. However, owing to the initiatives taken by the government one has seen improvement in opening of savings account, loan repayment beneficiaries of pension and insurance schemes. Another major development recently has been the introduction of GST, which will drive more and more people to formal sector. When formal sector starts expanding, the benefits mentioned above can be passed on the here through, resulting in higher number of people getting covered in the social benefits. Lastly, he spoke about the challenges that are seen. There are more 125 million people, over the age of 60 in this country. By 2030, the number will increase to 200 million. So the urgency is with more and more people reaching old age, there is need to support them for their old age and provide security. Hence the task is to cover more and more people in this sector of security.

The Chairman, PFRDA concluded by assuring that deliberations in this conference will focus on what needs to be done in informal sector and that the participants will all go back richer and with ideas as to what needs to be done and try to cover as many people as possible under MFI.

Shri Giriraj Singh addressed the audience emphasizing on the motto of nation first, and acknowledged everyone's participation in nation's progress and growth. He stressed on the role of financial inclusion in a country's development, which may include activities like purchasing a technology, or carrying out farming activities, thereby emphasizing the relevance of finance at every stage of development. Sir also gave examples of his initiatives of running solar charkha, microfinance programs with regional banks, and also shared some of the operational challenges that came in during implementation, and the loss of revenues due to administrative delays in the income of the lower hung of the society. He also shared some of the changes that he has recommended on reducing the operational charges on training and employment, to ensure that least cost gets passed on to the target of the programs, and hence result in nation's development.

He also took this opportunity to share his experience of gramin banks, and the ideologies that were followed initially, while giving loans. During this interaction, he recognized the importance of interacting with the grassroots, to ensure that their issues are understood and they are brought out of the cycle of poverty. He addressed and shared his thoughts on, self-help groups, over non-performing assets and bad debts, and of partnerships to minimize these bad debts. He stressed over the fact that it is not important to have a 100% target, we can have a target of 1% or 25%, and considering the population size, even if we meet our set target, we will be on the right path.

The Hon'ble Minister next focused on women's equal participation in the growth of the country, and their numbers in employment and achieving social security. The requirement is to select the sector, where growth is a possibility, be it through entrepreneur, marketing and sewing model, and create forward linkages for them. Next he moved to the operational changes that can be made by reworking on lending costs, the role of banks, and the ease of doing business at the rural level. He focused on an environment where each one is able to put across their point and are able to fight for their rights, expansion of work areas and reach the saturation point in each village that will mark the success of a program. Though there are challenges, however, there will be solutions that will be created, like digitalization, change in lending rates, and increase in number of banks. He concluded by saying that the field experts with their expertise should select the right sectors, and everyone is a future of the country, who has to contribute to the sector. One needs to focus at the intention of the borrower, and work for the benefit of the most deprived for the country's growth.

Plenary Session 1: Empowering the Invisible Workforce: Unorganized Sector within the ambit of Microfinance

Moderator:

- Mr Subhomoy Bhattacharjee, Consulting Editor, Business Standard

Lead Presenter:

- Mr Narayanan Ramaswamy, Partner, KPMG

Panelists:

- Mr Ram Mohan Mishra, Additional Secretary, Ministry of MSME, GoI
- Mr Mahesh Balasubramanian, MD and CEO, Kotak Mahindra General Insurance Co Ltd
- Mr Jagadananda, Member-Secretary, Centre for Youth and Social Development (CYSD)
- Ms Jayshree Vyas, MD, SEWA Bank
- Mr R Baskar Babu, MD & CEO, Suryoday Small Finance Bank
- Mr Anujeet Varadkar, CEO, Svatantra Microfin

Brief of the Session:

The session was commenced with a presentation by, MrNarayanan Ramaswamy. The presentation encapsulated a snapshot of the unorganized sector, its workforce and the MSME sector. He talked about the requirements of the sector and how serving these would not only benefit the sector itself but also contribute to the plethora of financial institutions to stay relevant and add value. He highlighted that the unorganized sector has high elasticity which is good from an employment perspective and negative from an efficiency perspective. He emphasized on some of the interventions required for development of the Micro Small and Medium Enterprise (MSME) sector that majorly overlaps with the unorganized sector- A supportive ecosystem that can offers good infrastructure, financial support, and skilling of workforce and adoption of technology are the major ones. He reemphasized that today there are multiple players such as, banks, SFB, technology led payment banks, FinTechs etc., in the field that was earlier dominated by the Micro Finance Institutions (MFIs) and that the only way for these institutions to remain relevant is by staying closer to the Micro Small and Medium entrepreneurs and becoming their advisors.

He pointed out that if we look at most of the financial institutions they are focused on institution building and ignore the retail lending to the workforce that is where we need more products. Thus, there is a need to bridge the gap particularly in terms of skill development by working with the training providers as even the preliminary understanding about what are the skill requirement in the sector is lacking.

The presentation was concluded with release of the Thought Leadership paper on the topic 'Financial Inclusion –a tool for mitigating marginalization', the paper talks about three communities that have been marginalized in the country- Transgender, Rag pickers and Denotified Tribes (DNT), some innovative models for inclusive finance for the marginalized etc.

Following the presentation the floor was opened and the moderator began asking question to the panelists and taking their views on various micro finance related issues.

Mr Ram Mohan Mishra shared his views on factors important for financial inclusion, he said that usually people with small portfolios running small businesses do not want to default but the ecosystem necessary for these businesses to thrive upon is absent so their businesses close down and they are not able to repay. He added that for the financial inclusion of this segment we need three things. First, the convergence of the entire infrastructure. Second, it's important to provide information and insights from market to the small entrepreneurs, to run successful business it is imperative for them to know where the market is for their product is and understand the needs of the market. Finally, technology adoption is very important. He talked about the possibility of state agencies and private players coming together to achieve the financial inclusion agenda.

Ms Vyas talked about the value add that MFIs can bring in this scenario where multiple players are entering the space and credit profile seems to be building rapidly that was not available to them earlier. She highlighted that MFIs have been working with this segment and these people for more than three decades; they have seen what works and what does not. She shared that women who were working for meager income have been able to start their own small businesses and are leveraging technology they use ATMs and have become savvy. Ms Vyas further added that what is being seen is that these small businesses have cycles that are short and turnover is high and they are willing to take risk but they do not understand finance. However, governance and marketing are still an issue and the businesses would benefit tremendously If we can provide capacity building programmes.

Next **Mr Jagadananda** shared his view on what role the MFIs should be serving today, advisory or that of a credit provider. He said that MFIs need to perform both the roles. But before that we need to bridge the disconnect that exists in the sector. At present majority of the informal sector workers are engaged in agriculture and forest based livelihood activities, however, huge skill gap exists among these workers. He elaborate with the example of Orissa where under the 'Transformation of Aspirational Districts' program a lot of initiatives are being taken up for the development of forest based sector. He added that he sees role of MFIs in skilling, building market linkages and opening up new possibilities by introducing new products. This is very critical to serve the serviced. Thus, we have to re-think about our services, approach and products.

Following this, **Mr Baskar Babu** elaborated on something that everyone present in the audience can take as learning. He emphasized that everyone here needs to think is that how long the micro finance customers will stay microfinance customers. There are challenges that unless resolved would hinder growth. On major challenge is the high delivery cost, this cost really needs to come down. Thus, there is need to make changes in cost to become truly efficient. To mitigate risks there has to be a movement towards assessing customer on an individual basis.

He stressed on the need to be cognizant of the changes happening in the financial ecosystem and make contributions such as, 32 crore Jan Dhan accounts have been opened which has made the MFIs shift from cash to net banking to transfer money to lender, this has reduced cost to some extent. Finally, he remarked that under the Pradhan Mantri Jeevan Jyoti Bima Yojana, 5 crore people have been enrolled but if we look at the claims made so far we find that either MFIs customers who are total 5 crore in strength are either not enrolled or they have made use of their policies. Thus MFIs need to play the role of an advisor.

Mr Balasubramanian talked about the importance of insurance, he explained that even though the financial assessment is done by the lender but there are physical risk or external risks such as, floods and earthquake, such calamities have major setback for the small entrepreneurs. The penetration of insurance in the country is very low and industry needs to do a lot to promote it.

For insurance to reach the customers partnerships between micro finance institutions housing finance companies, affordable housing finance companies, NBFCs, banks etc. need to be forged and that some of these are already doing it through BC model, thus, there is need to work with these ecosystem players and make sure micro finance products reach through their distribution networks as in case something goes wrong their ability to repay credit would get impacted, that why insurance and credit are two sides of the same coin. For a flourishing micro finance segment insurance is also a part and parcel.

Next **Mr Anujeet** shared his view of the MFI sector. He shared that recently he read an interesting article that raised the question whether micro finance is a vaccine or an anti-biotic, is good for the community or is a targeted product. He explained that one reason why MFIs have not been able to make a shift from an unsecured groupist loan to a secured loan through to the MSME sector is because in India the entire 1.35 lakh people engaged in the sector do not have a true sense of concepts like cash flows and sales and purchases. Going back to the point on insurance, he added that the ease of administering insurance versus the impact is inversely proportional. The personal accident policy can be secured with relative ease as the impact is less, rate of death in accidents is low but getting as medi-claim is an extremely difficult process but the impact obviously is huge. Mr Varadkar told that Svatantra Microfin has been doing medi-claims for the last two years and have enrolled about 65 thousand customers and serviced claims of 200 crore which is massive, so this is one sector where MFIs can have a huge impact.

Mr Ram Mohan Mishra highlighted that given the competition for resource in a democracy where the MSME support rank in the political structure. He said that there should not be an either-or here. Numbers are certainly important in a democracy however, for any democracy to sustain inclusion is not a choice. There is possibility of looking at integrated value chains. Micro enterprises are micro but we can aggregate them and partner with SMEs to bridge the constraints and reach the market. There won't be an either or, big versus small in that situation. Th ere would be collaboration no competition. He emphasized that interventions have been made; there are schemes to support the sector. Thus, it's time to look at deeper level partnerships. Banks have left lot of space to be filled; micro finance is a good way to fill this gap.

Mr Mishra further drew emphasis on charging lesser operation charge to the lenders. He elaborated with a very interesting example, in the earlier times moksham was one of the things people desired, even today we can achieve it, "charging even a half percent less is mukti". Finally the speaker proposed to hold a round table to discuss this issue with the sector players.

Ms Jayshree remarked that that very little has been done for formalization of the informal sector. She said that what is needed is that we simplify things, communicate to the informal sector workers that formalization is better for them.

Sharing his views on the Care Ratings survey on the MSME sector that point that interest rate has gone down in the last two years but at the same time employment has taken a hit. MrJagdananda said that there is a large chunk of the informal sector that lies outside the MSME sector, although there is an overlap between these sectors but it is not complete overshadowing. Overall, the informal sector is thriving. He explained that there is a range of institutions that has come up, such as, in the agriculture sector the Farmer Producer Organizations (FPO) that are doing value addition, packaging, negotiating with the market, there are Forest Collectives in the forestry sector, These are new breed of institutions and the financial sector must clearly identify the institutions outside the formal sector that can be engaged and supported to grow.

He added that as MrNarayanan Ramaswamy rightly articulated partnerships need to be forged. We need to focus on primary and green skills and complementary non-financial service. He highlighted that to really bridge the demand and supply gap we need to look at non- conventional area where there is a growth potential and a large number of people can be engaged. He elaborated with the example, micro-franchises that companies like Amul, Samsung and other have. He further requested that government must come out of the skill provider role to skill enabler role and that the person seeking skilling should pay for it and finance should be available through micro finance and other routes. Thus, the whole skilling landscape has to be changed. Therefore everyone can think of new areas, new schemes which are necessary, help people to have those skills and introduce new products.

MrAnujeet spoke about the possibilities for handling new products such as, crop insurance, health insurance products that Svatantra MicroFin has just started working on. He shared his view that most important thing is to understand the business which these entrepreneurs or the lenders do and figure out how can products be customized to make sure we can offer these along with the financial services offerings. It's important to first sit with the customers and with the ecosystem players to understand what goes around from a business and risk perspective and make sure that we bundle the product along with the offering which is being made. Today the bundling has worked successfully along with some of the products that Svatantra does and with the Ayushman Bharat scheme coming in there will be change in the health insurance landscape in India.

MrAnujeet stressed on the importance of trusting the customer. He also shared that insurance companies are now working on block chain, so data is at one place we'd know how many loans a person has. Finally in the context of formalization of the informal sector, Anujeet added that MFI can act as BCs to banks, tie up with banks and can very well distribute financial and non-financial products.

Adding to this MrMishra said that the most important thing with respect to insurance is analysis, because the customers do not know where they might get into risk zone. Understanding risk is not easy given the information asymmetries that exist. He concluded by saying that a conducive ecosystem is needed. Micro Finance has to a play humongous role and that he see huge possibilities in India and abroad, we need to explore the opportunities. At last, he requested everyone present to join him at a round table to discuss and come out with actionable details.

Breakaway Session 01: Financing Affordable Homes

Moderator:

- Ms K C Ranjani, Consultant, Habitat for Humanity India

Lead Presenter:

- Mr Govind Dash, Chairman, GU Financial Services Pvt Ltd

Panelists:

- Mr Sanjay Chaturvedi, CEO, Shubham Housing Finance Development Co Ltd

- Mr Sumesh Girhota, Private Sector Advisor, DFID India
- Mr N Peter Palanisamy, MD, Nanayasurabhi Development Financial Services
- Mr Dibyajyoti Pattanik, Director, Annapurna Microfinance Pvt Ltd
- Mr Sudhir Narayan, Executive Director, M-CRIL

Brief of the Session:

The session started with **Mr Govind Dash** presenting on different models of housing. He talked about micro credit for housing operations in coastal districts, and their role in natural calamities, such as, floods. He shared instances of insufficient fund in schematic finance of Government for housing, the fact that housing is a basic necessity of every human being and the recurring expenditure in kutcha/ traditional houses. He touched upon the real situation where most of the housing companies are focusing more on urban and semi-urban houses, and the size of the amount to be catered by bankers, and its difficulties. Mr Dash addressed challenges around lack of technical knowledge for WASH, limited access to resources/funds for construction, non-availability of skilled masons for construction and future plan of providing shelter. He threw light on projects done in collaboration with Kalyani Kutira Yojana, Swarna Pragati Housing Micro, Micro Housing Loan named as "Sweet Home".

