



# **SA-DHAN NATIONAL CONFERENCE** **ON INCLUSIVE GROWTH 2024**

**Driving Sustainable Development through Inclusive Finance**

23rd & 24th October | The Ashok Hotel, New Delhi

KNOWLEDGE PARTNER



# Table of Contents

1. Message by Chairman .....	4
2. Preface .....	5
3. Key Highlights .....	6
4. Reports Released .....	7
5. Inaugural Session .....	8
6. <b>Special note:</b> Paving the path to Viksit Bharat: Strategic insights into Microfinance and Sustainable Development .....	17
7. <b>Plenary Session 1:</b> Sustainable Micro Finance as a Catalyst for Inclusive Development and Growth .....	18
8. <b>Breakaway Session 1:</b> Re-imagining Microlending: Emerging Technological Trends and Innovations .....	20
9. <b>Presentation:</b> Role of WASH in Advancing Climate Resilience and Gender Empowerment .....	22
10. <b>Breakaway Session 2:</b> Green Microfinance in Asia Pacific Region: Investments for a Sustainable Development .....	23
11. <b>Presentation:</b> Coverfox: Pioneering a New Era of Financial Protection by Making Microinsurance Simple, Scalable, and Inclusive for All .....	25
12. <b>Breakaway Session 3:</b> Managing Human Capital in Microfinance: Challenges and Strategic Pathways .....	26
13. <b>Presentation:</b> Dvara : Sa-Dhan Research .....	28
14. <b>Plenary Session 2:</b> The new Regulatory Framework in Microfinance: Experiences so far .....	29
15. <b>Fireside Chat:</b> A discussion on "The role of Microfinance in the journey towards Viksit Bharat" .....	32



# Table of Contents

16. <b>Plenary Session 3:</b> Lakhpatti Didi – Elevating the SHG model to the next level through Enterprise Promotions	34
17. <b>Presentation:</b> Risk Management in Microfinance: The Role of Insurance	37
18. <b>Breakaway Session 4:</b> Strategic Pathways for MFIs: Navigating Change and Embracing Opportunities	38
19. <b>Presentation:</b> The Real Cost of Paperwork for MFIs –and How to Break Free	40
20. <b>Breakaway Session 5:</b> Gender Responsive Finance: Fostering Inclusive finance for Equitable Growth	41
21. <b>Breakaway Session 6:</b> Financial well-being of Microfinance Households: Strengthening Social Security Safety Nets	44
22. <b>Presentation:</b> Digital Health: Building a Foundation for Inclusive Healthcare	46
23. <b>Plenary Session 4:</b> Microfinance 2034 – The future of Microfinance in India	47
24. <b>Valedictory Session:</b> Special Address	49
25. Vote Of Thanks	51
26. Sa-Dhan Team	52
27. Awards Section	53
28. Sa-Dhan Stalls	55
29. Sa-Dhan in Media	56
30. Sa-Dhan 2025	57
31. Our Sponsors	58
32. Our Partners	59

# Message by Chairman



## **Mr. K Paul Thomas**

MD & CEO

ESAF Small Finance Bank

It is with immense pride and a deep sense of responsibility that I present this report on the Sa-Dhan National Conference on Inclusive Growth 2024. The theme of our conference centered on sustainable development and inclusive growth within the microfinance sector. This conference, marked by insightful discussions and collaborative efforts, reflects Sa-Dhan's unwavering commitment to fostering an economically and socially empowered inclusive society.

As the Chairman of this esteemed organization, I am honored to contribute to the continued advancement of the microfinance sector in India. At Sa-Dhan, we are dedicated to exploring and promoting innovative approaches that can drive socio-economic progress and support the financial well-being of low-income households, particularly women.

The discussions highlighted the importance of embracing technology, sustainable practices, and strategic pathways to enhance the impact of microfinance. The conference concluded with forward-looking discussions on the future of microfinance in India. These deliberations reinforced our mission to promote and foster inclusive impact finance institutions that support sustainable development goals. As we reflect on the outcomes of this conference, the path forward requires continued collaboration, innovation, and dedication. Sa-Dhan remains steadfast in its mission to drive positive change and create an inclusive financial ecosystem that empowers all members of society. Together, we will work towards a future where financial inclusion and sustainable development are realized for all.

I sincerely thank all the participants, speakers, sponsors, partners and the entire team of Sa-Dhan for their invaluable contributions to the success of this conference. Your insights and collaborative spirit have greatly enhanced our collective understanding and bolstered our commitment to driving meaningful change in the microfinance sector.

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



# Preface



## Mr. Jiji Mammen

ED & CEO

Sa-Dhan

I am happy to present this report on the 19th Sa-Dhan National Conference on Inclusive Growth, 2024. This conference stands as a testament to Sa-Dhan's ongoing commitment to advancing policy advocacy and sharing best practices in the microfinance sector in India.

Sa-Dhan, with its diverse membership of over 220 members operating across 33 states and Union Territories, plays a crucial role in the microfinance landscape. Our members include for-profit and not-for-profit MFIs, SHG-promoting institutions, banks, rating agencies, and capacity-building institutions. Collectively, we reach out to ~ 44 million clients with a book size of over ₹1,27,801 crores. Recognized as a National Support Organization (NSO) by the National Rural Livelihood Mission (NRLM), Sa-Dhan continues to champion the cause of financial inclusion and sustainable development. Sa-Dhan's mission remains at the heart of our efforts – to promote and foster inclusive finance institutions that support low-income households, particularly women, in achieving stable livelihoods, improving social and financial well-being, and fulfilling Sustainable Development Goals. Our vision of promoting an economically and socially empowered inclusive society continues to guide our endeavors.

At the Sa-Dhan National Conference on Financial Inclusion 2024, we were honoured to have numerous dignitaries from diverse fields, including academia, MFIs, Regulators, Banks, Development Institutions and Government, grace the occasion with their presence. The conference was meticulously designed to address various facets of the microfinance sector, focusing on sustainable development and inclusive growth. The discussions critically examined how financial inclusion can significantly contribute to poverty alleviation and universal access to financial services. The conference also emphasized the crucial role of sustainable microfinance in driving socio-economic progress and explored emerging trends and innovations in microlending and sustainable development investments. A key highlight of the conference was the unveiling of "The Bharat Microfinance Report," a comprehensive statistical analysis of the sector and launch of a certification programme for freshers to the microfinance sector in collaboration with IIBF. The BMR provides crucial insights and data, which will guide future initiatives and strategies within the MFI landscape. We also released the Bharat Microfinance Directory 2024 and the Guide to Best Practices on Loan Sourcing, Product Design, Household Income Assessment and NPA Management.

I am thankful to all our stakeholders who wholeheartedly supported us for the conference. My special thanks to Shri M Nagaraju, IAS, Secretary DFS, Dr. Saurabh Garg, IAS, Secretary MoSPI, Shri Amit Kr Ghosh, IAS, Additional Secretary Ministry of Social Justice and Empowerment, Ms. Smriti Sharan, IAS, Joint Secretary, MoRD, Shri Shaji K V, Chairman NABARD, Shri Manoj Mittal, CMD, SIDBI, Shri Jayant Kumar Dash, ED, RBI, Dr. Charan Singh, Non-Executive Chairman PSB, Shri S K Singh, ED Indian Bank and host of many other dignitaries who graced the event and shared their valuable insights. I am also thankful to all our partners, sponsors and supporters who made the event successful. I am thankful to the Chair and Co-Chairs and the entire Board of Sa-Dhan as well as all our member institutions for their constant support to Sa-Dhan. I am indebted to my team in Sa-Dhan who made the event a memorable one. Special thanks to Shri Chandan Thakur, Dy Director, and his team for all the hard work done to make this conference a successful one.

I am sure the report of this conference along with the actionable points will go a long way to strengthen the microfinance movement in the country.

With best wishes,

Jiji Mammen

Executive Director & CEO, Sa-Dhan

## Key Highlights – Indicative Numbers





# Reports released



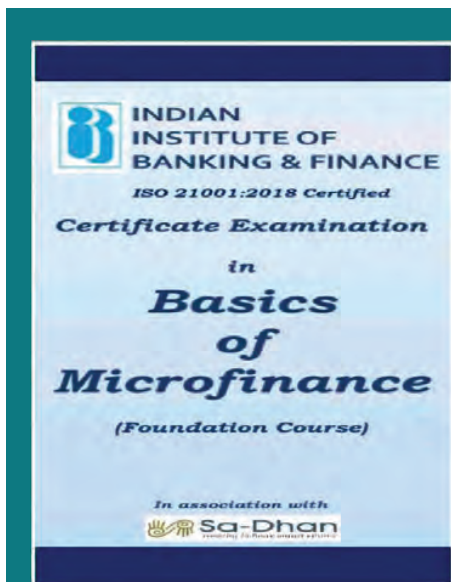
## Bharat Microfinance Report

The Bharat Microfinance report is an effort to compile all the relevant information about the microfinance sector in the country for the benefit of all microfinance stakeholders. Sa-Dhan has been taking this initiative over the last two decades focusing on content and quality.