The conversation was taken forward by **Mr Pattanaik** who gave the perspective of how difficult it is for MFI to enter into housing sector due to the nature of the term and the costs associated. He gave insights into home loans by explaining the nature of home loans with respect to their income generating nature, prices, tenure and sustainability, repeated payments and number of installments etc. He also referred to the subsidies, and the availability of some more in urban sector as compared to rural area. He suggested mechanisms to gain access to funds and the possibility of creating risk funds.

Mr Sanjay Chaturvedi, addressed the issues explaining different elements of the equation, such as the borrower's income, capacity to create equal mortgage, the EMI's, the safety quotient in case of defaults. He recommended digitalization of property records to address some of the issues, and took examples of resettlement colonies in Delhi, where the original owners are no more, and the children who are residing do not have the right papers. He elaborated on the difference between the rural and the urban sector, in the levels to create mortgage as well, and the fact that if the guarantee is sufficient, then the lenders also would see it as less risky. So, it could be said that with more affordability, the opportunities associated with it, such as, better hygiene, safety leading to improved confidence, quality of life will follow.

The third panelist was **Mr N Peter Palanisamy**, who attracted attention of the audience by showcasing certain pictures of houses which have been constructed using the funds allocated through Beneficiary Led Construction (BLC). However, the main point made by him was that despite the efforts, only skeleton was created, and there was no electricity or proper sanitation structure in the houses. He talked about the practical challenges in meeting the Housing for all 2020 mission, and how the supposed beneficiaries are now taking loans at higher interest, leading to a death trap. His suggestion is to bridge the gaps by understanding flexibility and cutting construction costs, and NHB expanding Housing Finance Company (HFCs), extending support for incremental housing.

Continuing with the discussion, **Mr Sumesh Girhota** shared his experience of a program, where intervention was done through returnable capital, by starting program through a line of credit. The target of the program was Economically Weaker Sections with an income ceiling of 4 lakhs. He talked about use of new technology, tried in Bhubaneswar, for construction, which can be used only when the house is getting constructed, hence the time is now. Currently two new technologies are being tested in Up and Bihar. However, the challenge is that not enough companies and individuals are aware of such developing systeMs

Mr Sudhir Narayan focused on partnership between microfinance institutes and Micro Finance Housing Corporation, which if done correctly will be a long lasting strategy. He highlighted on the trends of companies using psychometric analysis to understand the borrower's willingness and ability to pay the loan. Though everyone wants policies to change, however the question is about the timelines, as to when they will change.

Ms K C Ranjani effectively directed the discussion by giving each panelist an opportunity to express their view points, and by directing the conversation constructively. In the end, she opened the floor to audience for questions, where concerns over loans being halted by NHB to MFC were raised, shortage of rented houses for migrants, and more insights on the experience of G U Financial Services Pvt Ltd in handling a huge project were requested for, especially with respect to sustainability, profit sharing modalities, risk etc. The session ended with the fact that all types of expertise are coming forward, for better planning of MFIs and its work with respect to financing homes.

Breakaway Session 2: Building a Culture of Responsible Lending

Moderator:

- Mr Manoj Sharma, Managing Director- Asia, Microsave

Lead Presenter:

- Dr Hema Bansal, Senior Director, South & Southeast Asia, Smart Campaign

Panelists:

- Mrs Neena R. Jain, GM, DNBR, RBI
- Mr Mukul Jaiswal, MD, Cashpor Micro Credit
- Ms Kalpana Pandey, MD & CEO, CRIF Highmark
- Mr Abhijit Maitra, President & National Head, Yes Bank
- Mr Suman Chowdhury, President, Rating Operations, Acuite Ratings & Research Ltd

Brief of the Session:

The moderator began the session by welcoming the panelists and spoke about the changing phases of the MF sector, how the MFIs would complain about their performance being measured so many tools, that kept coming up. But in the last two- three years efforts have been made to integrate these tools and the Smart campaign has been driving the change. He also talked about the other relevant change that has changed the face of the sector, that is, the players are changing dramatically such as, banks are doing both, bulk lending and retail lending, Small Finance Banks (SFBs), Payment Banks, FinTechs are now also into micro finance space. So the rule book that was exclusively created for the Micro Finance sector is witnessing spin from other players.

Mr Sharma highlighted that now that digital lenders are entering the space there will be some major changes in the segment. He threw light on the case of Africa, Kenya, where there are around seventeen million loans have been provided by the digital lenders. He concluded by elaborating upon what is Responsible lending and how does it cut across different player and classes.

Following this Dr. Hema was invited to talk about the collaboration between Sa-Dhan and Smart campaign and to unveil a new client protection tool developed in partnership with the Sa-Dhan- the Surveillance Tool and the Over Indebtedness Tool. Dr Hema talked about the objectives of the tools, parameters utilized for assessment, some of the features and the software used for the tools- Alteryx and Tableau. She shared that the over indebtedness tool has been drawn from the mimosa. She elaborated on how the new tool will allow Sa-Dhan to monitor its members to ensure compliance with the Industry Code of Conduct, as well as collect information about over-indebtedness risks for clients at member institutions.

Next **Mrs Neena Jain** spoke about the Reserve Bank of India's (RBI's) intentions to work towards contributing to the microfinance sector become more client centric. She talked about how Micro Finance Institutions (MFIs) are an important tool and the industry is all the more relevant especially in a developing nation and in its contribution to achieving the Sustainable Development Goals. She said that the growth and survival of the sector following the Andhra crisis and the demonetization speaks volumes of the growth and resilience of the sector, the sector has grown and come a long way following the imposition of RBI regulatory framework aided by supervisory regulations, reaching 30 million clients and employing around 82000 employees, 10000 MFIs running across the country and that 8 out of the 10 entities granted the approval for the SFBs were MFIs. However, there are some challenges, the infusion of funds been concentrated to certain geographies, there appear to be some operational inefficiencies, concerns with prices of credit, decline in the cost of funding not being passed down to the borrower and over-indebtedness is the biggest concern.

The GM, DNBR elaborated on how the RBI has tried to integrate the regulations with the concerns of the sector, the regulations primarily focus on four main objectives- access, sustainability of the credit, integrity and customer protection. Based on these and the performance of the sector the regulations have been modified to suit the changes in the sector. She added that as a sector evolves and more discipline comes in the regulations are be relaxed. Everyone should look at the demand and supply side of the regulations. She concluded by saying that let there be supply and see the demand side catching up, right now no changes are being made, the sector has indeed matured but it's good to reflect and see if the objective have been achieved.

Ms Kalpana Pandey talked about the things that the sector needs to do in order to achieve the objective of responsible finance, from the credit bureau perspective. She explained that Responsible Finance means a lot of things, having a regulatory framework in place and following it, educating the borrowers, affordability mechanism, and transparency in system etc. But from the credit bureau's perspective, it has been playing a key role in the micro finance sector worldwide. The bureau provides data to various stakeholders at different stages, that data can give good insights on responsible lending. She added that Responsible lending can be measured on multiple parameters but the major marker is whether the lending is increasing and delinquency going down.

She elaborated that looking at the overall micro finance lending timeline, in the year 2011, following the Andhra crisis, the gross level portfolio was around 15000 to 20000 crores, today it is around 150,000 crores and the overall delinquency level is 1.3 percent. New borrowers are continuously joining the system and there are 5 crore active borrowers at present, the average ticket size is moving upwards, it is 28000 per borrower, average exposure of the borrower is 30000. This shows that the sector is doing well but there definitely is scope for it to do better.

Ms Kalpana said that the bureau keeps looking at how it can keep designing new products that can help the sector do better. Like in 2011 the first product launched was the Credit Information Report then the Comprehensive credit Information Report was launched, other product introduced included products to check the health of the portfolio at the time of the customer life cycle, alerts and tools, database on geographical performance etc. All of these products have been contributing to responsible lending. Thus, the bureau has done a lot but certainly there is scope for more whether from information side or regulatory.

Next, **Mr Mukul Jaiswal** shared his experience of working in Varanasi, and how following due to their responsible lending approach Cashpor managed to move out of Varanasi that had been hotspot before the demonetization. He said that the organization has been working only in rural and remote areas. Be it in Bihar, Uttar Pradesh, Chhattisgarh, Jharkhand they have been only engaged in the remote location and not semi-urban areas. The approach was same in Varanasi, quickly realizing that with the entry of multiple players the competition would increase, classification of areas was done. Cashpor decided to move on after classifying the areas where they would move next. So, by the time demonetization was being implemented Cashpor was at 95 percent on their exit plan.

He talked about the good practices being followed by them such as reduced interest rate, moving away from cycle based loan, there are only two cycle and remaining phases are based on the credit need and repayment assessment, not making loan proposal in the Joint Liability Groups meeting but following a face to face interview based on a standard questionnaire conducted at the household of the person in the presence of the husband or any unemployed or partially employed person. He concluded by saying that responsible lending means balancing between your targeted beneficiaries, growth and sharing the economies of scale from time to time and preventing over indebtedness.

Following this, **Mr Suman Chowdhury** shared how the rating agencies look at responsible lending. He told that that they were the first SME rating agency and today they have graduated to rating all kinds of instruments. Micro finance has been something that the agency has been associated from a decade now, working on the core concept of Code of Conduct that is used by SIDBI and NABARD. He elaborated that for each rating exercise the organization has officers go in the field to the branches and a minimum of fifteen branches are visited where interview and interactions are done. They even interact with the borrowers and make sure that some of the aspects of the Code of Conduct are understood and implemented on the ground. He further added that there are 250 questions in the framework under different components including governance, client protection, training & recruitment, all these fall in the responsible lending domain. He mentioned that on the subject of over indebtedness or over leverage the organization is using technological tools to make sure such issues get raised.

MrAbhijit Maitra highlighted on the role of banking sector in supporting the informal sector. He highlighted that banks are on both sides, they lend in bulk and retail either through business correspondents or directly to SMEs etc. Carrying out responsible lending is also the responsibility of the banks. He talked about how banks conduct data analytics; analyze credit bureau's rating and data points. He highlighted that as 70 percent of the portfolio is by banks only so they have those tools, mechanisms and they are also reaching out to the customers to understand their businesses. He added that Yes Bank believes that financial literacy is an important aspect and it makes sure that the banks and the MFIs engage in educating the lenders, the bank also follows the regulations imposed on the MFIs as self- regulating mechanism.

Breakaway Session 03: Revamping Insurance for the Informal Sector

Lead Presenter:

- Ms Sonia Notani, Chief Strategy Officer, IndiaFirst Life Insurance Co Ltd.

Moderator:

- Ms Mirai Chatterjee, Chairperson, VimoSEWA

Panelists:

- Mr M Nagaraja Sarma, Former CMD, United India Insurance Co Ltd
- Mr T R Mendiratta, Executive Director, Micro Insurance, Life Insurance Corporation of India
- Mr Ashutosh Mahajan, GM & Head – Rural Insurance, Future Generali India Insurance Company Ltd
- Ms Sonia Notani, Chief Strategy Officer, IndiaFirst Life Insurance Co Ltd
- Mr Kuldip Maity, MD, Village Financial Services Ltd
- Mr Kr Shailabh, Co-Founder & Director Executive, Uplift Mutuals

Brief of the Session:

The session was commenced with a presentation by **Ms Sonia Notani**, Chief Strategy Officer, India First Life Insurance Co Ltd. The presentation set the context by highlighting solutions for pertinent challenges faced by the sector presently. The informal sector was recognized as a large part of the economy which is in need of simple, accessible and affordable solutions. The sector is characterized by a lack of access to credit and seasonal income. Customization of portfolios according to the needs of the sector, last mile connectivity through technology and improvising the servicing and claim experience were highlighted as the critical success factors to serve this sector.

Mr Mendiratta highlighted the use of 'SAFA'- simplicity, accessibility, flexibility and affordability while designing solutions to cater to the BOP segment. The BOP segment is characterized by low regular income, low literacy levels, and a lack of trust in insurance products. He emphasized that the training of staff and efforts towards building the awareness of customers are imperative to increase the penetration of micro-insurance products.

Following this, **Mr Shailabh** drew emphasis on the need for selling insurance as an aspirational product. While laying emphasis on a focus on trust, MrShailabh said that the insurance industry needs an "e-commerce mentality", which requires an increased amount of investment and behavior change in the community.

Mr Sarma highlighted cost effectiveness as a challenge for last mile connectivity. When the premium earned on sum insured is low, the intermediary does not earn a tangible amount. Hence, distribution challenges are a major hindrance for the lack of access to micro-insurance products. Mr Sarma brought to light the need for enhancing access to micro-insurance products.

He said that there needs to be a change in attitude that needs to be created, where a habit is created among people to take care of them. This can be brought about by intuitively bringing about an awareness of the need to secure them. For example, the customer needs to be made aware of the need of the products at the time of asking them questions about their current situation.

Mr Sarma further added that there is a need to change the outlook towards the industry. For e.g. Instead of waiving loans, recipients should be made to repay the loans and then the amount can be reimbursed to them. This will bring forth a change in behavior and attitude of the customers and also set precedent.

Next, **Mr Mahajan** reiterated the use of simple, affordable, flexible and accessible solutions to enhance penetration of micro-insurance products. He also emphasized of the need for ease of settling claims to ensure faith and trust of the customers. He said that the penetration for products can be enhanced by effectively creating awareness among the customers on the need for buying the product.

Ms Notani added that there is a need for increasing the cost efficiency of products. She said that since there is a prevalence of expertise in the value chain, different stakeholders need to come together to get the best deal for the customer. An increase in standardization of processes and systems would ensure increased efficiency.

She re-emphasized on the need for ease in claim payout and servicing through last mile connectivity to build trust. Following this, MrMaity brought forth the argument that in addition to the cost and efficiency challenge, customization of the product according to the needs is a bigger issue. He also stressed on the challenges around documentation which create barriers at the time of claim. For instance, at the time of enrollment if a customer inadvertently misinforms about key information and is not able to deliver proof at the time of the claim, it impacts payouts.

In the end, MsChatterjee summarized the session on micro-insurance and besides adding her thoughts and inputs. She highlighted the fact that in the micro-insurance sector, trust is critical and when women at the grass-root level take it up, trust is fulfilled. She said that is critical to find out the needs of the sector and customize products accordingly. Besides the 'SAFA' acronym assigned for the design of micro insurance products and solutions, claim servicing needs to be given emphasis to secure the trust of the customer.

Cost efficiency needs to be brought in by aggregating transaction and distribution costs. One can start small, but firms need to be aspirational. She also highlighted the fact that awareness and insurance education is critical to build an understanding of sustainable financial solutions. There has to be risk pooling and solidarity. Besides efforts towards behavior change and awareness building, there is a need for handholding and navigation through the system for customers.

In terms of solutions, there needs to be product bundling which may include health insurance, wage loss coverage, asset coverage, savings linked insurance etc. MsChatterjee highlighted that only 40% of the people will be covered under schemes such as the PMJDY and Ayushman Bharat Yojana and hence there is a need to enhance penetration of micro-insurance products.

She also emphasized on the need for technology for last mile connectivity, efficient maintenance of database, to evolve systems and flexibility. Tailor made solutions and customization of solutions was recognized as the need of the hour. She also recognized that there is a lack of flexibility in regulations which restricts the informal insurance industry.

Plenary Session 02: Inclusive Finance: Pathway to meet the Sustainable Development Goals (SDGs)

Moderator:

- Mr Tamal Bandyopadhyay, Consulting Editor, Mint

Lead Presenter:

- Ms Vedika Bhandarkar, MD, India, Water.org

Speakers:

- Dr Charan Singh, Non Executive Chairman, Punjab & Sind Bank
- Mr Suresh Sethi, MD & CEO, India Post Payments Bank
- Mr Narendranath Damodaran, Executive Director, PRADAN
- Mr Anjan Dasgupta, Managing Director, ASA International India Microfinance Ltd
- Mr Sachin Pathak, Director-Partnership, d.light Energy Private Limited
- Dr D S Shyni, Senior Consultant, Ministry of Drinking Water & Sanitation, Govt. of India

Brief of the Session:

The session started with the Lead Presenter, **Ms Vedika Bhandarkar** highlighting different facets with respect to Sustainable Development Goals, such as the five pillars of Agenda 2030 for Sustainable Development, release of UN's 2018 SDG Progress Report, sharing data on the mortality and decrease in U5 mortality rates and childhood marriages.

She informed the audience about the impact of conflict, droughts and disasters related to climate change on the nourishment level of individuals. **Ms Bhandarkar** also made the audience ponder over the fact that achieving SDG 6: Clean Water and Sanitation, will have a profound impact on meeting the other SDGs as well, and lastly dwelled into the financing gaps- that exist currently, such as total funding requirement is roughly three times the government expenditure, and that the annual shortage is a little over 35 lakh crore, and how the government is a larger contributor, MFI's are playing a positive role and that the private sector needs to extend support more than their CSR guidelines. She concluded saying that progress has been initiated; however, there is scope for more and a need to create an enabling environment.

The session had panelists representing various fields, and complimenting the topic of the discussion which integrates microfinance to the global goals, which are to be met by NITI Aayog. The floor was made open by the moderator to **Dr. D S Shiny** who highlighted the focus on rural villagers, and the targets to achieve adequate and equitable sanitation and end open defecation and the gaps in the funding to meet the target. She has also touched upon the discussions with leading banks to meet the funding requirements, starting from 2011. Following the burning need for financial support, MrSachin Pathak touched upon the recent developments, the revolution started by Aadhaar implementation and mobile technology. He complimented the fact that approximately ₹1.6 crore has been distributed as a subsidy without any bribes. Apart from that, finding a converging point between MFIs and clean energy, **Mr Sachin** mentioned that MFIs has been able to touch upon millions of life across the globe, by extending them to support and helping them use and consume energy.

Mr Narendranath Damodaran shared his view points on the holistic development of the rural pockets. He highlighted the fact that microfinance is not a condition, but a requirement to ensure inclusion in the larger context. Where there are two types of exclusion – people being left out and people being isolated, which is sometimes a universal exclusion through political and social decision, it is important to ensure an inclusion, which is structured and deliberate. He has also touched upon the concepts of health insurance, its relevance in terms of inclusion, role of women in land decisions, and the challenges they face and lastly issues of lease market for landless people. While covering all the 17 SDG's through his inputs, he indicated that the need is not only inclusion, but empowerment, while working together.

Mr Anjan Dasgupta shared his valuable insights by giving his view on microfinance and the fact that areas of improvement have been identified and work is being done on the same. He gave the perspective of a commercial bank, and the management of the cost of operations while managing loans, deposits and taking key decisions. He talked about the fact that microfinance is not only about bringing the poor out of poverty, but it is also about giving them sustainable income. He stressed that in microfinance social intervention is essential, as the outcome is loyalty. Any social activity cannot be limited to profits, but it has to include an element of giving back to the society, and in the end when the returns are higher than your investment, then it is worth the effort. Mr Dasgupta elaborated on this by giving an example of child labor, where one can end the vicious cycle of child labor by targeting the next generation, especially the girl child. Basically, it is about working on the portfolio, and not only networking with banks and government.

Dr Charan Singh pointed out the reality that in every country people are looking for sustainable growth, not volatility. The solution is to ensure optimal utilization of labor and capital. He highlighted that the challenge that threatens the society is where there is an employed army of youth consuming drugs, resorting to violence and stone pelting. Simultaneously if the capital is not available, then there is a failure of the system, as the need is to bring the women, youth and everyone into the mainframe financial system and lack of funds would hinder such development. Besides, the next most important thing is nationalizing the commercial banks, by improving the rural penetration of banking system. Dr. Singh also made reference to the Pradhan Mantri Jan-Dhan Yojana and its remarkable contribution. He highlighted the need to focus on rural areas, youth, and role of MSME's. He added that in order to make an impact it is necessary to think big and create a sustainable village economy. Advocating MSME economies across the states can be a part of the solution.

The last speaker of the session was **Mr Suresh Sethi**, who connected the dots and supported that Financial Inclusion is necessary to bring in the micro and macro economy. He explained that the concept of operationalization of accounts is critical and financial inclusion includes empowerment not only through opening an account, but also in informing the end consumer as to what all can be done with the account. He touched upon how digitization is making a multifold impact by ensuring sustainable, accessible and affordability at the last mile, and how to handle the vast population by equipping them with mobile phone and enable them digitally. So, while there will be challenges, there will also be ways of taking the ideas forward.

The session ended with the agreement that the process is on the right path, and the burden of empowerment is not only on SGD but it is synonymous with everything and everyone. Financial Inclusion is not a philanthropic activity, and it basically helps to build the right eco system and to ensure that customers become the owners of the organization.

Breakaway Session 04: Revisiting the trajectory of financing MSME's

Moderator:

- Mr Brij Mohan, Sector Expert

Lead Presenter:

- Mr Suraj Nair, IFMR LEAD

Panelists:

- Ms Jyotsna Sitling, JS, Ministry of Skill Development & Entrepreneurship, GoI
- Ms Mamta Kohli, Senior Social Development Advisor, DFID India
- Dr Abhijit Sharma, Director, Indian Institute of Entrepreneurship (IIE), Guwahati
- Mr Anand Rao, Jt. Managing Director, Chaitanya India Fin Credit Pvt Ltd
- Mr Thirunavukkarasu. R, Chief Operating Officer, Kinara Capital

Brief of the Session:

The session was commenced by a presentation from **Mr Suraj Nair**, who spoke about his experience in IFMR, and touched upon the facts regarding consistency in informal credit and the increase in number of formal loans. Mr Nair reasoned many of the present practices to gaps in awareness of MFI and of how to make full use of the credit they have access to. While elaborating on the challenges, he explained about the lack of understanding in financial planning, increasing transport costs and issues over trust. The areas of intervention which may be able to tackle these issues include flexibility, downsizing of credit, and increasing understanding of MFI and better utilization of social media. The lead presentation was concluded with a case study which attempted to understand various aspects such as individual loan period, higher interest rate, the impact of holiday period, and seasonality and tax fluctuations on payments.

Post the presentation, **Mr Brij Mohan,** moderator for the session, introduced the context for the discussion and spoke about the new solutions and new discussions taking rounds. Mr Mohan asked Ms Jyotsna Sitling to commence the panel discussions by sharing her views on the issues concerned. Ms Jyotsna expressed her focus on creating an enabling environment, where there is market trust, and the youth is up skilled in various fields. She shared information on the Ministry of Skill Development and Entrepreneurship, and its focus and mandate with which it functions. She also spoke on how they tackled the demographic divide, which could have been a disaster if not tackled properly; ensuring an ecosystem which that goes into creating inner faith in the client. The aim is to ensure that there has been a structure in skilling, and there is space for self-employment. She explained about the 206 qualification packs that have been designed, linkage between ITI's and IIT's, need for recognizing prior skills, formalize the informal and the Pradhan Mantri Kaushal Vikas Yojana. She said that the objective is to create more jobs than employment, and to delve into mentorship and handholding aspect. We are basically preparing ecosystem for MSME by training the unskilled.

Dr Abhijit Sharma shared his experience of banking system and of North Eastern India, where terrains are poorly connected, and approximately 89-96% of the villages are 5 km away from a bank branch. With this context, what needs to be understood is the demand and supply side of banking services. To elaborate, in remote areas there are large segments which are women lead, in fact, Manipur has higher women entrepreneur than men. Hence, while extending support one has to look at gender lens. Second, 99.9% are micro in nature. Third, there is concern over seasonality of businesses, as though most of the enterprises claim to be in regular business, however, when rechecked, it came to be known that they pull down capacity during agricultural season. These factors have an impact on finance and MSME. Talking about supply side issues, first concern is related to access issues, leading to information asymmetry. Second, work is required to be done with clusters currently, rather the need is to formalize these units in economy and also explore the possibility of channelizing funds with artisans and traditional institutions.

Mr Anand Rao shared his opinion with respect to rural space, where they are looking at viable market, and giving loans to household with income up to ₹ 6,000. He shared statistical data about the population being covered; their demographics and how microfinance offers an opportunity to its further grow. Mr Rao drew a comparison between the people engaged in microfinance in the urban and rural sector, with respect to their economic class. However, there is a large informal economy, where people are engaged in disguised employment. Referring to the challenges that MFIs face first is reach. In rural India, reaching 60-100 villages from a branch point is easier said than done. Second, the assessment being done is quite basic, however, that is not relevant, because the incomes are not obvious and the target should be to build capabilities. Third, being a financial institution, real space for doing the experimentation is a consideration. Repayments have to be done and collateral's are required, social collateral is not sufficient. In Rural space, mortgage is different, as there is an association in terms of time and bribes. And if the borrowers are pushed, then they will resort to informal sector. As repayments are not standardized, follow ups are required, and even if one goes digital, people's acceptability to pay digitally will take time.

Mr Thirunavukkarasu shared his experience of working with small enterprises, and their operations as a paperless unit. He shared that these units have formal or informal sources of revenues, however, the source of revenue is difficult to realize, because they have no invoices. So, MrThirunavukkarasu's team has identified proxy methods of identifying revenue. For example, they have attempted to identify the revenue through purchase invoices, electricity bills, salary, production etc. The needs are varying, and they we give line of credit to small business, they supply financing, where in they get payments from buyers. Sometimes, it is difficult to ascertain whether a investor has similar risk, if not higher, however, the need is to change the mindset that only formal loans is risk free, and the unsecured loans have higher risk attached to them.

Ms Mamta Kohli spoke about the characteristics of micro enterprises, the stereotyping with respect to women, caste, groups, and how certain regions are left out. She touched upon the two classes of India that is existing today – the poorer north and richer south. In order to address the burning concerns, it is imperative to build new evidence, look at global practices, shape policies and identify areas where we can add value. One area being financial services, the policy makers can look at the new development financing required, to mitigate risks. Second, generating awareness, which is a big gap today, using technology and power to reduce discrepancies. Third, work not only around giving access credit but improving social structure. Also, instead of looking at poor as one homogeneous group, need is to operationalize a different set of tools and opportunities.

In the end of the insightful session, the floor was open to questions where the concerns raised were regarding, repeated loans by the poor, challenges related to portfolio at risk (PAR), ODP loan, difference between emergency loans and other types of loans. The session ended with the concluding remarks from all the panelists, by stating the fact that the country is in the right path of finding answers with the collaboration of different institutions, capturing data, products, etc. However, skills have to be re-oriented, through which almost the entire economy will get impacted.

Breakaway Session 5: Clean Energy towards Sustainable Livelihoods

Moderator:

- Mr Hari Natarajan, Sector Expert

Lead Presenter:

- Mr Manpreet Singh, Director, Climate Change Advisory Services, KPMG

Panelists:

- Mr S B Singh, Chairman, Gramin Bank of Aryavart
- Dr S N Srinivas, CEO, Clean Energy Access Network
- Mr Gaurav Bhandari, Business Development Leader, Asia & Pacific, Greenlight Planet Inc
- Mr K V Christudas, Lead Advisor, Sustainable Banking, ESAF Small Finance Bank
- Capt. (R) Ashok Y. Tipnis, Founder, Volunteers for Village Development (VVD)

Brief of the Session:

The session started with a presentation by Mr Manpreet Singh, where he highlighted that climate change is acknowledged as a big issue worldwide and 180 countries are signatories to the Paris agreement. He stated that lack of access to sustainable form of energy is one of the major concerns as about 1.6 billion people lack access to clean energy solutions. India is a big contributor to this number and one of the reasons for lack of energy access is the misconception that poor cannot afford the energy products. However, fact is that poor pay more for per unit of energy when compared to rich. He added that there is an opportunity for micro-finance institutions (MFIs) to design specific financial products for enabling energy access and promoting livelihoods. MFIs already have access to the customers. They need to design differentiated financial products for energy access and identify the right energy product and supplier for their customer base. Financial products for energy access will have to be a combination of subsidy through government schemes, aid from various donors and development finance institutions and loan from MFIs. He further stated that similar combined models exist in the market today; however, these models would have to be contextualized as per the specific requirements of the customer base of each MFI.

Post the presentation by lead presenter, Mr Hari Natarajan started the discussion and observed that there has been good progress on energy access in last 3 years owing to efforts of Government of India. Decentralized Renewable Energy (DRE) space has been growing at a fast pace and further growth of the sector requires financing of energy products. Financial products for energy access would need to have longer tenure, bigger ticket sizes and lower interest rates compared to the financial products currently offered by MFIs.

Dr S N Srinivas presented the findings from the report "State of the decentralized renewable energy sector in India" prepared by his organisation "Clean Energy Access Network". He stated that as per International Energy Agency estimate there are 118 million people in India without access to electricity and about 800 million people without access to clean cooking fuels. He added that Indoor air pollution has resulted in 2.6 lakh deaths in India. He emphasized the extent of the problem by stating that there are currently 65 million people in geographically remote locations, who do not have access to clean cooking options. He quipped that he is happy about the fact that National Energy Policy, 2017 document has two whole pages dedicated to clean energy fuel and that need of access to clean energy fuel is garnering attention. He requested audience to think about possible solutions to fill the huge gap in access to clean energy fuel and role that MFIs can play through providing credit for purchasing and using clean energy fuel and products.