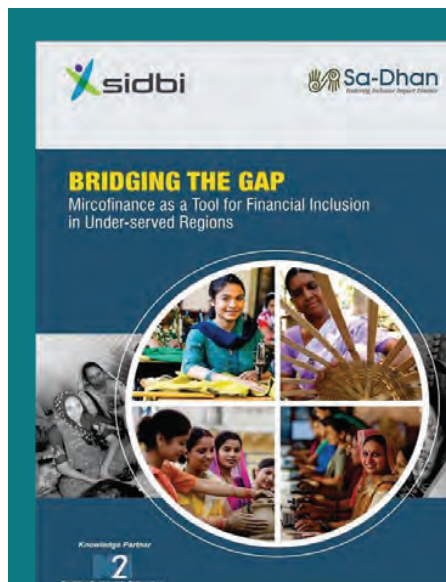
## The Microfinance Directory

The Microfinance Directory of India compiles vital information on 200+ MFIs across all states/UTs, including contact details, year of establishment, services, and portfolios. It aids stakeholders in accessing reliable data on micro credit and related market players.



## Basics of Microfinance

This certification course aims to address the microfinance sector's challenges of qualified personnel scarcity & high turnover rates. This course is designed to train and certify aspiring and existing professionals, enhancing skills and preparing for a career in microfinance.



## Bridging the Gap

The report on 'Bridging the Gap – Microfinance as a tool for financial inclusion in underserved regions' is an effort to identify the areas where the MFIs are less penetrated, the reasons for such gaps and the suggestions for improving the same.

# Inaugural Session



**Mr. K Paul Thomas**  
MD & CEO  
ESAF Small Finance Bank



**Mr. Jayant Kumar Dash**  
ED  
Reserve Bank of India



**Mr. Manoj Mittal**  
CMD  
SIDBI



**Mr. Shaji K V**  
Chairman  
NABARD



**Mr. M Nagaraju, IAS**  
Secretary, DFS, Ministry  
of Finance  
Government of India



**Mr. Jiji Mammen**  
ED & CEO  
Sa-Dhan

The inaugural session of the Sa-Dhan National Conference on Inclusive Growth 2024 began with a solemn Diya lighting ceremony and Saraswati Vandana, marking the formal commencement of this esteemed event. The ceremony was graced by prominent leaders from the microfinance sector, senior officials from regulatory bodies, and key policymakers. Their collective presence and participation highlighted the shared commitment to fostering sustainable development through inclusive finance. This auspicious start set a tone of collaboration and dedication, paving the way for meaningful discussions and strategic insights over the course of the two-day conference.





# Inaugural Session

## Welcome Address by Mr. K Paul Thomas, MD & CEO, ESAF Small Finance Bank & Chairperson, Sa-Dhan



**Mr. K Paul Thomas**, the Managing Director and CEO of ESAF Small Finance Bank and Chairperson of Sa-Dhan, warmly welcomed all the distinguished guests and attendees in his inaugural address. He extended a special welcome to the key dignitaries, beginning with the chief guest, Mr. M Nagaraju, IAS, Secretary of the Department of Financial Services (DFS) in the Ministry of Finance. He acknowledged the ministry's persistent support for microfinance institutions and the financial inclusion ecosystem. Mr. Thomas also welcomed Mr. Jayant Kumar Dash, Executive Director of the Reserve Bank of India (RBI), acknowledging RBI's crucial role as a regulator and supervisor. He further welcomed Mr. Manoj Mittal, Chairman and Managing Director of the SIDBI, and expressed gratitude towards SIDBI's significant contributions to the development of microfinance institutions in India. Additionally, he welcomed Mr. Shaji K V, Chairman of the National Bank for Agriculture and Rural Development (NABARD), recognizing NABARD's pioneering efforts in promoting the self-help group movement and financial inclusion. Expressing gratitude towards Mr. Jiji Mammen, Executive Director and CEO of Sa-Dhan, Mr. Thomas commended the well-organized event and Sa-Dhan's commendable trajectory under Mr. Mammen's leadership, noting the participation of around 78 distinguished speakers in the annual conference.

Mr. Thomas highlighted Sa-Dhan's mission of inclusive growth since 1998, noting its current membership of about 220 organizations working across 33 states and union territories, reaching approximately 44 million clients with a loan outstanding of over ₹1,27,800 crore. He remarked on India's significant progress in financial inclusion over the past 25 years, particularly the last 15 years, with bank account penetration rising from one in every three individuals in 2010 to 77% today. The theme of this year's national conference, "Driving Sustainable Development through Inclusive Finance," was emphasized as both a legacy and a future goal, reflecting the substantial contributions of financial inclusion initiatives to all 17 Sustainable Development Goals (SDGs).

In conclusion, Mr. Thomas expressed appreciation for the efforts and directives provided by the Government of India, reiterating the importance of collaboration among stakeholders to create a more inclusive financial ecosystem. He also highlighted ESAF Small Finance Bank's recent achievement of receiving its first ESG rating, which significantly surpassed the industry average, underscoring the bank's commitment to sustainability and inclusivity. Mr. Thomas emphasized the need for continued innovation and adaptability in the microfinance sector to better serve the needs of the poor, and expressed optimism for the future, confident that collective efforts and a shared vision would enable the sector to achieve greater heights and make a lasting positive impact on society.

Scan to Watch



Inaugural Session  
<https://www.youtube.com/watch?v=iSQvUlweOZ0>

# Inaugural Session

## Special Address by Mr. Jayant Kumar Dash, ED, RBI



In his special address at the Sa-Dhan Conference, **Mr. Jayant Kumar Dash** underscored the transformative power of finance in shaping India's journey toward inclusive growth and sustainable development. Mr. Dash highlighted the critical intersection of financial inclusion and sustainable finance as essential for advancing poverty alleviation, health improvements, and economic equity. His discourse pivoted around India's robust microfinance sector—the second largest globally after China—illustrating how microcredit can strengthen economic stability for low-income households and marginalized entrepreneurs.

Emphasizing the critical intersection of financial stability and environmental sustainability, Mr. Dash pinpointed that India's vulnerable populations—especially women, who represent 85% of microfinance clients—are disproportionately affected by climate risks due to limited adaptive resources. With India's gender credit gap recently widening to 42.3% in FY23, he stressed the importance of closing this gap to empower women financially and enhance their resilience to environmental challenges. Mr. Dash proposed a "Financial Inclusion 2.0" model, extending beyond basic access to foster comprehensive economic inclusion and resilience. He highlighted that while India's financial inclusion rates have improved, regional disparities persist, particularly in rural areas. The essence of this vision is to move beyond providing just financial access to achieving profound economic inclusions, such as improved productivity and self-reliance for underserved populations. He stressed the essential role of Microfinance Institutions (MFIs) as intermediaries in connecting underserved communities with formal financial channels. Notably, Non-Banking Financial Companies (NBFCs) have now surpassed commercial banks in their market share within the microfinance sector. He advocated for an "ecosystem approach" to microfinance, which integrates education, operational support, and financial resources to build resilient socio-economic systems.

Highlighting the disproportionate impact of climate risks on women, who constitute a significant proportion of microfinance clients, Mr. Dash addressed the widening gender credit gap and underscored the need for targeted policies to bridge this divide and empower women. He emphasized the compelling necessity of enhancing financial resilience for women, thereby promoting gender equity in economic participation. Mr. Dash recognized fintech as a powerful catalyst for advancing financial inclusion, pointing out the importance of digital finance infrastructure and open financial data in reducing barriers to financial access. Fintech is seen as a pathway to meeting the diverse financial needs of underserved populations while managing the associated risks through leveraging digital innovation.

Introducing the concept of Bottom of Pyramid (BOP) 4.0, Mr. Dash focused on the outer network society and connecting them to global resources. The model envisages a robust support structure comprising education, operations, and finance to resolve structural issues and foster socio-economic development. He highlighted the importance of integrating socio-preneurial activities to improve lives in rural India and enhance productivity.