Dr Srinivas added that there is big market for DRE. The estimated size of the market is USD 100 billion considering those around 100 million kerosene lamps are currently in use. Additionally, under the Pardhan Mantri Awas Yojna about 10 million houses can have solar roofs, which converts into USD 16 billion (₹120,000 Cr.) in business.

Mr K V Christudas shared his thoughts around the challenges faced by new small finance banks (SFBs) in financing large scale solutions for livelihoods and the action items to activate those financing options. He stated that his organization, ESAF Small Finance Bank was an MFI till 2017 and 25% of their total beneficiaries were covered under the clean energy programme. Now that his organization has become a SFB, they have capacity to lend higher amounts. He added that following three things are required for success of any model to finance clean energy solutions:

1. Right product considering the customer base
2. Accelerator – Finances and Capacity Building
3. Right Slogan

He emphasized the need for right slogan and stated that they had a slogan "Accelerating access to clean energy", which has been achieved. The next barrier is to finance clean energy solution for MSMEs and the biggest challenge is cost of clean energy products for MSMEs. He added that there are organisations like Greenlight Planet Inc coming up with innovative products which are priced lower. He further elaborated on the accelerators and stated that capex for deploying clean energy solutions for MSMEs is high and therefore, would require combined models (credit, subsidy and grants). He recommended government subsidy on clean energy solution for MSMEs. Commenting on the second accelerator, Capacity Building, he stated that ESAF Small Finance Bank has piloted a clean energy solution for Rice Mills, with Selco, which has an in-built capacity building component and the results are encouraging.

Mr Gaurav Bhandari discussed whether the financial institutions and clean energy product manufacturers have started looking at higher level solutions like integrated products for livelihood promotion and energy access. He added that Greenlight Planet operates in 65+ countries and work with about 45 MFIs in India. They co-create products with their MFI partners. He added that there is increased awareness about the need for the integrated products and cited the example of changes in the product line of Green Light Planet over the last ten years of its operation. He stated that basic solar lantern has been outdated and products with integrated solution for lighting, mobile charging and music player are in demand. Other examples include integrated product for fan, lighting and music players and demand for better battery life.

Mr S B Singh highlighted that energy itself is a source of livelihood and stated that energy access has two dimensions: source of energy and financing. He added that the orientation to energy access has also changed. Earlier the focus of energy access was providing lighting solutions and now solutions like charging points; music players etc. are also included. Today there is a need for financing for these varied components (charger, fan, light, music player). He also emphasized the need for after-sale services specifically in the case of products which are now obsolete.

Mr Natrajan requested Dr Srinivas to develop guidelines for servicing of DRE products. Continuing the discussion, Mr Natrajan, asked Mr Christudas to comment on the reasons for many MFIs not offering products for energy access and livelihood promotion.

Mr Christudas answered that 2013 was the landmark year in the financing of solutions for energy access and livelihood promotion as donors including World Bank and USAID, started a lot of initiatives in this space. There is need for a supporting platform and regulations which will enable MFIs to take this momentum forward. He suggested some changes in the regulatory framework, stating that clients need top-up loans on their base loan for livelihood and a mechanism for credit rating. He added that loans for livelihood promotion should not be covered by 3-loan criteria. He recommended that MFIs should leverage government subsidy for clean energy solutions.

Mr Christudas commented on the higher loan size required to finance energy products for livelihood promotion and stated that SFBs can lend higher amounts like ₹2 lakh or ₹5 lakh, which was not possible for MFIs. Therefore, the pending bottleneck is finding the right products. For instance, a lot of customers are demanding single box products. He recommended that MFIs and SFBs can support the cost of such products by designing appropriate loan products and factoring-in the subsidy component. He further added that MFIs and SFBs are well-placed to take the subsidies of the banks on energy products to their clients.

Mr Gaurav Bhandari added that subsidies are tricky. He highlighted that institutions like GIZ and IFC provide result based financing for clean energy in Myanmar and Cambodia and there has to be similar well laid-out yardsticks for subsidy disbursement as well.

Mr Bhandari further stated that the risks like operational, financial and reputational can be managed by clean energy product providers through tie-ups with MFIs. He shared mechanism for risk management employed by Greenlight Planet and some of the methods used by Greenlight Planet are provided below:

- Products are customized and co-created with MFIs
- Two-year replacement warranty on all products
- Focus on after-sales service through call center to raise tickets and a network of service centers and technicians to provide door-step replacement and maintenance
- Training and awareness regarding products to the employees of MFIs

He opined that the above mentioned services can be provided only at economies of scale.

Capt. (R) Tipnis was of the opinion that the SHG movement in India has brought a cultural shift by demonstrating the ability of communities to work together and their capacity for financial discipline. He emphasized that these two factors are the foundation of socio-economic development. He further opined that enough funds are available to fund the growth of SHG movement and cited the example of funds tied-up as NPAs of Banks.

Mr Singh stated that financing greater access for livelihood is an opportunity for Banks and MFIs to work together. He added that MFIs have better recovery rates than Banks and considered changes in government policies and regulations, and the deferred social cost of developing infrastructure sectors as major reasons for high NPAs. He further opined that there should be subsidy for clean energy products for livelihoods as it has high social relevance and would impact close to 60% of the population. He said that he is not a supporter of sales subsidy and would recommend subsidy on products like 2 KW multiple use clean energy solution. He added that MFIs are better placed (over banks) to roll-out subsidy as the model would provide freedom and flexibility to the borrowers. He stated that in this model Banks provide finances to the MFIs.

Mr Natrajan quipped that when financial support is provided to rural consumer it is termed as subsidy, however, when financial support is provided to power sector it is termed as nation building.

Dr Srinivas observed that clean energy does not get the same subsidy as the power sector. He highlighted that the cost of grid power is INR 13 per unit, the rural customer pays around ₹ 2 per unit and the rest is covered by subsidies. He added that a combination of product subsidy and accelerator subsidy is required for the clean energy space and there is a need to work out a mechanism to work with IRADA and other regulators.

Closing remarks from the panelist are as follows:

Capt. (R) Ashok Y Tipnis highlighted the need to bring down the interest rates and stated that small borrowers pay interest at the rate of 24% or more while the interest rates are below 11% for upper and middle class borrowers

Mr Gaurav Bhandari stated that pay-as-you-go is an interesting solution and is successful in Africa. He added that financial institutions and customers in Africa has been able to leverage mobile money. The concept has yet to take-off in India as Indian economy is still largely cash-based and there is limited utilization of mobile money or digitized platforms for payments. He recommended that pay-as-you-go solutions can be rolled-out for after-sales services, specifically for products like invertors and HP pumps.

Mr S B Singh opined that the current system of single financial product would not work in future. There is a need for financial products which support both production (income generation) and consumption (monthly loans to be aligned to the production process). He also recommended that financing guidelines need to be designed for such integrated products.

Dr S N Srinivas said that Clean Energy Network's estimate of market size of DRE at USD 100 billion is low. He added that they are re-looking at their assumptions and calculations to have a more accurate estimation.

Mr K V Christudas emphasized the need for right slogan and supported the GoI initiative of 175 GW of renewable energy capacity by 2025. He suggested some other slogans like "XX% of rural households will have roof tops" or "XX mini-grid platforms" to fast track the clean energy access.

Mr Hari Natrajan concluded the panel discussion and highlighted the opportunity for clean energy access given that per capita energy consumption in India is currently very low. He added that there is little availability of energy for rural consumers and recommended subsidy should be for energy access and not at the level of product. He opined that subsidies should be linked to application or use of energy product (like subsidy for using clean energy product for livelihood promotion) and not the energy product itself. He stated that financial institutions should be provided some form of security against defaults through guidelines and added that donors and banks have an important role to play in financing energy products for livelihoods.

Breakaway Session 6: Health Inclusion fosters better Financial Inclusion

Moderator:

- Dr D S K Rao, Regional Director, RESULTS Educational Fund

Panelists:

- Mr Manoj Gulati, Executive Director, Water.org
- Mr Chandrakant Mishra Head Institutional Business, Religare Health Insurance Co ltd
- Mr Madhu Sai, Asst. Vice President, Kotak Mahindra General Insurance Co Ltd
- Ms Mukti Bosco, Co-Founder & Secretary General, Healing Fields Foundation
- Dr Soumitra Dutta, Chief Technical officer, Freedom from Hunger India Trust
- Mr Soumen Saha, Assistant Professor, Indian Institute of Public Health, Gandhinagar

Brief of the Session:

The session began with moderator **Dr D S K Rao** contemplating that the financial services alone may not be able to lift the poor sustainably above the poverty because the poor have multiple disadvantages, prominently the lack of financial access, health, education, affordable housing. It is further essential to focus on health as the expenditure on health catastrophe is very high for the poor. Nearly 40 million poor are pushed into poverty every year because of some health catastrophe. With such number of people sliding below poverty every year, even if the Micro financing institutes strive to alleviate poverty it may not be very effective unless health matters are specifically addressed. It also makes business sense for the micro financing Institutes (MFIs) to tackle health issues as healthy clients have better loan repayment ratios

Mr Rao remembered the words of Ms Ela R Bhatt, Founder of Sewa bank that "For a poor woman good health is her only capital, if she loses health, she loses everything". He further insisted that it is no more an option for MFIs to not work on health, rather it is the strategies that needs to be explored to integrate healthcare and Microfinance.

Following the session the floor was opened to Mr Soument Saha who shares his view on Universal Health coverage, Ayushman Bharat Yojna- National Health protection Scheme of Government of India and the role the MFIs can play in the government initiatives.

Mr Saha explained that the Universal Health Coverage (UHC) has 3 domains 1) improved access to health care 2) Wider range of health care services to people and 3) financial risk protection. It was initiated in 2005 through a WHO resolution, wherein all member countries including India signed the resolution. National health Policy 2017 aligns with overall domains of UHC. In line with the same government of India introduced "Ayushman Bharat Scheme "in Union Budget 2018. He added that Ayushman Bharat is usually equated as secondary hospitalization care insurance model. However it has two components- one is National Health protection Scheme (NHPS) which encompasses both hospitalizations care and payments for secondary and tertiary care illnesses. The other component associated with it is strengthening of primary health care which moves beyond maternal and child health care to include communicable diseases and non-communicable conditions.

Mr Soumen Saha highlighted that the government of India has set an ambitious target of increasing the public spending on health care from 1.15% to 2.5 % of GDP. As per the target the states shall spend more than 8% of total budget on healthcare by 2025. Currently the states spend less than 1% on health care. Also the out of pocket healthcare payments of a common man shall reduce by 25% from current spending of 64% of the total income. Mr Saha further discussed that the National health protection Scheme aims to increase the health coverage to 5 lacs which is 17 times of that provided by Rashtriya Swasthya Bima Yojna (RSBY) i.e. thirty thousand and approximately 2-4 times of the state sponsored healthcare insurance schemes such as CM Comprehensive Health Insurance Scheme, Vajpayee Arogyashree and other state schemes. This increase in health coverage has been very intelligently implemented without increasing strain on the cash outflows.

Mr Saha further elaborated the role that the MFIs can play in promoting healthcare . The experiences of RSBY and other state schemes show that there are exclusions and self-exclusions in implementation of health insurance policies as beneficiaries are not aware of their coverage. Additionally, the insurance companies have low motivation to inform people of the coverage because that will increase the claim payout ratios. Hence, the role that financial service providers and MFIs can play is to make people aware of their entitlements. Secondly NHPS scheme to be launched on 25th September 2018 is unlikely to cover OPD care and diagnostic care so MrSaha urged the MFIs to create a social protection flow by formulating top up schemes to NHPS which can take care of the primary care needs of the beneficiaries.

Next **Mr Soumitra Dutta** talked about the 3 barriers to access of health by poor people namely, lack of information about preventive health, lack of availability of healthcare services and inability to pay for health services when required.

Mr Dutta quoted an example relevant to both healthcare and microfinance, a lady borrowed ₹5000 from an Micro financing Institution, fifteen years back to start a small business .She ended up spending ₹2300 to treat her 2 year old son from diarrhea in process of taking him to a far off government hospital and paying for the diagnostic medical tests. She could have saved that 50% of money bought from MFIs if she knew about curing diarrhea with ORS solution. Mr Dutta pointed the results of a study indicating that an expenditure of 6% of total income on health care is considered fine while 10% or more is considered catastrophic. In comparison to the study, a poor person in India ends up spending approximately ₹2500 per month on healthcare which account for about 18-40% of his total income making the situation even more tragic.

Speaking about the role of Micro financing Institutions in resolving healthcare issues, Mr Dutta said that the MFIs would love to see their clients and families healthy in order to stay productive so that the micro financing business is viable for both the client as well as the institute. Though the microfinance institutes have primarily focused on addressing poverty through micro financing, they have acquired a unique strength of reaching the last mile and can contribute significantly to solve the healthcare probleMsA considerable work is being done by SHPI, Health NGOs and Bandhan banks. However there is still a need to introduce health education step by step in the rural segment. This could be achieved by association of MFIs with Asha and ANM workers to spread knowledge about health financing at the ground level.

Next **Ms Mukti Bosco** spoke about health of women in particular. Women are custodians of families' health. As long as a woman is healthy she keeps bringing income and health to the family. As per the experience of Healing Health foundation approximately 70% of families spend majority income on preventable disease. It is essential to educate women on curing such diseases.

Ms Bosco retorted that the number of people spreading health awareness at the grass root level is very limited Hence, Health insurance sector requires initiatives from hospitals and qualified professional groups. Micro financing Institutes should work with SHGs to educate women on healthcare issues from womb to tomb such as first aid for burns and snakebites, wounds and curable diseases. Further she added that Partnership with Red Cross society could be the next direction in healthcare initiatives for poor.

She informed about Healing Field foundation having created an acclaimed model for micro health insurance, the model has received tremendous response and the foundation has secured 50 network hospitals and 19 NGOs as partners. Approximately 60% percent of women associated with their MFI clients work as health facilitators. In the experience of health facilitators there is a need to provide entrepreneurship training to the women along with health financing education to make them more self-reliant

Next **Mr Manoj Gulati** spoke about water and sanitation component of Healthcare and the accessibility to poor. He began by quoting an example wherein for a poor person it takes about ₹400 to secure one water tanker while the rich get the same water for ₹200, by virtue of this example it is evident that the rich have cheaper health coping mechanisMsThe poor end up spending even more in terms of time cost, schooling cost and coping cost attached to resolving the issues. He said that to combat the issue, Water.org has innovated the micro financing model by providing technical and financial assistance to MFIs to develop loan products for non-income generation purposes such as construction of sanitation facilities and water connection facilities. The response has been immense, Water.org has associated with 17 MFI partners, raised a loan of ₹17.5 lakh for water and sanitation and mobilized a capital of ₹100 crore. However, the challenge in sanitation micro financing is that the borrowers have to be educated about the significance of the consumption the loan as income enabling loan and not income generating loan.