# Inaugural Session

Addressing various regulatory guidelines, Mr. Dash discussed the cap on annual household income to qualify for microfinance and the qualifying asset requirements for NBFC MFIs. He touched upon global poverty reduction benchmarks and urged for faster progress to potentially achieve ahead of global estimates. He stressed the significance of financial literacy and adequate regulatory frameworks to prevent over-indebtedness and ensure ethical lending practices.

Mr. Jayant Kumar Dash closed his speech by expressing optimism that the conference would foster valuable strategies to drive inclusive finance and economic growth. He emphasized the necessity for demand-side enablers for financial inclusion to further deepen and entrench financial access in the ecosystem. He culminated his address with the release of a report on bridging financial inclusion gaps, symbolizing a collective commitment to realizing a more equitable and sustainable future for India as it emerges as a leading global economy. With his profound insights and strategic proposals, Mr. Dash's address serves as a cornerstone for discussions around driving inclusive finance, supporting sustainable development goals, and empowering the underserved sectors of society.

## Release of SIDBI Sa-Dhan Study Report 'Bridging the Gap'



Scan to Watch



Inaugural Session  
<https://www.youtube.com/watch?v=iSQvUlweOZ0>

# Inaugural Session

## Special Address by Mr. Manoj Mittal, CMD, SIDBI



In his special address at the Sa-Dhan Conference, **Mr. Manoj Mittal** expressed satisfaction with the growth and mainstreaming of the microfinance industry, highlighting its inclusion in the Mudra loan scheme and increased regulation by the Reserve Bank of India (RBI). He discussed the industry's impressive scale, which has reached ₹4.5 lakh crore in outstanding loans, with an average loan size exceeding ₹50,000. Mr. Mittal emphasized the crucial connection between Small Industries Development Bank of India (SIDBI) and Microfinance Institutions (MFIs), highlighting their inseparable relationship since the sector's inception.

Mr. Mittal raised concerns about the high-interest rates charged by MFIs, which average around 24%. Despite declining policy rates and operational costs, he noted that these benefits have not been fully passed on to borrowers. He called for a deeper analysis of cost components to identify potential areas for reduction in interest rates, ensuring affordability for end beneficiaries.

He also highlighted the stagnation of MFI operating expenses (OPEX) over the past five years, despite significant advancements in technology. He questioned why OPEX has remained static at around 6.5% and suggested introspection to understand and address the underlying reasons. This stagnation raises questions about the efficiency and cost-effectiveness of current operational practices within MFIs.

Mr. Mittal examined the impact of increasing loan sizes per officer on productivity and customer service. He cited data showing a decline in the number of customers served per field officer and the shrinking size of Joint Liability Groups (JLGs), which has caused alarm regarding service delivery and customer outreach. These trends suggest potential challenges in maintaining the quality of customer interactions and support as loan sizes and operational demands grow.

He tied the goals of microfinance to India's ambition of becoming a developed nation by 2047, emphasizing per capita income as a critical measure. Mr. Mittal insisted on keeping the client in focus, especially addressing whether a loan size of ₹50,000 is sufficient for nano-entrepreneurs to make a significant impact. This focus on client needs is essential for ensuring that microfinance initiatives effectively support economic development and individual empowerment.

He questioned whether JLGs are losing their relevance and ability to meet the aspirations of microfinance clients. Highlighted data shows that the average number of members per JLG has drastically decreased from 15 to 6, raising concerns about the effectiveness and appeal of JLGs. This decline may indicate changing dynamics in group lending models and the need for innovation to sustain their role in financial inclusion.





# Inaugural Session

Mr. Mittal addressed the necessity of timely and accurate data submission from large MFIs to Self-Regulatory Organizations (SROs). He called for improved coordination between various stakeholders to ensure informed decision-making and regulatory compliance. Access to reliable data is crucial for monitoring sector performance and implementing effective regulatory measures.

Reiterating SIDBI's unwavering support and commitment to the microfinance sector, Mr. Mittal highlighted SIDBI's initiatives, such as the Prayas scheme, designed to help budding entrepreneurs who require higher loan amounts beyond the typical JLG constraints. These initiatives reflect SIDBI's dedication to fostering entrepreneurial growth and addressing the evolving financial needs of microfinance clients.

In conclusion, Mr. Manoj Mittal emphasized the importance of addressing these issues to ensure the continued growth and positive impact of the microfinance industry. He expressed confidence that the conference would deliberate on these critical points, resulting in actionable insights and strategies to further strengthen the sector. With his insightful observations and strategic recommendations, Mr. Mittal's address serves as an essential guide for discussions aimed at enhancing the effectiveness and reach of microfinance in India.

## Release of Bharat Microfinance Report 2024



Scan to Watch



Inaugural Session  
<https://www.youtube.com/watch?v=iSQvUlweOZ0>

# Inaugural Session

## Special Address by Mr. Shaji K V, Chairman, NABARD



In his special address at the Sa-Dhan Conference during the release of the Bharat Microfinance Report 2024, **Mr. Shaji K V** highlighted significant advancements in India's microfinance sector, steered by the Government of India and the RBI. He emphasized the crucial role played by NABARD (National Bank for Agriculture and Rural Development) in these developments, tracing its microfinance efforts back to 1988. Inspired by successful models from Bangladesh, NABARD's mission has been to promote financial independence and drive self-reliance within the formal economy, thereby reducing dependency on government aid.

Mr. Shaji underscored how NABARD's focus on creating a sustainable framework for rural finance strengthens India's financial ecosystem by lowering the costs and risks associated with service delivery. He expressed concern, however, that the sector's social objectives have sometimes been overshadowed by financial goals, particularly with the influx of private investors who prioritize financial returns over social impact. This shift has led to challenges such as over-indebtedness, making it crucial to balance credit availability with income-enhancement initiatives. Recent RBI guidelines, including income-based criteria for lending, aim to support sustainable credit growth, yet further measures are essential to prioritize productive investment over consumption. He stressed the importance of ensuring that lending fosters genuine economic growth and reduces the risk of borrowers falling into debt traps.

A strong advocate for enterprise-driven development, Mr. Shaji underscored NABARD's commitment to supporting income-generating activities, particularly women-led ventures. He highlighted the transition of Self-Help Groups (SHGs) from primarily consumption-based activities to micro-enterprises as a strategy to strengthen income stability and reduce loan defaults. This shift is critical for creating sustainable livelihoods and ensuring the long-term success of microfinance initiatives. Mr. Shaji also highlighted various government initiatives aimed at modernizing the rural financial landscape. These include recapitalizing regional rural banks, promoting technology adoption, and creating diverse income opportunities for rural communities. He noted that these steps are vital for driving inclusive growth and ensuring that financial services reach even the most remote communities.

In conclusion, Mr. Shaji reinforced that sustainable microfinance must integrate social and financial objectives, aligning with national policy goals to promote inclusive growth. NABARD's renewed focus on supporting micro-enterprises and regional banking reforms reflects a steadfast commitment to sustainable economic development in rural India. This vision of equitable progress aims to bridge the rural-urban divide, ensuring long-term resilience and fostering an inclusive financial ecosystem that benefits all sections of society. Mr. Shaji's address serves as a guiding framework for the microfinance sector, emphasizing the need to prioritize income-generating activities over mere credit provision. By fostering sustainable livelihoods and targeting enterprise development, particularly for women, the MFI sector can continue to drive significant social and economic improvements, supporting India's broader goals of inclusive and sustainable growth.



# Inaugural Session

## Inaugural Address by Mr. M Nagaraju, IAS, Secretary, DFS, Ministry of Finance



In his inaugural address at the Sa-Dhan Conference, Mr. M Nagaraju expressed gratitude for the opportunity to discuss India's journey in inclusive microfinance. He highlighted the significant growth of the sector, particularly through the SHG movement, which has extended financial services to unbanked regions and empowered women. This approach has fostered sustainable livelihoods and responsible financial behavior, laying a foundation for inclusive financial growth.

Mr. Nagaraju noted that MFIs have been instrumental in supporting government priorities by providing financial access to underserved communities over the past two decades. He acknowledged the government's crucial role in launching various social sector initiatives, insurance programs, and development schemes to benefit financially excluded populations. With a network of SHGs supported by NABARD and the SHG-Bank Linkage Program, the sector now boasts over 77 lakh SHGs with an outstanding loan portfolio of ₹2.6 lakh crore, impacting millions of rural households. NABARD has played a critical role in promoting SHGs, reinforcing governance structures, and enhancing financial literacy, particularly among women's groups.