He concluded the presentation by quoting a statistics from a UNICEF report as follows, "The medical cost averted per year by having water and sanitation facilities in a house is ₹8,200 per annum, The average value of time saving is ₹24,000, The average value of saved life is ₹17,622 Hence, effectively there is a saving of ₹50,000 per year. The poor are at a risk of losing ₹50,000 every year and the moment some health catastrophe happens, they are pulled back into poverty.

The same report also states that with a sanitation facility in a property, the value goes up by ₹18,900 Hence a sanitation facilities not only makes it healthier for the clients it also economic sense to the providers.

Next **Mr Chandrakant** was called to share about Religare health insurance product in context with the third barrier of "inability to pay for services when required" and the possibility of partnerships with Micro Finance Institutions. Mr Chandrakant spoke about the journey of Religare Health Insurance Products right from the beginning. Religare had started six years back in the sector and it was realized that 70% population of India was out of gambit of normal health insurance. Religare decided to cater to this segment of population through Health insurance products. For the initial product NABARD was contacted and the first product was built on NABARDs wish list. For initial partnerships Religare associated with MFIs, NABARD RRBs and SHGs. MFIs were found to be best suited amongst all for partnerships considering their ability to reach the right beneficiaries and having effective control and ability to guide the beneficiaries correctly.

Further in the partnerships with MFIs certain challenges were confronted. There was a paucity of healthcare providers at the ground level so one had to manage healthcare providers to deliver the intended product in the correct light Also the geographies were different and the challenges and disease of each geography was different . Consequently it was decided for each partnership and geography a different project would be created

Mr Chandrakant further added that presently there are a lot of options for people in the market in the form of RSBY, Ayushman Bharat and Universal health Insurance Cover but Religare essentially stands for right pricing, right product and hassle free financing for financial institutions as well as the beneficiaries whom it is intended for. There is a huge focus on the delivery of information and education. He also pointed that being on this journey they have partnered with Svatantra Microfin and

6-7 other partners which gives them the satisfaction of delivering the right product to the intended beneficiaries. The partners have not been able to benefit commercially but have added considerably to the value. Religare is equipped to partner with MFIs to give the benefit to the intended beneficiaries

The last panelist **Mr Madhu Sai** opened his presentation with modified phrase "Roti, Kapda, Makan aur health insurance" He said that Health insurance has made it place in bare necessities of life. Talking about the health insurance product of Kotak Mahindra he said that there is no product in the market which covers the incidental charges. In rural segment an average person is in hospital for 3-4 days and average cost is less than ₹10,000. The hospital bills are usually covered under health insurance .Further every micro financing loan is covered by life insurance product so that the loan is paid in case something happens to the borrower. However there are defaults and NPAs as there is no product which covers for the time and hence money lost in terms daily earnings. Extending the example given by previous panelist he said the lady who accompanied the child to hospital might get the health insurance but who will bear the loss of closing the shop and accompanying the child.

Kotak Mahindra has come up with an economically viable product which is attached to health insurance product with a premium of only ₹1 per day. There is a lot impetus on making the product simple and easy. The documentation explaining the product is made short and in regional languages. The response for the product has been very positive and Kotak Mahindra is open to associating with MFIs in regards to the product to make it effortless and accessible to the beneficiaries

The presentations was followed by a round of questions wherein a few mentionable points were made- In order to work effectively in health financing segment of rural India, It is pertinent that the products are priced right and all good claims are placed without any hassles to the beneficiary Further, Micro Finance Institutes should be reached out to prevent fraudulent claiMsAlso, the Health Insurance products are not as fiercely promoted as life insurance because the service demand is very intense for the health insurance products and subsequently the delivery has to be prompt. The delays and hassles in processing of claims and other issues have direct impact on the relationship of MFIs with the beneficiaries. Finally, the MFIs provide help and loans for income generation, on the issue of MFIs promoting health awareness, one point of view was that the MFIs should not be pressurized to provide health education rather a separate entity (Client) should focus on it. The cost of MFI worker spreading awareness on preventive health education and sanitation comes out to be 5 times more than an individual client doing it

Breakaway Session 7: Strengthening Livelihoods through SHG Linkages in the evolving Financial Landscape

Moderator:

- Mr N Srinivasan, Sector Expert

Panelists:

- Mr K V Rao, CGM, MCID, NABARD
- Mr Paritosh Upadhyay, IFS, CEO, Jharkhand State Livelihood Promotion Society
- Ms Shraddha Joshi, VP & MD, Mahila Aarthik Vikas Mahamandal (MAVIM)

- Dr Sudha Kothari, Managing Trustee, Chitanya
- Mr R D Gadiyappanavar, CEO, Sanghamithra Rural Financial Services

Brief of the Session:

The session began with moderator **Mr Srinivasan** inviting **Mr Paritosh Upadhyay** to speak on the issues concerning SHG models in regards to livelihood space. He began with an overview of NRLM (National Rural Livelihood Mission) in Jharkhand. NRLM, their flagship program and successor of SGSY (Swarnjayanti Gram Swarozgar Yojna) is dedicated to sole objective of alleviating poverty. Jharkhand is one of the 12 states implementing the project NRLM. It is implemented through Jharkhand State Livelihood Promotion Society (JSLPS). The mission started with mobilizing and organizing women into Self Help Groups (SHGs). Initially the groups are affinity based, However, once institutional building and capacity building is done and livelihood interventions are taken up, the groups are transformed into producer organizations that are activity based. SHGs bring in immense financial discipline to producer organizations. They have easy access to loans through various schemes hence, multiple livelihood options such as CHC centers or processing plants are available to them.

He also told that Jharkhand is currently executing World Bank supported livelihood project which is specially focused on enhancing household income through activity based producer groups. Women SHG members, including SHGs from scheduled castes and tribes and landless households from 17 districts and 68 blocks of rural Jharkhand are expected to benefit out of the project.

Next speaker **Dr Sudha** contemplated on the impact of livelihood on SHG women. She explained that the impact is not only visible as improved health, education and connectivity but is manifested as the incremental confidence in the SHG women. As they become more self-reliant and have a regular income they have more respect in the family and society.

Dr Sudha shared the results of a study on asset creation in SHGs groups. It was observed that majority women were into pottery, dairy or other agriculture based income sources. It is through skill training, continuous capital inflow, capacity building and counseling that the SHGs transform into a common interest based Producer Organizations (PO). There are regional differences to account for as well, the SHGs in urban villages are more adapting to the concept of converting to producer organizations as compared to SHGs in rural villages. She concluded the session by stating that with the current developments the challenge is to preserve and share the SHG learnings accumulated through years of experience and experimentation to empower SHGs and create sustainable livelihood opportunities for women

The next presentation was taken up by **Mr R D Gadiyappanavar**. Talking about whether Sanghamithra finances group or livelihood project, he said that in all SHG groups the loans in initial years is utilized as a consumption loan. The first and second linkage of the loan is usually small loan of the range of ₹10,000 for a group of 15 members and is based on some part of the saving of the SHG. After third and fourth linkage the SHG start utilizing money for income generation activities. He added that there has been a drastic change in SHGs since last decade. 80% of the SHGs today are utilizing the loans for livelihood generation activities and are good at keeping books. Obviously the amount of loan varies from state to state. An SHG in state like Tamil Nadu draws much higher loan as compared to Madhya Pradesh where the average loan is ₹50000 / group.

Mr Gadiyappanavar acknowledged that Sanghamitra believes in lending for livelihood and is inclined to alleviate poverty amongst the SHG groups. In regards to the developments required in the sector he pointed that trainings must be provided to all SHGs for capacity building and skill development. There is a need for SHPIs (Self Help Group promoting Institutions) to nurture SHGs and built Community Managed Resource Centers (CMRCs) to strengthen women microenterprises. He shared that one of the prominent issue is that NABARD has reduced exposure to training and capacity building programs for SHGs as a result many groups are becoming defunct. To combat this challenge Sangamithra is investing in Innovative skill development and improving governance in SHGs.

Next presentation was taken by **Ms Shraddha Joshi** on role MAVIM in strengthening SHGs. Ms Joshi explained that MAVIM focused on capacity building and institutional building of SHGs in the initial years. After five years of strengthening SHGs the focus has now shifted to livelihood building. One such successful example is Tur Dal value chain creation in District of Yavatmal wherein opportunities have been created to establish backward and forward linkages right from tur dal mills to aggregation centers.

Next **Mr KV Rao** shared his views on the ability of SHGs to take up livelihood opportunities. He quoted that NABARD got into financial inclusive programs in early nineties. The statistics reveal that 40% of loan from NABARD goes to livelihood generation projects from the banks. Further, NRLM sources divulge that approximately 53% of money is invested in livelihood, 25% in repaying debts and the remaining for medical emergencies. He emphasized on the importance of aggregated efforts and up take of collective loans to create significant livelihood options. Quoting an example he said if an SHG procures a ₹2 lakh loan i.e. less than ₹20000 per member, one cannot expect a dependable livelihood opportunity from the loan .The loan raised should be sufficient to start a sustainable business. Small loans usually end up as consumption loans in family business.

Furthering to provide a direction to NRLM interventions Mr Rao said that NRLM should work on devising timelines for the promotions of producer organizations. The growth of SHGs is one of the paramount factors for the formation of Producer Organizations. The members are willing to join POs only when the SHG is a profit making group. Hence, emphasis should be on strengthening the governance structure and streamlining the activities. Secondly The SHG-BLP linkages should be promoted. The SHG bank linkage program was evolved as a cost effective mechanism to provide financial services to unreached SHGs.

There is also a requirement for structured monitoring of SHGs to help NABARD disburse loans. Presently the lack of efficient book keeping is huge source of inconvenience for the bankers to give out loans. Consequently, NABARD has invested in E-Shakti, an initiative for digitization of SHGs in India and hassle free delivery of banking services. It provides an online platform for e book keeping, maintenance of funds, monthly operations and a comprehensive information base. The portal also supports inbuilt generation of loan applications and MIS reports; hence the banker can access information about previously availed loan and SHG activities before processing the loan applications. The portal is linked with Aadhaar and mobile number to avoid duplicity in loan disbursement. Currently 4.12 lakh SHGs have been digitized by this medium.

Mr Rao agreed that NABARD's exposure for SHG training and capacity building has been narrowed down in recent years. However, it has steadily increased in form of enterprise building support to SHGs. LEDP (Livelihood and Enterprise Development Program) for creation of sustainable livelihood for SHGs has been promoted by NABARD in association with SHPIs. Joint Liability Groups (JLGs) have been formed to support SHG members who do not get sufficient loans under SHG schemes.

Referring to handholding support required to SHGs for livelihood and enterprise development Dr Sudha said that the support of SHPIs in strengthening SHGs shall increase, Further, MIS support shall be provided to SHGs through a third party client to simplify the process of loan procurement, More loan linkages should be created for SHGs. For capacity building of SHGs there is already a provision of "Jankars" in the livelihood space additionally a new cadre of volunteers is being developed in terms of "Sakhis" such as bank Sakhi, Pashu Sakhi etc.

Mr Rao added that there are Micro Enterprise Development (MED) programs by NABARD which provide, 15 days of capacity building training. Similarly the LEDP programs educate SHGs in enterprise development, skill development and technology transfer for a period of 3-6 months. There is a separate department in NABARD to handhold producer organizations.

In concern with the policies to remove the intermediaries, it was highlighted that MAVIM has done some outstanding work in agriculture value chains in Maharashtra which could be replicated. Upgrading the tur daal value chain in Yavatmal district, the intermediaries have been surpassed by creating Agri Service Centers. These centers provide information on seed, soil type fertilizer usage and significantly help in reduction of the production costs. Additionally to educate farmers on the quality of their produce, collection centers are built for electronic weighing and moisture analysis of the crop. To add to the forward linkages, MAVIM have set up Tur Daal processing plants and collaborated with e commerce giant, Amazon for B2B selling of the products. Under this collaboration, Amazon has agreed to provide one year free catalog service to MAVIM. This enterprise development at every step of the value chain has resulted in 100% increment in income of farmers.

Responding to the idea of categorization of the loans the panel unanimously agreed that SHGs are wise enough to identify the best utilization of money. A lot of unsaid rules have evolved in SHG model over the years to tackle such issues. To further the solution a microcredit plan could be filled by each member during loan application identifying activities for which loan shall be utilized.

Breakaway Session 08: Forging Partnerships for convergence of Banking and Microfinance solutions

Moderator:

- Ms Gopika Gopakumar, National Writer, HT Mint

Speakers:

- Mr Subrata Gupta, MD, NABFINS
- Mr Vivekanand Salimath, Chairman, IDF Financial Services Pvt Ltd Bank
- Mr Srinivas Bonam, Head – Inclusive Banking Group, IndusInd Bank
- Mr Rakesh Dubey, CEO, SV Creditline Ltd
- Mr Sanjay Darbha, Founder & CEO, Peerland
- Mr Arup Dutta, Head-Liabilities, Utkarsh Small Finance Bank

Discussions:

Ms Gopika Gopakumar gave an introduction to the topic of the discussion which included a look at history of Financial Inclusion, different phases – cooperative movement, RRB regulators opening up, bringing in new players and the innovations. She spoke about the real thrust in India starting in 2006, with institutionalization of banking correspondent's model, and eventually the Pradhan Mantri Jan Dhan Yojana, use of technology, which tried to reach to the unbanked areas.

The first panelist, **Mr Srinivas Bonam**, shared his experience of starting the division in December 2009, post which in 2010 the Andhra crises took place. He shared that the bank was looking at an ambitious plan to reach the outreach, but they had limited rural rank, less than 100 and limited partnership with MFI channel. So, the thought was on how to leverage at BC channel. So, the plans were ambitious, however, the banks were not exhaustive, still they had an excellent run from 0 to 4000 crore, reaching 2 million customers. The value addition while interacting with clients is more for banks, where they get to learn.

Mr Bonam further shared that the beauty of the MFI model is to keep it simple and practice standard practicing, which will only improve when the banks start moving to savings, credit etc. Through their experience, Mr Bonam's team learnt that it is not the standard banking model which can be replicated, but customization is required. He also shared that before 2013, there were lending restrictions, so the banks could not have worked well. Now, banks have mandate to set up 25% on branch increment and in order to make it viable, it is imperative to not only have conventional bank model, but also have customization.