Mr. Nagaraju discussed the "Lakhpati Didi" program, which aims to empower SHG members as entrepreneurs. He highlighted Sa-Dhan's active partnership in promoting economic self-reliance for women in regions like Assam, West Bengal, Jharkhand, and Chhattisgarh. The Joint Liability Group (JLG) model has also made a significant impact, with over 8 crore households benefiting from loans totaling ₹4.4 lakh crore. He addressed challenges within the sector, including portfolio stress and the importance of responsible lending practices. He urged MFIs to focus on empowering borrowers through financial literacy, ensuring they understand and manage their financial obligations effectively. Mr. Nagaraju emphasized the need for MFIs to be cautious in their lending practices to avoid overburdening borrowers, especially those with limited financial literacy and exposure. He shared examples from his experiences working closely with SHG groups in initiatives like the rubber plantation project in Tripura and the Total Sanitation Campaign, which demonstrated the transformative impact of responsible microfinance on rural communities. Highlighting the importance of building sustainable development models, Mr. Nagaraju pointed out the role of MFIs in addressing climate change risks and disaster events. He stressed that practicing sustainable development is crucial both at the individual and institutional levels to ensure long-term resilience and growth. Looking forward, Mr. Nagaraju emphasized the vast potential of microfinance in India, aligning with the vision of "Viksit Bharat 2047." He underscored the importance of grassroots MFIs in realizing this vision, noting the task force report's recommendations for enhanced collaboration with government programs. He also highlighted the need for MFIs to leverage digital technology to provide better access and monitor financial transactions efficiently.

In conclusion, Mr. Nagaraju expressed confidence that the conference deliberations would yield valuable insights and strategies for driving inclusive finance and economic growth. By expanding financial literacy, leveraging technology, and focusing on the empowerment of rural communities, MFIs can continue to transform lives, fostering inclusive growth across India. Mr. Nagaraju's address serves as a call to action for all stakeholders to work together in creating a more equitable and sustainable financial ecosystem.

Scan to Watch



Inaugural Session  
<https://www.youtube.com/watch?v=iSQvUlweOZ0>

 **Sa-Dhan**  
 Fostering Inclusive Impact Finance



# Inaugural Session

## Launch of Sa-Dhan IIBF Certification course for aspiring and new joinees of Microfinance Institutions



**Mr. Jiji Mammen**, Executive Director and CEO of Sa-Dhan, expressed his profound gratitude to the Indian Institute of Banking & Finance (IIBF) for partnering with Sa-Dhan to develop a certification course for aspiring professionals in the microfinance sector. In his address, Mr. Mammen underscored the importance of this collaboration in addressing key challenges faced by the microfinance industry, including the shortage of qualified personnel and the high turnover rates.

He explained that the certification course aims to create a robust pool of trained individuals who can join the microfinance workforce, ensuring that microfinance institutions are not solely dependent on existing resources within the sector. The course is designed to be beneficial for both newcomers aspiring to join the sector and for individuals who have recently started their careers in microfinance institutions. By undergoing this certification, they can enhance their skills and become more valuable resources for their organizations.

The launch of the course book was marked by an official ceremony, with dignitaries including the honorable secretary and other esteemed guests on stage to release the course book. This moment was celebrated as a significant achievement for Sa-Dhan and the IIBF, symbolizing their commitment to advancing education and skill development within the microfinance sector. As the inaugural session of the conference concluded, Mr. Mammen took the opportunity to thank all the dignitaries, speakers, moderators, and participants for their presence and contributions. He expressed special gratitude to the secretary of the Department of Financial Services, the chairman of NABARD, and other industry leaders for their ongoing support and engagement with Sa-Dhan's initiatives.

In his concluding remarks, Mr. Mammen reiterated Sa-Dhan's dedication to fostering inclusive growth and sustainable development through microfinance. He highlighted various initiatives supported by NABARD and SIDBI, aimed at developing microenterprises, particularly those led by women, across multiple states. These efforts are crucial for driving economic empowerment and financial inclusion in underserved regions. Mr. Mammen also noted the importance of embracing digital technology to enhance microfinance operations. He encouraged microfinance institutions to develop their digital platforms, which can facilitate better financial access, efficient transaction monitoring, and improved service delivery.

He closed his speech by expressing optimism that the conference deliberations would yield valuable insights and strategies for advancing the microfinance sector. He emphasized the role of collective efforts in driving inclusive finance and economic growth, aiming to provide new directions and impactful solutions for the industry. Mr. Mammen's address highlighted the critical interplay between human resource development, technological advancements, and sustainable practices in ensuring the continued success and scalability of the microfinance sector in India.



# PRESENTATION BY PwC India

## Special Note on “Paving the path to Viksit Bharat: Strategic insights into Microfinance and Sustainable Development”



Mr. Vivek Belgavi, Partner, PwC India

**Mr. Vivek Belgavi**, Partner at PwC India made a presentation on “Paving the path to Viksit Bharat: Strategic Insights into Microfinance and Sustainable Development”.

The presentation highlighted India’s microfinance sector’s rapid growth beginning in the 2000s, especially after regulatory & structural reforms. The sector gained momentum with policy support from Reserve Bank of India (RBI) and the establishment of self-regulatory bodies like Sa-Dhan & MFIN (Microfinance Institution Network). The sector has witnessed a double-digit CAGR over the past decade.

In the context of *Viksit Bharat 2047*, Microfinance plays a critical role in fostering financial inclusion, poverty alleviation & economic empowerment – particularly for marginalized communities, women & rural populations. The 4 key pillars which ideated the vision statement for Viksit Bharat includes:

- How to attain 30 Tn \$ economy by 2047
- How to address Inclusive growth
- How environmental green initiatives become center of economic growth
- How to involve governance in a right inclusive manner

To pave the way towards a “Viksit Bharat” (Developed India), integrating microfinance with sustainable development initiatives is critical. The presentation focused on the evolving problem statements with respect to financial inclusion. Mr. Vivek highlighted how microfinance has an inherent strength of tailoring products around the requirements for the customer but there has been a need for embedding the product with the entire financial ecosystem. He also emphasized the need for capacity building especially in terms of sustainability. As closing remarks, he mentioned that there is an opportunity to redefine what MFI means – where the purpose doesn’t change however the constituency, demand and the economic activity that we play in is fast changing. There is an opportunity to redefine the ecosystem in the next 5-10 years.

In the Microfinance context, PwC has been instrumental in advising financial institutions, especially Small Finance Banks (SFBs) & Microfinance institutions (MFIs), on adopting to challenges like digitization, regulatory compliance, and the evolving needs of underserved segments. This approach aligns with the larger vision of achieving a ‘Viksit Bharat’, where financial services are accessible to all, empowering individuals & businesses at the grassroots level. PwC continues to be a pioneer in this space leveraging its global expertise to help India’s financial sector grow in line with the country’s development goals, with a particular focus on rural & underserved populations in the Microfinance space.

Scan to Watch



Inaugural Session  
<https://www.youtube.com/watch?v=iSqvUlweOZ0>

# Plenary Session 1: Sustainable Micro Finance as a Catalyst for Inclusive Development and Growth

## SPEAKERS/PANELISTS



**Moderator**

**Mr. Vijay Mahajan**  
Sector Expert



**Mr. Inderjit Camotra**  
MD & CEO  
Unity Small Finance Bank



**Mr. Sadaf Sayeed**  
CEO  
Muthoot Microfin Ltd



**Mr. Amit Srivastava**  
CGM  
Punjab National Bank



**Ms. Purvi Bhavsar**  
Co-Founder, & MD  
Pahal Financial Services Pvt Ltd



**Dr. Susan Thomas**  
Sr. Research Fellow & Co-Founder  
XKDR Forum



## Session Synopsis

**Mr. Vijay Mahajan**, in his opening address, critically set the context by reflecting on the evolution and current state of the microfinance sector, emphasizing the pressing issues of high NPAs and stringent regulatory challenges. He cautioned against a narrow focus on the goal of achieving a \$30 trillion GDP by 2047, stressing that singular pursuit of GDP growth, as global lessons have shown, is insufficient. Instead, he advocated a holistic vision for inclusive development, emphasizing the necessity of equitable income distribution (Gini ratio), improvements in quality of life (Human Development Index), and social cohesion amidst prevailing social dissensions. Recognizing environmental conservation as crucial, he called for integrating key environmental indicators to ensure sustainable progress. By linking these multidimensional goals—economic, social, and environmental—Mr. Mahajan presented a comprehensive roadmap to a truly “Viksit Bharat.”