Next speaker was **Mr Arup Dutta**, who spoke about the people at the bottom of pyramid, the segment which is unserved, but not undeserving. He further explained the concept of partnerships. First he differentiated between relationship and partnership by giving an example that as an MFI he can have relationship with bank but his partnership has to be deeper, which they have as an institution. They have used BC model and have 466 partners and are growing.

He said that in banking sector partnerships are a necessity, as one needs support especially during the collections. However, there is a fear of clients being taken away, in which case the payment banks are a good alternative. With India post coming in, MFI can largely collaborate with India post, and use the technology built up. Secondly, he talked about collection banks and the challenges that are attached to them with respect to banks limitations in their operations. Mr Dutta also stressed on another role that MFIs can play, which is to popularize schemes in rural India. Some of the challenges, include – issues in integration, skilling of people, salary restructuring, upgrading old banks, technology to handle business, compliance with laws.

Mr Vivekanand Salimath spoke about the growth in partnerships of banks and the MFI model, as the capital may not be very high and he also touched upon the interest rate of bank on the portfolio and the access to MFI's. He spoke about the concept of co-lending which has been initiated, and the convergence which has happened because of Dhan Jan Yojana, where through 100% neft payment, there is reduction in fraud risk and of money nit going to the beneficiaries. This process has also reduced the cost prices and increased the scope of reduction in interest rates. Mr Salimath spoke about the serious mandates in retail loans, where facilities exist, but borrowers of small income do not receive income in their accounts, but as far as disbursement is concerned if it can go into their accounts, it will further strengthen and ROI will further crash. He said that assets can be created, when electronic data is moved, offering opportunity for this sector to move leading to another revolution, where cost is rationalized.

Mr Rakesh Dubey spoke about the manner and ways in which banks lend, and the rigidities around the process. He shared that banks have started having their own lending models. However, with technology coming, there is a possible threat to employees which are working with MFI's, and if we are going to digitalize, the new hiring's going to be slow. The requirement will be of people who are more efficient with technology. So, though changes will come, however, the threat is more to operation rather than the customer. Therefore, the coming 2-3 years will be exciting, where there will be new partners, new products and requirement of new skills.

Mr Sanjay Darbha acknowledged the contribution of BC to credit and insurance, however, he also shared his viewpoints on how it should be implemented today, and the gaps in it. He raises questions on the sustainability of BCs, and the possibility of the customer coming next time, for loans, with the possibility of them visiting other options where the breakeven takes less time. He introduced the aspects of Payment banks which have got a licensee and are a gratified version of technology platform.

The session concluded with discussion on when are more partnerships and outreach expected, leveraging out on more branch network and challenges of being an SFP. Later the floor was opened for the question and the session concluded with how the partnership will transform the entire sector. With 90% unbanked segments becoming banked, one hopes to see more and more people coming into banking force.

Breakaway Session 9: Microfinance for truly Marginalized – Homeless, Trans-genders, Rag pickers and others

Moderator:

- Prof Dr Syed M Ahsan, Professor Emeritus, Concordia University, Visiting Professor, Faculty of Economics, South Asian University

Lead Presenter:

- Ms Ruchi Singal, Manager, Infrastructure Government Healthcare - Social, KPMG

Panelists:

- Dr U S Saha, CGM, DEAR, NABARD
- Mr Sadaf Sayeed, CEO, Muthoot Microfin Ltd.
- Mr Arshad Ajmal, Vice President, Sahulat Microfinance Society
- Ms Amrita Sarkar, Senior Programme Officer, SAATHI
- Ms Smritikana Ghosh, Program Manager, STOP

Brief of the Session:

Dr Syed M Ahsan set the context of the session by highlighting the need of concerted efforts for both social and financial inclusion of the marginalised groups and opened the floor for discussion.

Dr U S Saha stated that India is the third largest economy in the world but is nowhere close to achieving the sustainable development goal of zero hunger and no poverty. He said that there is a need to have right terminology and sentiments to achieve this goal. He added that marginalized groups include many other segments (other than Homeless, Trans-genders and Rag-pickers mentioned in the title of the session). One of the largest marginalized group is differently abled people. Some other marginalized groups are landless laborers, beggars and elderly (people above 70 years). India's SHG movement, which is largest in the world with about 87 lakh SHG groups, has the potential to ensure financial inclusion for marginalized groups. He shared that it has been observed that SHGs are not only credit worthy but are also good re-payers. The repayment rates of SHGs are better than the customers of formal banking. Central and State governments are making an effort to bring hereto unbanked under the ambit of financial services, however, support is needed from financial institutions to sustain the efforts by government. He cited the case study of an NGO in Nagaland, which is involved in rehabilitation of HIV positive transgender people. The NGO has supported the transgender people to form SHG and undertake economic activity to sustain them. **Dr Saha** informed audience that NABARD has provided the framework to form SHGs and does not restrict anyone basis their social, gender or political identity. Similarly, Differential Rate of Interest (DRI) scheme of Reserve Bank of India (RBI) mandates banks to provide finance up to ₹15000 at a concessional rate of interest of 4% per annum to the weaker sections of the society. He requested Government of India to modify CSR guidelines and include financial inclusion for marginalized communities as one of the approved activities under Schedule VIII of Companies Act, 2013. He further recommended that Banks should support SHGs formed by marginalized groups.

Ms Smritikana Ghosh from STOP brought focus on victims of human trafficking and educated the audience regarding their concerns. She stated that human trafficking is one of the most profitable businesses in the world. In most cases, women and children are trafficked for sex and domestic work. Supply side factors for human trafficking include economic backwardness, social injustice and poverty. The demand for trafficking is driven by migration and market for paid sex, media induced false beliefs and aspirations, and regional gender imbalance.

She highlighted that till 1990 trafficking was not recognized as an issue by the government. Today there are laws in India to prevent trafficking and punish the perpetrators. However, there is gap in enforcement of these laws. Other problems faced by victims of human trafficking include delayed legal redressal process, ineffective after-care and rehabilitation programme. Adding to the issue of ineffective after-care, Ms Janki, stated that most after-care programmes house trafficking victims till they reach 18 years of age, post that they are left to their own means and are easy targets for trafficking rings.

She shared the initiative called Koshish by STOP for rehabilitation of rescued victims of human trafficking. Koshish is a catering service run by SHG of rescued victiMsShe added convergence of efforts by various governmental and non-governmental agencies is required to fight trafficking and suggested following ideas:

- There is a need to fight poverty in source areas by providing livelihood options
- At intermediary level Government and CSR initiatives are required to provide shelter homes for rescued victims
- There is a need to provide options for rehabilitation of rescued victims

She concluded with the thought that micro-finance and SHG model can be used for both providing livelihood options at source areas and rehabilitation of rescued victims, Furthermore, SHG network can be used for dissemination of information regarding human trafficking. Currently, STOP is working with 1300 SHGs and training 713 woman sarpanch leaders in West Bengal, one of the source areas, to fight human trafficking.

Mr Sadaf Sayeed opined that financial inclusion for marginalized is the next barrier in providing financial services. He emphasized the need to provide employment and dignity of labour for the marginalized groups. Elaborating on the Kochi Metro Rail incident, he stated that salaries offered to 27 transgender people employed in the Kochi Metro Rail was sufficient if they had stayed in hostel. However, hostels for both male and female gender refused to house them, forcing them to find accommodation elsewhere. They were not able to find affordable accommodation in the salary received from Kochi Metro Rail. Therefore, they had to resign from their positions at Kochi Metro Rail. This incident highlights the need for social inclusion, before financial inclusion can be pursued. Mr Sayeed further highlighted the challenges faced by lenders in providing credit to the marginalised groups. He stated that it is very difficult for lenders to provide credit without adequate identity proofs for KYC or/and credit history. He acknowledged that there are some small successful models where sustainable livelihood opportunities has been provided to marginalized groups and emphasized the need for legislature and strictures to promote social and financial inclusion on a larger scale. Some of his other suggestions for financial inclusion of the marginalized groups are provided below:

- Adding lending to marginalized sector class to priority sector lending by banks
- Credit guarantee scheme for MFIs and financial institutions to lend to denotified tribes
- Empowerment through education and opportunities for employment
- Dignified life to marginalized groups at their home locations

He concluded with the thought that appropriate legislation for economic integration, education initiatives for the marginalized groups and sensitization of general public are required for social and financial inclusion of the marginalized groups.

Mr Arshad Ajmal emphasized that financial inclusion of all social groups is the goal for MFIs. He added that social groups are marginalized either on the basis of their identity or occupation. He was of the opinion that considering marginalization basis occupation, provides a large pool to interact with. He called this group of marginalized people as hard-core poor. He shared the experiment of BARC with providing credit facility to this group. In the BARC experiment, hard-core poor were characterized by chronic hunger and critically ill person in the family. Mr Ajmal added that Bandhan Bank has replicated BARC's model in India and uses following criteria for selection of beneficiaries:

1. Able-bodied female in the family, not associated with any SHG or MFI
2. Primary occupation of the family is either begging or informal labour
3. Family has children in school going age who undertake casual labour

Mr Ajmal further shared the details of the initiative of Bandhan Bank and stated that one thousand families were identified through PRA, who met the above mentioned criteria in Mushirabad and findings from the programme are as follows:

- Grant is required to create initial asset for the family
- Rigorous training on livelihood option should be part of the programme
- Programme should focus on health, education and nutrition

He highlighted that the success of the programme stemmed from the initial grant for asset building, as it resulted in 27% increase in the assets of the family at the end of the programme. However, small MFIs lack surplus to fund the initial asset building, therefore, there is a need for CSR or institutional grant to complement the efforts by MFIs.

Ms Amrita Sarkar started with explaining the meaning of the term Transgender. She stated that transgender means male assigned at birth following opposite sex identity. She further added that *Hijra* is a cultural identity and the definition for Transgender has been provided by UNDP in 2008. Introducing her organization, SAATHI, MsSarkar stated that SAATHI operates in 19 states mainly on issues of HIV/ AIDS amongst the transgender community. She shared some of the initiatives for livelihood promotion and financial inclusion being undertaken by SAATHI. She cited the initiative in Bhadrak, Odisha, where SAATHI helped 22 transgender people with seed money worth ₹2000 to open businesses like tea shop, pan shops. She concluded that big amount of money is not always required, sometimes small loans/ funds can make a difference, if they are utilized properly. She then cited the example of initiative in Raigarh, Odisha, where 5 SHGs of transgender people were provided with a seed funding of ₹50000 each from the Bank.

She added that there have been positive policy changes in the recent past. One of them being recognition to transgender people as third gender and being given equal status as the other two genders in 2014. The other landmark judgement came in 2016, which accorded biological family of the transgender person, with primary right over them. She further stated that there are still many challenges like difficulty faced by parents in accepting that their child is transgender and difficulty in accessing basic services like education and opening a bank account. She added that updating the identity proofs is very difficult post the change in gender and name. The process is tedious and has social stigma attached to it.

Post the discussion by Ms Sarkar, floor was opened for questions and remarks by audience. The questions and observations of the audience are provided below:

1. MFIs want to form SHGs of transgender people, however, it is not possible to open bank account on transgender identity.

2. Skilling of rag-pickers is important. Is there any policy for skilling of rag-pickers and marketing of products made by them?

3. The programmes for marginalized community should not be dependent only on grant. The programmes should be designed to have some form of financial sustainability.

4. Are there any specific investments or programmes by NABARD for marginalized groups?

The responses of the panelist are provided below:

Mr Sayeed stated that there is a need of financial product without any social/gender identity. Dr Saha observed that opening bank accounts for SHG were difficult in initial stages of SHG movement, however, MFIs persisted. It is same for marginalized groups now. SHGs by design are inclusive and have no gender or social identity. NABARD provides promotion support for capacity building. He added that NBFCs can refinance loans of MFIs at a lower interest rates then what is charged by MFIs. Social inclusion and financial inclusion are intertwined. Mindset change is required. He further stated that form for opening bank account is just a formality; transgender people can take one of the other (male or female) gender identities as mentioned in birth certificate while filling that form.

Concluding remarks from the panelist are provided below:

Mr Ajmal was of the opinion that MFIs do not need only money or cost of resources but also convergence with development programmes to ensure decent livelihood and recognition of the marginalized person.

Mr Sayeed stated that some lateral thinking is required to expedite social and financial inclusion of the marginalized communities. Everyone has a mobile phone despite their social or gender identity.

Ms Sarkar opined that policy making is a two-way process and affected parties should be involved in policy making. There is a need for creating awareness and sensitization amongst the staff of service providers.

Ms Janki elaborated on the need of employee sensitization and added that a corporate reached out to STOP stating that they want to train rescued victims of human trafficking in hotel management. Eight candidates were sent by STOP for interviews. Interviewers asked upfront if they are victims of human trafficking with no regards to feelings of the candidates.

Plenary Session 3: Technology – Key driver for efficient delivery of Financial Inclusion

Moderator:

- Mr T K Arun, Editor, Opinion, The Economic Times

Panelists

- Mr Subrata Gupta, MD, NABFINS
- Dr Pawan Bakhshi, India Country Lead – Financial Services for the Poor, Bill & Melinda Gates Foundation
- Mr Gurusharn Rai Bansal, CGM, India Post Payments Bank
- Mr Raul Rebello, Sr. Vice President, Axis Bank
- Mr Jagadish Ramadugu, MD & CEO, VAYA Finserv
- Mr Abhishant Pant, FinTech Expert, Founder - Cashless Journey

Discussion Summary:

The session started with moderator, **Mr T K Arun**, commenting on the theme of the conference, "Propelling the Growth of the Informal Sector through Microfinance". He quipped that individual participant of the informal sector needs to grow, however, there is a need to shrink the informal sector itself. He further stated that Micro-Finance is a tool to achieve the formalization of informal sector. A drive by formal financial institutions to provide access to micro-finance is being witnessed and technology will act as a catalyst.

He was of the opinion that primary means of using technology for micro-finance is through providing data connectivity. He stated that as India has leapt from 130th rank in mobile data connectivity three years back to 1st rank in 2018, the use technology for access to finance has become very relevant. Following this, he opened the discussion for panelists and requested them to share examples of technology being deployed for financial inclusion.

Mr Gurusharn Rai Bansal responded to the request from moderator and shared his experience of rolling out technology platform for India Post Payments Bank (IPPB). He said that even though IPPB's strength is its physical presence through lakhs of on-ground staff, technology will have an important role to play. He shared that technology was utilized to simultaneously launch IPPB in September, 2018 at 3250 access points across India. He added that technology is not required just for last mile connectivity for bank transaction. It plays a bigger role in aspects like training of employees and bringing down cost of operations. He cited the example of technology being used to train master trainers who in-turn train 4.5 lakh end users (employees of IPPB) through technology and delivering the content in 13 languages. He also gave the example of how cost of opening a bank account came down with roll-out of Aadhaar and has become completely paperless. Now accounts can be opened anywhere anytime, by touch of a thumb. He further stated that technology results in decrease in transaction code and corroborated his statement by citing the fact that transaction cost of cash withdrawal through cheque used to be about ₹45 per transaction. This cost came down to INR 8 per transaction for cash withdrawal using ATM and has been further reduced to 45 paise per transaction for mobile transactions.

Mr Subrata Gupta opined that technology acts as an enabler for financial inclusion and can be used by MFIs to create partnerships with Banks. He highlighted the problems faced by small payment banks (SFBs) in rolling-out technology. He stated that cost of deploying technology, which is about 1-2% of the annual turnover of a SFB, is prohibitory and some form of financial assistance is required by SFBs. The second problem area in use of technology by SFBs is capacity building of end users (clients of SFB) to use various mobile applications and be aware of various options for mobile transactions available to them. The third problem is that even though smart phone penetration has increase, it still has not reached every household and barring a few applications like simspay, using feature phone for transactions is very cumbersome. He cited the example for *99# application - the user is expected to remember certain steps for using this feature. The fourth issue is the poor quality of internet connectivity in rural areas, making it difficult to conduct financial transactions. He recommended that some form of grant funding/support is required to overcome the problems cited and ensure use of digital applications for making financial transactions.

Mr Jagadish Ramadugu, stated that his organization, VAYA Finserv, is a hybrid MFI and services customers at their doorstep (unlike MFIs which service customers through their (customers') representative). Customers do not need to visit a branch or call unless there is a grievance. He further added that digital doesn't mean paper to paperless or cash to cashless, it is a new form of thinking around how financial institutions lend to customers and ensure financial inclusion. He exemplified using Aadhaar linked account opening as a case-in-point. He stated that earlier customers had to carry photocopies of their identity proof for account opening and getting photocopies required time and effort for customers. Now KYCs can be done on spot using Aadhaar. Similarly, with digital phones, photographs for account opening can be clicked on the spot by the agents opening the bank account.

He concluded with the thought that approach to technology has to be customer centric and stated following benefits of technology:

- Use of technology increases the overall profitability of operations by bringing down the transaction costs
- Use of technology helps in managing risks like risk of impersonation through technologies like geo tagging and online KYC; It also help eliminate middle men in loan disbursement
- Cash management is one biggest operational challenge for MFIs, with spread of technology usage and partnerships for online transactions, collections are becoming cashless
- MFI/SFB staff is able to close operations by 6 pm. Earlier they had to spend 3-4 hours in reconciling the accounts after returning from field
- Efficiency of operations has increased. The lag of 20 days in loan disbursement has come down to 4 days and VAYA Finserv is able to manage 15% higher number of customers and loan sizes

Mr Abhishant Pant opined that there is a need for collaboration between MFIs and start-ups enabling start-ups to design technology solutions needed by MFIs. This collaboration will help start-ups in identifying and defining the problem statements from MFIs' perspective. Otherwise there are enough start-ups providing technology solutions and hence impact at each level (Operations, credit rating etc.) of the MFIs.

Dr Pawan Bakhshi was of the opinion that technology is needed not only for the frontend (user interface) but is also required for streamlining operations and managing employees. He further opined that India is one of the leaders in FinTech in the world today and has attracted lot of interest from other countries. His other observations are as follows:

- The focus should not be financial inclusion but serving the poor people. It will open up the horizons of financial institutions to large set of services that can be provided to their clients.

- Indian regulators has been experimenting and taking risks in last 4-5 years. Creation of SFBs and payment banks is an example. The financial services will reach to the doorstep of the individual with these changes.
- Efforts for financial inclusion started in 1969 with nationalization of the bank and even after so many years we have not achieved financial inclusion for all. One of the reasons for slow pace of financial inclusion is the operational cost. For example, paper based KYC costed around ₹500/600 per bank account therefore financial institutions were not targeting the segment which cannot afford this cost. Now with innovations like Aadhar the cost of KYC has come down to ₹5-10 per account and therefore, a lot more people come under the serviceable net.
- Technology deployment has also benefitted the customers. As an illustration, a woman waiting for her subsidy amount of, let's say, ₹150 had to typically make 5-6 visits to Banking Correspondent to check whether subsidy has been credited to her account or not. Now she gets that information through a simple message confirming fund transfer thereby saving effort and time of that woman.
- People/clients will learn to use technology products by themselves, if they experience the value created by use of technology for financial transactions. No training programmes or hand holding was required to train people to make calls or send text messages with mobile phones
- New financial products can now be designed as a result of reduction in cost of operations. For instance, cost of manual collection of insurance premium is very high. An agent has to call and visit the client to collect premium and it costs about ₹200 - 250 per visit. Now with online transfer this cost has reduced significantly. We are at a point where even transfer of ₹1 per day as premium is feasible. It would make insurance affordable and attractive for many more people, who can let's say pay a premium of ₹1 per day, instead of ₹365 as one-time payment in the year.

Mr Raul Rebello stated that immediate value of technology deployment is for Joint Liability Group (JLG) model through services like KYC, algorithm for credit under-writing, customer analytics for upselling and cash less disbursement. Technology will also help mitigate risk by providing insights on transaction data for small customers thereby supporting decision making in regards to second or third loan cycle. He added that tablets for field staff are only a start; there is a need to empower them (the field staff) with insights from customer data, enabling them to service customers better.

Mr Raul further pondered upon the question that how do MFIs hold on to the competitive advantage that they have in the micro-finance space, given the entry of banks (as a result of deployment of technology and reduction of cost of operations) in the micro-finance space? He was of the opinion that MFIs have built relevance and trust with their customers over the years through providing access to exception financial services. Going forward, MFIs need to re-imagine their entire service delivery process on digital platform. Some of the benefits include shrinkage of loan application processing time from 2-3 week to 3-4 days, partnerships with other players (for co-lending and as Business Correspondents) and stakeholders (credit rating agencies etc.). Ecosystem currently is friendly for different stakeholders in micro-finance space to work together.

In the next leg of the session, panelist discussed about the levers for digital disruption. Mr T K Arun opened the discussion and stated that with the increase in number of digital transactions, it is easier to aggregate customer data. Credit Information Bureau already uses this information. He further opined that, in today's time, data can be captured through social media can be used to create customer profile. However, it should be ensured that this process does not harm customers and the laws on privacy and protection of data should be adhered. He added that the smart phone penetration in India (@50%) is low. In order to derive benefits from digital transactions, there is a need to increase the penetration; therefore, he recommended subsuming the cost of smart phone as social cost and distributing smart phones to customers.

Mr Gurusharn Rai Bansal said that safety and security of customer data is most important component. Though aggregating customer data for analytics is very critical and forms the backbone of operations of financial institutions, there is a need to be cognizant of the criticality to protect customer data as frauds happen regularly. There is a need to build at least a two-factor authentication at the transaction level. There can be complex technology at the back end ensuring that data is protected and a convenient, easy to use front end for customers.

Mr Abhishant Pant stated that there is a need to design models for individual lending to people who do not have access to smart phones. Furthermore, there are existing models like Cashpor which provide individual loans and are treated as case studies. He suggested that to enable individual lending there is a need to design new financial proxies. He cited the example of a new start-up which provides small loans (₹2500) to Ola and Uber drivers for covering the operational costs like Toll, Mechanics and Petrol and uses payments by Ola and Uber to the drivers as financial proxy. He concluded by stating that there is need for MFIs to understand digital lending, how digital financial system operates, what is meant by financial proxies and how are they developed?

Mr Jagadish Ramadugu highlighted the importance to understand the meaning of data penetration. Usually, one of the family members has access to mobile data. Furthermore, SMS technology has also been deployed successfully. There is this concept of anytime loan where an existing customer of the bank (has bank account) can send a message stating the need for loan and the loan amount gets credited to his/her account

Mr Subrata Gupta stated that financial proxies should be adopted wherever they are available, because most of customers cash the amount (for instance, subsidy amount) in their bank accounts for further transactions. He highlighted the need to ensure security/safety of data and stated that it is not possible for MFIs/SFBs to absorb cost of smartphones given the low margins. There is a need for grant funding to absorb this cost.

Mr Raul Rebello stated that as most customers cash the amount in their accounts, Axis Bank has provided 20 lakh outlets and micro-ATMsLow penetration of smart phones will not be big road block for financial inclusion.

Dr. Pawan Bakhshi stated that poor people have financial life in cash, which is anonymous; therefore they do not get value out of that. Even cash transactions are in the system (for instance, through invoices generated at points-of-sale) and can provide identity and also help understand the seasonality of customer behavior. Digital transactions and use of customer information stands on three pillars:

a. Consent: Customers should know when and why their data is being captured and should explicitly consent to storage and use of data. For instance, customers will agree for their data to be captured if financial institutions explain the drop in interest rates for loan processed basis the stored information

b. Safety and Security: Need to prevent misuse of information and also ensure customers have right to be forgotten

c. Grievance Redressal: Access should be provided to a grievance redressal mechanism in cases where customers face difficulties or are not satisfied with the services.

The session was ended with the concluding remarks that different players in the ecosystem need to work together to leverage technology for financial inclusion. Government and other regulatory authorities need to define regulations and guidelines around the collection, use and analysis of personal data.

Valedictory Session

- Shri P Satish, Executive Director, Sa-Dhan

Valedictory Address

- Shri N.S. Vishwanathan, Deputy Governor, RBI

Details of the Session:

The valedictory session was graced by the presence of **Shri N S Vishwanathan**, Deputy Governor, RBI who released the Directory of MFIs (Volume III) brought out by Sa-Dhan, and launched the SRO Self-Assessment and Monitoring Tool.

Mr P Satish commenced the session by giving a brief introduction about the SRO Self-Assessment and Monitoring Tool, which has been developed with support of International Finance Corporation, World Bank Group. IFC extended technical support to develop the self-assessment and monitoring tool, whose objective is to facilitate data flow from Microfinance sector in a more systematic way and on real time basis.

Ms Paramita Dasgupta congratulated Sa-Dhan for developing the SRO Self-Assessment and Monitoring Tool and expressed support from International Finance Corporation and World Bank to Microfinance in India. She shared about the work done with MFI's in India that brings forward great customer centric services, work on multiple borrowing, payment and lending services. She talked about how the initiative to develop SRO, will help to identify MFI which are at risk, by giving early warning signals and help the RBI in overall assessment of exposure and volatility of sector. The intention of such assessment is to assist stakeholders and eradicate poverty through these measures.

Shri N S Vishwanathan, Deputy Governor, RBI addressed the audience and talked about the critical relationship between microfinance and development. He mentioned that adequate, affordable and accessible credit is a requirement for the growth of nation, and unlike formal sector, informal has limited and virtually no access to financial market.

The government has taken action and the good part is that there is greater availability of finance for informal sector now; however the sector still needs a lot more. Shri Vishwanathan shared certain figures, highlighting that in India close to 81% of all employed person work in informal sector. He also distinguished between organized and unorganized environment i.e. formal sector which includes workers with social security, legal protection and benefits, while informal sector has none of these, with more than 90% of working women involved in informal sector.

In order to ensure a holistic development, financial inclusion has to be a significant element in the planned strategy and ensuring availability of interest free loans and proper allocation of home loans is vital. Unfortunately, the need for credit is usually during emergencies such as social obligations, and accidents, which further pressurizes the borrower, this shows the importance of the need of making MFI loans more accessible.

Also, in order to support the formal economy, it is imperative to strengthen the informal economy, which can be done through upgrading infrastructure, ensuring social security and access to funds, and fortunately Atal Pension Yojana, Pradhan Mantri Awas Yojana and Micro Units Development and Refinance Agency Bank have been contributing to these factors. Second, there is also a need to supplement the efforts of commercial banks, and MFI that have emerged as institutions, playing a crucial role in inducting informal sector to formal sector, shaping borrowers' behavior, providing training and capacity building.

The DG, RBI touched upon the concerns discussed to ensure that the needy is not removed by the less needy, and hence reliance on market, transparency of transaction are important aspects to be taken into account. He touched upon many other aspects such as the recognition of the need for self-regulation, licensing of small finance banks to increase access to institutional credit, purpose of taking loans by borrowing households by type of households, distribution of loans according to sources of households based on NABARD and performance parameters of the MFI sector. He also spoke about the difficulties in recovering loan, and the request of people to relax the interest rates. Besides, with MFI covering 30 states, 10lakh branches, 2.3 crore individuals, there is increase in credit penetration as far as the informal sector is concerned and yet geographically there are some pockets where MFI are yet to enter.

Talking about the expectations from MFIs, he talked about some of the areas of improvement including internal systems, quality of internal governance, risk management, and controls, focus on customers and customer empowerment through skilling, investments in technology and workforce. He concluded that it can be said that MFI are important for providing credit to the informal sector and plays a crucial role for development of the sector, where systems have not fully entered. Microfinance Sector has stood many a challenges and grown and moved towards stage of maturity.

Mr P Satish concluded the two day conference by thanking all the dignitaries, participants, presenters, panelists, and facilitated the sponsor and partners for their active support throughout the program.

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Media Coverage

Publication: The Statesman Edition: New Delhi, Kolkata

India's MFI loan portfolio up 47% in FY18 to ₹68,789 crore

PRESS TRUST OF INDIA
NEW DELHI, 22 SEPTEMBER

India's microfinance industry clocked 47 per cent growth with a gross loan portfolio of Rs 68,789 crore in the financial year ended March 2018 as against Rs 46,842 crore in the year-ago period, according to a report.

Releasing the report here recently, Union MSME minister Giriraj Singh said the interest rate at which bankers provide loan to microfinance institutions should be brought down so that more people can be brought under the ambit of microfinance. "It is time that banks and MFIs should work in tandem. The banks are worried about NPAs. Let me tell Sidbi, those who take microfinance loans are not capable of leaving the country.

"Stop thinking about NPA when you are giving loans to MFIs. The loan takers will not run away from India like Mr Nirav Modi or Mr Vijay Mallya," Mr Singh said in a statement issued by the organisers of a Bharat Microfinance Report 2018 launch event. According to the report the sector witnessed 56 per cent increase in loan disbursements in 2017-18 over the previous year. It stood at Rs 81,737 crore, the highest since 2015-16.