**Mr. Indrajit**, MD and CEO of Unity Bank, opened his note by appreciating the participants on their collective achievements in the microfinance sector. He highlighted the sector’s crucial role in empowering the underbanked, especially rural and female populations, which is vital for India’s growth and its aim to be the “third-largest economy”. Mr. Indrajit presented key statistics showcasing the sector’s reach, including ₹4 lakh crore in outstanding loans and 12.5 crore active loans, with a





significant portion of borrowers now being younger generations (Gen X and Millennials). Despite these successes, he addressed the pressing issues of over-indebtedness and high operational costs, calling for self-regulation to prevent excessive lending and advocating for technological solutions like UPI and the Unified Lending Interface to lower transaction costs and interest rates. Mr. Indrajit also urged the stakeholders to collaborate on expanding the sector significantly over the next decade, reinforcing that a robust microfinance sector is essential for India's economic future and the prosperity of its underserved communities.

**Mr. Sadaf Sayeed** acknowledged the sector's current crisis but highlighted significant progress achieved since 2010, including the establishment of SROs like Sa-Dhan and a robust credit bureau system ensuring daily data updates. He appreciated government initiatives like Aadhaar, Jan Dhan, and widespread mobile access, customer identification has become easier, facilitating the digital transaction ecosystem. Mr. Sayeed emphasized that microfinance has moved beyond mere access to finance; the integration of technology and partnerships with fintech players have transformed it into a powerful tool for digital empowerment. He shared success stories of clients conducting their first digital transactions. Through collaborative efforts, entrepreneurs are now equipped with digital payment capabilities, enhancing financial inclusion. He stressed the need to offer comprehensive financial services, catering to the aspirational nature of clients. By leveraging technology, operational costs have been reduced, benefiting borrowers directly. Innovations such as e-clinics exemplify efforts to better serve clients. Mr. Sayeed concluded with a call to action for the industry to responsibly continue evolving, embracing its mission of inclusion.



Scan to Watch



Inaugural Session  
<https://www.youtube.com/watch?v=iSQvUlweOZ0>

# Plenary Session 1: Sustainable Micro Finance as a Catalyst for Inclusive Development and Growth

**Mr. Amit Srivastav** highlighted the importance of effective communication to ensure that microfinance initiatives reach the grassroots levels of the economic pyramid, likening it to maintaining the foundation of a house. He emphasized the urgency of addressing current unsustainable consumption patterns and reducing emissions, noting India's commitment to net-zero emissions by 2070 and increasing renewable energy by 2030. He proposed partnerships with microfinance institutions to channel funds from green deposits and bonds into sustainable projects, emphasizing the need for proper classification of green finance. Mr. Srivastav underscored the necessity of impact analysis in sustainable finance, developing strategies to measure and showcase impacts to secure international funding. He called on the microfinance sector to collaborate and adopt sustainable practices, ensuring environmental stewardship and sustainable growth.

**Ms. Purvi Bhavsar**, CEO of Pahal Finance, passionately addressed the significance of climate issues in the microfinance sector, urging the industry to see climate change as both a challenge and an opportunity. She emphasized the need for climate adaptation through resilient infrastructure and smart agriculture investments to help vulnerable clients cope with environmental changes. She pointed out the role of MFIs in building community resilience via education and awareness initiatives. Ms. Bhavsar also identified opportunities in climate transition, such as adopting cleaner energy sources and promoting green jobs, while stressing the importance of policy advocacy to support climate refugees. She called for industry collaboration to establish safety nets and proposed creating a sandbox for piloting new products. Concluding with the substantial availability of funds for green initiatives she encouraged the industry to focus on both challenges and opportunities, advocating for a balanced and proactive approach.

**Dr. Susan Thomas**, representing XKDR, emphasized the essential role of microfinance in India's development, introducing her organization's cross-disciplinary approach. She noted the conference's unique focus on customer and household growth as drivers of sectoral expansion. Highlighting past innovations in physical reach and digital platforms, she called for a new phase where microfinance institutions offer products like insurance and pensions to address the risks faced by low-income households. Advocating the use of AI to bridge information gaps and improve customer understanding, she stressed the importance of building robust internal MIS systems for comprehensive data collection. Dr. Thomas encouraged periodic surveys to monitor customer journeys, emphasizing their value in refining services and satisfying regulators and financiers. Concluding, she suggested that organizations like Sa-Dhan could lead in sharing global best practices, positioning India as a leader in inclusive financial growth.

## From audience

During the Q&A session, several insightful questions were raised, prompting valuable discussions among the panelists. One attendee expressed their newfound appreciation for the collaboration between microfinance, InsurTech, and climate tech, noting how these partnerships could enhance industry possibilities. Another inquired about the integration of policymakers, academics, and industry experts to achieve common sustainable goals in microfinance, which led the panel to discuss the collaborative efforts already underway between regulators and industry bodies towards self-regulation.

A further question focused on the timeline for initiating self-regulation in the industry, to which representatives explained that the microfinance sector has already begun implementing self-regulatory practices. This includes setting limits on the number of loans and loan amounts to prevent over-indebtedness. The panel emphasized the ongoing collaborative meetings and data utilization efforts to align with regulatory requirements and enhance customer protection.





## Key Takeaways

1

### Focus Beyond GDP Growth

Policymakers and regulators should shift attention from merely aiming to grow GDP to improving broader measures like income distribution, the Human Development, and gender equality. This approach ensures a more balanced and fair development that enhances overall human welfare.

2

### Embrace Digital Innovations

MFIs could leverage digital tools to simplify customer identification processes, increase transparency, and create efficient digital ecosystems. These technological advancements can significantly enhance operational efficiency and outreach, benefiting both MFIs and their customers.

3

### Provide Embedded Services

Lenders should focus on integrating additional services such as healthcare into the MFI framework to boost customer resilience. Regular engagement with customers and building supportive health and financial infrastructure are crucial for helping communities thrive and mitigate risks effectively.

4

### Drive Policy Advocacy and Cross-Disciplinary Collaboration

Sa-Dhan, along with academic institutions, should take the lead in policy advocacy to create a supportive environment for sustainable microfinance.



Scan to Watch



Sustainable Micro Finance as a Catalyst for Inclusive Development and Growth  
<https://www.youtube.com/watch?v=6NBqFqQg0Q>



# Breakaway Session 1: Re-imagining Microlending: Emerging Technological Trends and Innovations

## SPEAKERS/PANELISTS



**Moderator**

**Mr. Ajay Kr Kapur**  
DMD (Retd.)  
SIDBI



**Mr. Ashish Singh**  
Head-Rural Banking  
IDFC FIRST Bank



**Mr. Madhan Visvanathan**  
Vice President & Head – Temenos  
Practice, Bahwan CyberTek



**Mr. Rakesh Kumar**  
CEO & ED  
Light Microfinance Pvt Ltd



**Mr. Sudhir Madhavan**  
Head – Retail Financial Services (Assets)  
Jana Small Finance Bank



**Mr. Pratyush Halen**  
CEO  
Tapits Technologies Pvt Ltd



## Session Synopsis

The session delved into emerging technological trends and innovations. The discussion encompassed a range of topics, including potential breakthroughs, transformative steps facilitated by technological advancements, and growth potential of these advancements. The panel commenced by exploring the significance of efficiency, impact of regulatory environment, and benefits of reduced delivery costs within the realm of microfinance. From the outset, there was unanimous agreement that technology has significantly transformed the sector.

**Mr. Sudhir Madhavan** shared some notable points regarding the potential of redirecting manpower. He mentioned that by Transitioning 50% of the 8 crore microfinance households to self-service could enable field executives to better assist the remaining 16 crore households needing direct support. Based on this, Mr. Madhavan highlighted the potential manpower which can be utilized. This strategic shift could significantly enhance the efficiency and inclusivity of the microfinance sector. This shift also underscores the availability of advanced technology, which the industry has yet to fully leverage.

**Mr. Ashish Singh** discussed reimagining of microlending in three distinct phases. Phase one marked the dawn of digitalization, characterized by the realization that digital tools could enhance operational efficiency. Phase two involved the transition from mere idea of digitalization to actual



digitization, where processes were not only digitized but also optimized. The final stage, termed the “era of possibility,” highlighted the vast potential and opportunities that advanced technology brings to the microfinance sector.

During the session, **Mr. Rakesh Kumar** emphasized that digitalization tools like biometric authentication and face recognition have led to substantial cost savings and streamlined processes. These technologies have reduced the time which field officers spend on collections, allowing more focus on sourcing, leading to efficient systems. Additionally, he mentioned that technological advancements have lowered the cost of due diligence, underscoring technology’s incremental impact.

**Mr. Madhan Visvanathan** lead the discussion towards the role of digital advancements in fraud detection. He lauded artificial intelligence for its beneficial effects on various aspects of MFI, including sourcing, underwriting, and fraud detection. AI’s ability to analyze vast amounts of data quickly and accurately has made it an invaluable tool in identifying and mitigating fraudulent activities.