According to the report, the sector witnessed 56 per cent increase in loan disbursements in 2017-18 over the previous year. It stood at Rs 81,737 crore, the highest since 2015-16

However, the top 10 MFIs disbursed Rs 55,013 crore, which is 67 per cent of the sector's total amount disbursed, and rest of the other MFIs disbursed 33 per cent.

Among the regions, south still dominates the overall loan disbursement of MFIs with 34 per cent, followed by east with 30 per cent. Central and west have a share of 18 per cent and 9 per cent, respectively. While north and north-east have least disbursement share of 7 per cent and 2 per cent, respectively.

Publication: The Indian Express Edition: New Delhi, Jaipur, Mumbai, Chandigarh, Kolkata, : Lucknow, Nagpur, Ahmedabad, Pune, Vadodara

MFIs should expand presence in North India: RBI Deputy Guv

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 20

N S Vishwanathan says MFIs need to invest more in technology upgradation

RBI DEPUTY Governor N S Vishwanathan said on Thursday that there is much scope for increasing credit penetration in Northern part of the country and microfinance institutions (MFIs) should expand their presence there. Vishwanathan further said that MFIs need to become more efficient and invest more money in technology upgradation.

"There is so much scope for increasing credit penetration in Northern part of the country...Historically MFIs have primarily focused in Southern part of India. They need to diversify their risk. So, they should expand their presence in Northern part of India," he said, while addressing delegates at the Sa-Dhan National Conference 2018 here.

The Deputy Governor also pointed out that linkages between microfinance and development sector is very critical.

Vishwanathan noted that informal sector has lesser access to credit and virtually no access to financial market even though 81 per cent of workforce is employed in informal sector in India.

"In order to sustain formal economy, informal economy needs to be upgraded," he said.

Publication: The Financial Express Edition: New Delhi, Mumbai, Bangalore, Ahmedabad, Kolkata

'MFI loan portfolio grows 47% in FY18 to ₹68,789 cr'

INDIA'S MICROFINANCE INDUSTRY clocked 47% growth with a gross loan portfolio of ₹68,789 crore in the financial year ended March 2018 as against ₹46,842 crore in the year-ago period, according to a report. Releasing the report on Wednesday, Union MSME minister Giriraj Singh said the interest rate at which bankers provide loan to microfinance institutions should be brought down so that more people can be brought under the ambit of microfinance. "It is time that banks and MFIs should work in tandem. The banks are worried about NPAs. Let me tell SIDBI, those who take microfinance loans are not capable of leaving the country," Singh said.

THE FINAN

Publication: Hindustan Edition: New Delhi

सूक्ष्म वित्त उद्योग का ऋण 47% बढ़ा

नई दिल्ली। देश में सूक्ष्म वित्त उद्योग का सकल ऋण पोर्टफोलियो वित्त वर्ष 2017-18 में 47 प्रतिशत बढ़कर 68,789 करोड़ रुपये पर पहुंच गया। इससे पिछले वित्त वर्ष में यह आंकड़ा 46,842 करोड़ रुपये था।

एक रिपोर्ट के अनुसार, 2017-18 में एमएफआई क्षेत्र के ऋण वितरण में इससे पिछले वित्त वर्ष की तुलना में 56 प्रतिशत की वृद्धि दर्ज की गई है। यह इस दौरान 81,737 करोड़ रुपये रहा। यह राशि 2015-16 के बाद सबसे अधिक है। (एजेंसी)

Publication: Assam Tribune Edition: Guwahati

Banks, MFIs should work in tandem: Minister

NEW DELHI, Sept 19: India's microfinance industry clocked 47 per cent growth with a gross loan portfolio of Rs 68,789 crore in the financial year ended March 2018 as against Rs 46,842 crore in the year-ago period, according to a report.

Releasing the report here today, Union MSME Minister Giriraj Singh said the interest rate at which bankers provide loan to microfinance institutions should be brought down so that more people can be brought under the ambit of microfinance.

"It is time that banks and MFIs should work in tandem. The banks are worried about NPAs. Let me tell SIDBI, those who take microfinance loans are not capable of leaving the country.

Microfinance industry loan portfolio up 47% in FY18

"Stop thinking about NPA when you are giving loans to MFIs. The loan-takers will not run away from India like Nirav Modi or Vijay Mallya," Singh said in a statement issued by the organisers of the Bharat Microfinance Report 2018 launch event.

According to the report, the sector witnessed 56 per cent increase in loan disbursements in 2017-18 over the previous year. It stood at Rs 81,737 crore, the highest since 2015-16.

However, the top 10 MFIs disbursed Rs 55,013 crore, which is 67 per cent of sector's total amount disbursed, and rest of the other MFIs disbursed 33 per cent.

Among the regions, South still dominates the overall loan disbursement of MFIs with 34 per cent, followed by East with 30 per cent. Central and West have a share of 18 per cent and 9 per cent, respectively. While North and North-east have least disbursement share of 7 per cent and 2 per cent, respectively. – PTI

Publication: Dainik Bhaskar
Edition: National

माइक्रोफाइनेंस लोन पोर्टफोलियो 2017-18 में 47% बढ़ा, 68,789 करोड़ पर पहुंचा : रिपोर्ट

नई दिल्ली | देश में माइक्रोफाइनेंस इंडस्ट्री (एमएफआई) का लोन पोर्टफोलियो वित्त वर्ष 2017-18 में 47% बढ़कर 68,789 करोड़ रुपए पर पहुंच गया। इससे पिछले वित्त वर्ष में यह 46,842 करोड़ रुपए था। यह जानकारी बुधवार को जारी एक रिपोर्ट में दी गई। इस मौके पर एमएसएमई मंत्री गिरिराज सिंह ने कहा कि बैंक जिस दर पर माइक्रो फाइनेंस संस्थानों को कर्ज देते हैं उसे कम किया जाना चाहिए ताकि ज्यादा से ज्यादा लोगों को माइक्रोफाइनेंस के दायरे में लाया जा सके। रिपोर्ट के मुताबिक, पिछले वित्त वर्ष में टॉप-10 माइक्रो फाइनेंस संस्थानों ने 55,013 करोड़ रुपए के कर्ज दिए। यह माइक्रोफाइनेंस सेक्टर द्वारा बांटे गए कुल कर्ज का 67% है।

Publication: Deshbandhu
Edition: New Delhi

छोटे कारोबार के विकास के लिए सरकार प्रतिबद्ध : गिरिराज

नई दिल्ली, 19 सितम्बर (एजेंसियां)। केंद्रीय सूक्ष्म, लघु एवं मध्यम उद्योग मंत्री गिरिराज सिंह ने छोटे उद्योगों के विकास के प्रति सरकार की प्रतिबद्धता व्यक्त करते हुए आज कहा कि इन उद्योगों का मुनाफा बढ़ाने तथा इन्हें सुरक्षा प्रदान करने के कदम उठाये जा रहे हैं।

श्री सिंह ने बुधवार को यहां छोटे कारोबार के लिए मासिक ई. न्यूजलेटर का लोकार्पण करने के बाद कहा कि सरकार ने छोटे उद्योगों के कल्याण और विकास के लिये कई योजनाएं और कार्यक्रम शुरू किए हैं। इनके दायरे में औपचारिक क्षेत्र में काम करने वाले समस्त श्रमिक और छोटे कारोबारी आते हैं। उन्होंने कहा कि छोटे उद्योगों तक सरकार की विभिन्न कल्याणकारी योजनाओं की जानकारी पहुंचाना आवश्यक है। यह ई. न्यूजलेटर इसमें महत्वपूर्ण भूमिका निभायेगा। इस अवसर पर मंत्रालय में सचिव डॉ. अरुण कुमार पांडा, संयुक्त सचिव अलका अरोड़ा और श्रीनिवास बांधला तथा अन्य वरिष्ठ अधिकारी मौजूद थे। विभिन्न योजनाओं का उल्लेख करते हुए केंद्रीय मंत्री ने बताया कि सरकार ने छोटे कारोबारियों को सामाजिक सुरक्षा के दायरे मे लाने के उपाय किये हैं। सरकारी खरीद में छोटे उद्योगों से माल खरीदना अनिवार्य कर दिया गया है।

छोटे उद्योगों तक सरकार की विभिन्न कल्याणकारी योजनाओं की जानकारी पहुंचाना आवश्यक है : गिरिराज सिंह

Publication: Pioneer
Edition: New Delhi

सूक्ष्म वित्त उद्योग का कुल रिण 2017-18 में 47 प्रतिशत बढ़कर 68,789 करोड़ रुपए हुआः रिपोर्ट

नई दिल्ली। देश में सूक्ष्म वित्त उद्योग (एमएफआई) का सकल ऋण पोर्टफोलियो वित्त वर्ष 2017-18 में 47 प्रतिशत बढ़कर 68,789 करोड़ रुपए पर पहुंच गया। इससे पिछले वित्त वर्ष में यह आंकड़ा 46,842 करोड़ रुपए था। एक रिपोर्ट में यह बात कही गई है। केंद्रीय सूक्ष्म, लघु एवं मझोले उद्यम मंत्री गिरिराज सिंह ने बुधवार को रिपोर्ट जारी करते हुए कहा कि बैंक जिस ब्याज दर पर सूक्ष्म वित्त कंपनियों को ऋण देते हैं उसे कम किया जाना चाहिए ताकि ज्यादा से ज्यादा लोगों को सूक्ष्म वित्त के दायरे में लाया जा सके। सिंह ने कहा कि यह समय है जब बैंकों और सूक्ष्म वित्त कंपनियों को मिलकर काम करना चाहिए। बैंक एनपीए यानी डूबे कर्ज को लेकर चिंतित है। लेकिन मैं सिडबी को बताना चाहता हूं कि जो लोग सूक्ष्म वित्त ऋण लेते हैं वह देश छोड़कर नहीं जा सकते हैं। बैंकों को सूक्ष्म वित्त कंपनियों को कर्ज देने में एनपीए की चिंता नहीं करनी चाहिए। इस श्रेणी के कर्जदार नीरव मोदी और विजय माल्या की तरह देश छोड़कर नहीं भाग सकेंगे। रिपोर्ट के अनुसार, 2017-18 में एमएफआई क्षेत्र के ऋण वितरण में इससे पिछले वित्त वर्ष की तुलना में 56 प्रतिशत की वृद्धि दर्ज की गई है। यह इस दौरान 81,737 करोड़ रुपए रहा। यह राशि 2015-16 के बाद सबसे अधिक है। पिछले वित्त वर्ष में शीर्ष 10 सूक्ष्म वित्त संस्थानों ने 55,013 करोड़ रुपए वितरित किए, जो कि कुल वितरित की गई राशि का 67 प्रतिशत है। शेष 33 प्रतिशत अन्य कंपनियों द्वारा दिए गए।

Publication: Virat Vaibhav
Edition: New Delhi

कॉरपोरेट डायरी

सूक्ष्म वित्त उद्योग का ऋण 47 फीसद बढ़कर 68,789 करोड़ रु.

एजेंसी ■ नई दिल्ली

देश में सूक्ष्म वित्त उद्योग (एमएफआई) का सकल ऋण पोर्टफोलियो वित्त वर्ष 2017-18 में 47 प्रतिशत बढ़कर 68,789 करोड़ रुपए पर पहुंच गया। इससे पिछले वित्त वर्ष में यह आंकड़ा 46,842 करोड़ रुपए था। एक रिपोर्ट में यह बात कही गई है। केंद्रीय सूक्ष्म, लघु एवं मझोले उद्यम मंत्री गिरिराज सिंह ने बुधवार को रिपोर्ट जारी करते हुए कहा कि बैंक जिस ब्याज दर पर सूक्ष्म वित्त कंपनियों को ऋण देते हैं उसे कम किया जाना चाहिए ताकि ज्यादा से ज्यादा लोगों को सूक्ष्म वित्त के दायरे में लाया जा सके। सिंह ने कहा कि यह समय है जब बैंकों और सूक्ष्म वित्त कंपनियों को मिलकर काम करना चाहिए। बैंक एनपीए यानी डूबे कर्ज को लेकर चिंतित है। लेकिन मैं सिडबी को बताना चाहता हूं कि जो लोग सूक्ष्म वित्त ऋण लेते हैं वह देश छोड़कर नहीं जा सकते हैं। बैंकों को सूक्ष्म वित्त कंपनियों को कर्ज देने में एनपीए की चिंता नहीं करनी चाहिए। इस श्रेणी के कर्जदार नीरव मोदी और विजय माल्या की तरह देश छोड़कर नहीं भाग सकेंगे। रिपोर्ट के अनुसार, 2017-18 में एमएफआई क्षेत्र के ऋण वितरण में इससे पिछले वित्त वर्ष की तुलना में 56 प्रतिशत की वृद्धि दर्ज की गई है। यह इस दौरान 81,737 करोड़ रुपए रहा। यह राशि 2015-16 के बाद सबसे अधिक है। पिछले वित्त वर्ष में शीर्ष 10 सूक्ष्म वित्त संस्थानों ने 55,013 करोड़ रुपए वितरित किए, जो कि कुल वितरित की गई राशि का 67 प्रतिशत है।

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सूक्ष्म वित्त उद्योग का कुल ऋण 2017-18 में 47 प्रतिशत बढ़कर 68,789 करोड़ हुआ

नई दिल्ली, (भाषा)। देश में सूक्ष्म वित्त उद्योग (एमएफआई) का सकल ऋण पोर्टफोलियो वित्त वर्ष 2017-18 में 47 प्रतिशत बढ़कर 68,789 करोड़ रुपये पर पहुंच गया। इससे पिछले वित्त वर्ष में यह आंकड़ा 46,842 करोड़ रुपये था। एक रिपोर्ट में यह बात कही गयी है। केंद्रीय सूक्ष्म, लघु एवं मझोले उद्यम मंत्री गिरिराज सिंह ने बुधवार को रिपोर्ट जारी करते हुये कहा कि बैंक जिस ब्याज दर पर सूक्ष्म वित्त कंपनियों को ऋण देते हैं उसे कम किया जाना चाहिए ताकि ज्यादा से ज्यादा लोगों को सूक्ष्म वित्त के दायरे में लाया जा सके। सिंह ने कहा कि यह समय है जब बैंकों और सूक्ष्म वित्त कंपनियों को मिलकर काम करना चाहिये। बैंक एनपीए यानी डूबे कर्ज को लेकर चिंतित है। लेकिन मैं सिडबी को बताना चाहता हूं कि जो लोग सूक्ष्म वित्त ऋण लेते हैं वह देश छोड़कर नहीं जा सकते हैं।

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