Scan to Watch



Re-imaging Microlending: Emerging Technological Trends and Innovations  
[https://youtu.be/hizVYrTtG38?si=mZQAdPsO\\_-L6a-uh](https://youtu.be/hizVYrTtG38?si=mZQAdPsO_-L6a-uh)

## Breakaway Session 1: Re-imaging Microlending: Emerging Technological Trends and Innovations

**Mr. Pratyush Halen** communicated about the challenges faced by small microfinance institutions (MFIs) when competing with larger firms. One significant concern was how small MFIs can make informed technological decisions without a dedicated IT team. This concern was effectively addressed by suggesting that small MFIs should partner with expert vendors for specific technological requirements while maintaining an in-house team to manage coordination and timelines with these vendors. This approach allows small MFIs to leverage advanced technology without the need for extensive in-house IT expertise.

**Mr. Rakesh Kumar** also discussed risk management, with AI and predictive software highlighted as superior alternatives to manual processes. While the panel agreed that human intervention remains necessary, predictive software offers more accurate and efficient risk assessment.

Additionally, **Mr. Sudhir Madhavan**, that reduced delinquencies would eventually lower collection costs, though this benefit will take some time to materialize. They emphasized that achieving financial sustainability is essential for MFIs, which have significantly contributed to economic growth. The discussion concluded with the observation that financial inclusion will ultimately improve risk management.

In the final segment **Mr. Madhan Visvanathan** focused the discussion on the lack of adoption of available technology within the microfinance sector and the challenges that need to be addressed. It was observed that Microfinance Institutions (MFIs) encounter two main types of costs: those that enable operations and those that are mandatory requirements. Often, immediate requirements are prioritized, hindering the integration of new technologies. He emphasized that the lack of behavioral change and resistance to adopting new technology are critical challenges. He concurred that small, incremental steps are necessary to fully embrace the advantages offered by advanced technology, noting that resistance to change from both employees and customers remains a significant barrier even when effective technological solutions are available. He aptly remarked, “the resistance against behavior change from both employees as well as the customers is a challenge.”

In conclusion, the session provided a comprehensive overview of the transformative impact of technological advancements on the microfinance sector. From substantial cost savings to improved efficiency and fraud detection, technology has reshaped the landscape of microlending. However, challenges remain, particularly for smaller MFIs. By partnering with expert vendors and taking incremental steps towards technological adoption, these institutions can overcome barriers and fully harness the potential of advanced technology. As the sector continues to evolve, the role of technology will be paramount in driving financial inclusion and sustainability.



## Key Takeaways

1

### Optimize Risk Management with Predictive Software

MFIs should implement predictive software to enhance their risk management processes. This will enable more accurate and efficient risk assessments, ultimately reducing delinquencies and operational costs.

2

### Adopt Advanced Technology

MFIs need to adopt digital tools such as biometric authentication, face recognition, and AI for fraud detection. These technologies will lead to significant cost savings, improved operational efficiency, an enhanced fraud prevention.

3

### Support Small MFIs with Partnerships

Industry associations and regulators should facilitate partnerships between small MFIs and expert vendors for their technological needs. This approach will allow small MFIs to leverage advanced technology without requiring extensive in-house IT expertise.

4

### Encourage Behavioral Change

Leadership teams within MFIs must implement incremental steps to promote the adoption of advanced technology and overcome resistance. Ensuring that both employees and customers adapt to new technological solutions will enhance overall efficiency and inclusivity.



Scan to Watch



Re-imaging Microlending: Emerging Technological Trends and Innovations  
[https://youtu.be/hizVYrTtG38?si=mZQAdPsO\\_-L6a-uh](https://youtu.be/hizVYrTtG38?si=mZQAdPsO_-L6a-uh)

# PRESENTATION

## Role of WASH in Advancing Climate Resilience and Gender Empowerment.



Mr. Sajid Amit, Executive Director, South Asia, Water.Org

**Mr. Sajid Amit**, Executive Director of Water.org South Asia, took the stage to discuss the critical work of Water.org and its importance in the context of WASH (Water, Sanitation, and Hygiene) financing. Mr. Amit commenced by providing an overview of Water.org's mission and operations. He acknowledged the organization's founders, Hollywood actor Mr. Matt Damon and Mr. Gary White, who initiated the journey over 30 years ago after witnessing the severe water and sanitation crises in developing countries. They realized that a significant portion of the world's population wakes up every day without guaranteed access to water, which underscores the mission of Water.org to solve the wash crisis.

The approach Water.org has taken is unique in the sense that it focuses on solving the financing problem associated with water and sanitation. Mr. Amit highlighted that in many parts of the world, including India, people—predominantly women—pay for water not just in monetary terms, but also with their time, energy, and often their safety. Women in rural areas walk great distances to collect water, and once collected, its usage follows a hierarchical order, often leaving the women last.

Mr. Amit shared that Water.org works with Microfinance Institutions (MFIs) to develop and deliver water and sanitation products, such as tube wells, pipelines, and climate-resilient initiatives like rooftop rainwater harvesting. The organization provides multi-layered support through product assessments, development of product catalogs, and extensive training programs for loan officers and other stakeholders involved in wash financing. In India alone, Water.org has mobilized over \$1.5 billion in capital, significantly impacting many communities. Mr. Amit underscored their impressive repayment rate of over 98%, which is higher than the industry average. He emphasized that wash loans are not merely consumption loans but income-enhancing ones, leading to improved savings for families and reduced healthcare costs due to fewer waterborne diseases. He also touched upon the intersection of WASH financing with climate resilience, emphasizing that water issues are central to experiencing the impacts of climate change, such as floods, droughts, and cyclones. Water.org is actively piloting climate-resilient products, including the establishment of Centers for Excellence for flood resilience in parts of India. These initiatives aim to educate communities on safe water usage during floods, prevent open defecation, and promote climate-resilient infrastructure.

Mr. Amit concluded his talk by making a call to action. He emphasized that addressing wash issues requires collaboration among multiple stakeholders, including MFIs, micro-enterprises, government bodies, utilities, and capital providers. He expressed a desire for deeper engagement with participants to explore potential partnerships that could further Water.org's mission of providing safe water and sanitation to underserved populations. His closing remarks left the audience with a powerful message: wash is not only a climate or economic issue but a crucial gender issue as well. He called for multi-stakeholder collaboration to address and resolve the water and sanitation crisis. As he concluded, Mr. Amit thanked the audience and conference organizers, looking forward to future collaborations to create substantial impact in the sector.



## Breakaway Session 2 : Green Microfinance in Asia Pacific Region: Investments for a Sustainable Development

### SPEAKERS/PANELISTS



#### Moderator

**Dr. Prasun Kumar Das**  
Secretary General  
Asia Pacific Rural and Agricultural  
Credit Association (APRACA)



**Dr. RK Singh**  
CGM  
SIDBI



**Mr. Dibyajyoti Pattanaik**  
Director  
Annapurna Finance Pvt. Ltd.



**Mr. Emmanuel Murray**  
Investment Director  
Caspian Impact Investment Adviser  
Pvt Ltd



**Mr. Abhishek Jain**  
Director- Powering Livelihoods  
CEEW



**Mr. Sahil Khanna**  
General Manager – Asia & Latin America  
Sun King



### Session Synopsis

The session moderated by **Dr. Prasun Kumar Das** explored the role of green microfinance in the Asia-Pacific region, highlighting challenges, advancements, and necessary policy and operational shifts to enable sustainable finance in MFIs. He also brought attention to the fact that, despite efforts in green financing, MFIs lack a standardized taxonomy, a robust reporting system, and a structured framework for long-term adaptation—factors that hinder systematic green financing growth. In particular, the session underscored that while MFIs in the region are increasingly involved in sustainable financing, absence of consistent reporting systems prevents transparent evaluation and growth tracking, essential for scaling green microfinance initiatives.

**Dr. R K Singh** discussed his mantra for greening the microfinance – “financing the green will not happen unless you green the finance”, through which he emphasized the need to “green the finance” by embedding ESG frameworks within MFIs. He even shared case studies of institutions tagging their loan portfolios with ESG metrics and establishing frameworks to monitor greenhouse emissions and energy savings. This approach, combined with access to technologies and tools for environmental impact monitoring, allows MFIs to align with sustainable practices. To address operational barriers, he presented five green missions for microfinance, inspired by national priorities, including missions on EV, energy efficiency, renewable energy, circular economy, and nature-based solutions. Further to achieve these five missions, he also emphasized on five approaches in practice: financing, development, thought leadership, risk mitigation, and energy coordination. Dr. Singh further underscored the importance of risk-sharing facilities for MFIs engaged in green finance. Several successful risk-sharing arrangements were highlighted, particularly in EV and energy-efficient MSMEs, where technical evaluations from experts provided lenders with the confidence to finance projects while minimizing risk. Blended finance structures and first-loss guarantee mechanisms were recognized as effective ways to make green products affordable for rural clients and reduce financial risk for lenders.

**Mr. Dibyajyoti Pattanaik** discussed the importance of financing for climate adaptation and resilience, particularly for rural India. He emphasized that without adequate financing options,

Scan to Watch



Green Microfinance in Asia Pacific  
Region: Investments for a  
Sustainable Development  
<https://www.youtube.com/watch?v=7-2FT0S4D08>



climate adaptation remains a significant challenge, especially for economically vulnerable populations. Highlighting the risks of climate change, Mr. Pattanaik pointed out how rural households, particularly those dependent on agriculture and dairy, face direct threats to their livelihoods due to environmental changes. Even a small increase in temperature can drastically affect income levels for rural households. While global climate frameworks and CO2 reduction efforts are important, he argued that adaptation financing is urgently needed for smaller households in rural India, especially given their exposure to frequent heatwaves, floods, and cyclones. Mr. Pattanaik underscored the role of Microfinance Institutions (MFIs) in addressing these challenges due to their established reach across rural communities. He even called for industry-wide collaboration, stressing the need for knowledge-building and investment to tackle the growing magnitude of climate-related issues.

**Mr. Emmanuel Murray** highlighted the company's focus on debt funding, maintaining a portfolio of approximately ₹600 crore, with one-sixth invested in green technologies. Mr. Murray also mentioned about a recent partnership with Sa-Dhan to fund green technology solutions for small entrepreneurs and microfinance institutions. Despite the availability of effective, scalable green products, limited credit funding has slowed adoption. To bridge this gap, Caspian is committed to deploying its own resources, collaborating with microfinance institutions for distribution, and tailoring repayment plans. Although the initiative is only a few months old with modest uptake, Mr. Murray provided positive outlook that Caspian will lead in scaling this sector, attracting mainstream and global investors as the portfolio grows.

**Mr. Abhishek Jain**, from 'Powering Livelihoods', aims to enhance sustainable government policies for both social and environmental impact. A core focus is financing high-impact, energy-efficient technologies that improve rural livelihoods, such as biomass-powered cold storage, solar dryers, and solar-powered milling machines. These technologies, though vital for rural income generation, require substantial upfront capital investment, making access to finance essential for adoption. For rural customers who often lack sufficient capital, Mr. Jain emphasized the role of Microfinance Institutions (MFIs), small finance banks, and NBFCs to bridge financing gaps. Challenges arise with ticket sizes and the perceived risk due to both new technology and the limited credit history of rural borrowers. To mitigate these risks, Powering Livelihoods employs first-loss guarantees to bolster lender confidence, an approach that has successfully lowered default risk over time. He also noted the importance of educating financiers on the economic viability of these technologies to encourage wider adoption.

**Mr. Sahil Khanna** outlined his company's journey as a global leader in solar energy solutions, starting in India in 2008 with solar lanterns and gradually expanding into a diverse portfolio of solar products. Today, they partner with numerous microfinance institutions across India and operate extensively in the Asia-Pacific and sub-Saharan Africa, with a \$1 billion solar loan portfolio spread across these regions. Mr. Khanna highlighted the essential role of innovative financing in making solar technologies accessible, especially for consumers who face high upfront costs. Mr. Khanna called on NBFCs to further contribute to this transition by promoting larger solutions, like solar rooftops, which would aid Sustainable Development Goals (SDGs). He praised the progress made by national banks and NBFCs in enabling consumers to adopt solar technologies, underscoring the industry's evolving impact on energy access and climate change mitigation.

## Key Takeaways

- |   |  |   |
|---|--|---|
| 1 | <b>Develop Standardized Taxonomy and Reporting Systems</b> | Regulators and policymakers need to establish standardized frameworks for MFIs to enhance transparency and systematic growth in green microfinance.   |
| 2 | <b>Integrate ESG Frameworks in Microfinance</b>            | MFIs should embed Environmental, Social, and Governance (ESG) metrics within their operations to promote sustainable practices and ensure effective monitoring of environmental impacts.  |
| 3 | <b>Enhance Climate Adaptation Financing</b>                | Financial institutions and MFIs must prioritize providing climate adaptation financing to rural households, particularly those in agriculture, to safeguard livelihoods against environmental changes.  |
| 4 | <b>Implement Innovative Financing Solutions</b>            | Investors and financial institutions should adopt blended finance structures, first-loss guarantees, and other risk mitigation models to make green technologies more affordable and accessible, thereby fostering broader adoption and scaling of green initiatives. |



# PRESENTATION

## Coverfox: Pioneering a New Era of Financial Protection by Making Microinsurance Simple, Scalable, and Inclusive for All



Mr. Sanjib Jha, CEO & MD, Coverfox

**Mr. Sanjib Jha**, MD and CEO of Coverfox, outlined the pivotal aspects of microfinance lending and the importance of integrating savings and insurance products for underserved populations. He began by reflecting on his two-decade journey in the microfinance sector and commended Sa-Dhan's ongoing efforts in fostering financial inclusion. The session opened with an acknowledgment of the microfinance sector's evolution. Mr. Jha highlighted India as the world's largest borrower market among underserved and underpenetrated communities, with over 20 crore households in need of financial services. Despite significant growth in providing loans, there remains a substantial gap in offering savings and protection solutions to these borrowers.

Mr. Jha discussed recent regulatory guidelines from the Reserve Bank of India (RBI) and the Insurance Regulatory and Development Authority of India (IRDAI), aimed at bringing transparency and cost-effectiveness in microfinance lending. These regulations focus on ensuring that borrowers are fully informed about their total cost of borrowing, which includes all fees and insurance costs. Specifically, he mentioned the importance of calculating the total 'landed cost' of loans, and the introduction of key fact statements and Annual Percentage Rate (APR) calculations to enhance transparency. Furthermore, he stressed that the option to purchase insurance should lie with the borrower and not be mandated by the distributor.

Coverfox's role in this evolving landscape is pivotal. Leveraging technology, Coverfox presents various insurance and non-insurance products, allowing borrowers to choose options best suited to their needs. As India's first co-insuring company, Coverfox has introduced mechanisms to manage the reserves held by insurers for claims over time, ultimately reducing the cost burden on borrowers. Over the past year, Coverfox has insured over 2 million people, covering around ₹10,000 crore in loans, providing life coverage beyond the loan period at highly competitive rates. Mr. Jha also highlighted the technological advancements and offerings by Coverfox. The company provides a comprehensive digital platform that enables compliance, transparent pricing, and effective communication with borrowers. They have introduced innovative savings products with low entry points, ranging from ₹50 to ₹1000, and offer flexible contribution options including daily, weekly, bi-monthly, and monthly deposits, with guaranteed returns.

In his concluding remarks, Mr. Jha emphasized the transformative potential of integrating insurance and savings products within the microfinance sector. He highlighted the significant strides made by Coverfox in addressing the needs of underserved borrowers through innovative solutions and regulatory compliance. His address underscored the importance of transparency, cost-effectiveness, and technological integration in enhancing financial inclusion and empowering underserved communities in India. Through his comprehensive and informative session, Mr. Sanjib Jha showcased the remarkable opportunities and advancements in the microfinance sector, fostering a vision of increased financial stability and prosperity for underserved populations.

# Breakaway Session 3 : Managing Human Capital in Microfinance: Challenges and Strategic Pathways

DAY 1

## SPEAKERS/PANELISTS



**Moderator**

**Mr. Sohan Tulpule**

Managing Director  
PwC India



**Ms. Purvi Bhavsar**

Co-founder and MD  
Pahal Financial Services Pvt Ltd



**Mr. Jagdish Ramadugu**

MD & CEO  
Pragati Finserv



**Dr. Nirupam Mehrotra**

Director  
Bankers Institute of Rural Development  
(BIRD)



**Mr. Biswa Ketan Das**

CEO  
Indian Institute of Banking & Finance  
(IIBF)



**Mr. George Thomas**

EVP - HR  
ESAF Small Finance Bank



## Session Synopsis

The discussion was initiated by **Mr. Sohan Tulpule** with an overview of the critical role human capital plays in the success of MFIs. Mr. Tulpule highlighted how the unique challenges of microfinance such as operating in underserved & rural areas, makes managing human resources particularly complex. He opened the forum for discussion on the key question of 'Identification of top challenges in HR management in microfinance institutions. During the discussion, he emphasized on key issues & guided the panelists to share their insights and strategies to address these pressing challenges effectively.

**Dr. Nirupam Mehrotra** emphasized on the need for inclusivity in human resource practices. He talked about fostering gender balance, regional representation & opportunities for marginalized groups such as persons with disabilities that will enrich organization culture and improve outreach to diverse client bases. Dr. Mehrotra highlighted, the microfinance industry experiences an alarmingly high attrition rate of around 60%, primarily driven by factors such as low compensation, burnout & limited career growth opportunities. The role of Self-Regulatory Organizations (SRO) is of upmost importance in this context. SROs can help reduce turnover by advocating for better employee welfare, compensation standards & professional development. Along with it, they can play a major role in addressing poaching by setting limits on aggressive recruitment practices and encouraging knowledge- sharing rather than direct staff poaching.

**Mr. Biswa Ketan Das** initiated his viewpoint with the '3 variables of Microfinance: Society, Microfinance Institutions & Employees'. He highlighted 'skill gap' as one of the major challenge the microfinance industry is facing. Mr. Das also stressed on the fact that, Generation Z (Gen Z) are often not attracted to the microfinance industry due to several factors including perceptions of limited career growth, low wages & lack of alignment with their values. To attract young individuals, MFIs must modernize their work environments, offer competitive compensation, integrate digital tools and emphasize the social impact of their work ensuring alignment with the values of younger generations.





**Mr. Jagadish Ramadugu** brought in the practitioner's perspective focusing on two core principles on which microfinance survivability is based: 'scalability & productivity'. Mr. Ramadugu assured, scalability has been achieved through the integration of technology, streamlined operations & innovative financial products. The combination of insufficient capability building

and high attrition rates results in a workforce which is less experienced, less motivated & often ill-equipped to handle the demands of the job. He mentioned about tackling the productivity issues by investing in comprehensive training programs for the staff & creating a supportive work environment.

**Mr. George Thomas** focused on the issue of attrition, which is significantly impacting the operations, growth & sustainability of MFIs. He stressed on the aspect that "when the employee leaves, customers leave." Mr. Thomas mentioned about various strategies to reduce attrition through offering competitive compensation, providing career development opportunities, promoting work-life balance, recognizing employee contributions & fostering a supportive organizational culture aligned with the institution's vision.

**Ms. Purvi Bhavsar** delved into the 'need for a change in working culture at senior management level'. She emphasized that with time, change should happen in the ways employee's issues are tackled. Attrition rates can be addressed only through a change in working culture at senior mgmt. level. It can be brought forward through improvements in employee engagement, job satisfaction & operational efficiency. Ms. Bhavsar stated that, establishing a regular feedback loop for identifying employee concerns early & addressing them proactively will go a long way in addressing attrition concerns.

The session concluded with the key highlight that addressing human capital challenges in microfinance requires a strategic blend of localized approaches, capacity-building initiatives & a strong focus on employee well-being. MFIs should adopt innovative solutions tailored to their operational contexts while ensuring alignment with their social & financial goals.

#### From the audience

There was a question on lack of value system in the human resources in microfinance industry & how it can be addressed! In response, Mr. Jagadish Ramadugu answered by stating that a sense of loyalty/belongingness to the organization is of utmost importance. He also stated about family connect program in their organization where the manager must mandatorily visit the house of the employee along with gifts & pictures. This is a process driven exercise brought forward to improve upon the sense of togetherness in the working environment.

## Key Takeaways

1

### Adoption of Innovative Training Solutions

The panel emphasized the importance of leveraging technology, including microlearning and engaging training modules, to enhance employee development and improve completion rates.

2

### Enhancement of HR Management through Technology

Implementing robust HR management systems (HRMS) and chatbots can streamline payroll, attendance, and employee inquiries, providing clarity and increasing efficiency for frontline staff.

3

### Establishment of a Strong Employee Value Proposition (EVP)

Fostering a compelling EVP that includes opportunities for continuous upskilling is crucial for attracting and retaining talent in a competitive microfinance landscape.

4

### Role of SROs in Industry Development

Self-Regulatory Organizations (SROs) are essential for promoting best practices, facilitating training initiatives, and supporting the establishment of dedicated training institutions within the microfinance sector.

Scan to Watch



Managing Human Capital in  
Microfinance: Challenges and  
Strategic Pathways  
[https://www.youtube.com/watch?v=U\\_gCCsRbmFY](https://www.youtube.com/watch?v=U_gCCsRbmFY)

# PRESENTATION

## Dvara – Sa-Dhan Research



Ms. Sowmini Prasad, Senior Researcher, Dvara Research

**Ms. Sowmini Prasad**, Senior Researcher at Dvara Research, delivered a comprehensive presentation on key findings of a study conducted in collaboration with Sa-Dhan. The study aimed to assess the impact of the RBI's new microfinance regulatory framework on MFI customers and the industry. Ms. Prasad began by introducing Dvara Research, an independent, non-partisan, and non-profit policy research institution committed to ensuring that every low-income household and small enterprise has access to suitable financial services and social security. The study, conducted between February and September, sought to understand how MFIs are reshaping their policies to implement the new regulations, document any challenges faced, and gauge customer experiences under the new framework. The research covered four themes: assessment of repayment capacity, pricing of microfinance loans, provision of key loan documents, and loan repayments. Data was collected through interviews with management, field staff, and customers of 10 MFIs, encompassing multiple regions across India.

### Key Insights

#### Assessment of Repayment Capacity:

The study revealed a significant challenge in verifying household incomes due to the informal and unstable nature of employment among microfinance customers. Credit bureau infrastructure issues, such as incomplete loan records and low update frequency, further compounded the difficulty in accurately assessing borrower repayment capacity. Field staff interviews indicated substantial variation in household income definitions among different microfinance institutions, adding subjectivity to income assessments.

#### Pricing of Microfinance Loans and Industry Competition:

Field staff reported increased competition among microfinance institutions, particularly in specific regions, affecting customer retention and acquisition. Despite rising interest rates over the past two years, most respondents did not perceive an increase in their loan interest rates. Possible reasons included a focus on installment affordability, immediate need for funds overshadowing interest rate concerns, and a reference point during the COVID-19 pandemic when interest burdens were higher.

#### Provision of Key Loan Documents:

Over 90% of respondents reported receiving the necessary loan documents as mandated by the new regulations. However, about 25% of respondents who received the documents reported challenges in understanding the language or being unable to read or write.

#### Loan Repayments and Group Culture:

Providers noted an erosion of group culture among microfinance borrowers, making group meetings challenging and group guarantees difficult to enforce. About 10% of customers faced financial difficulties in meeting their installments, primarily due to health emergencies and income shocks. Many managed repayments through borrowing from friends, family, or other microfinance institutions.

Ms. Prasad concluded by acknowledging the positive regulatory developments under the new framework, which aim to create a level playing field among microfinance institutions and provide regulatory clarity. However, she also highlighted the challenges and ambiguous impacts on microfinance customers, emphasizing the need for ongoing evaluation and adaptation in the evolving regulatory landscape.

# Plenary Session 2: The new Regulatory Framework in Microfinance: Experiences so far

## SPEAKERS/PANELISTS



**Moderator**

**Ms. Latha Venkatesh**  
Executive Editor  
CNBC TV18



**Mr. Satyaki Rastogi**  
CGM  
SIDBI



**Mr. Amardeep Samra**  
MD  
Midland Microfin Ltd



**Mr. Manoj K Sharma**  
MD  
MicroSave Consulting (MSC)



**Mr. Jyoti Prakash Sharma**  
CGM  
RBI



**Mr. Vineet Chattree**  
MD  
Svatantra Microfin Ltd



**Mr. Sachin Seth**  
Regional MD, South Asia  
CRIF Highmark



## Session Synopsis

The panel discussion on the new regulatory framework for microfinance in India began with moderator **Ms. Latha Venkatesh** outlining the significant changes introduced in the 2022 regulations. She highlighted the removal of the interest rate cap for Microfinance Institutions (MFIs). This change was aimed to create a level playing field between banks and MFIs. Additionally, she noted the new definitions introduced by the regulations: a household income threshold for microfinance eligibility was set at ₹3 lakh per annum and a cap on the debt servicing ratio at 50%.

**Mr. Jyoti Prakash Sharma**, started his address by providing a historical and analytical perspective on the new regulatory framework for microfinance. He explained the introduction of regulations in 2011 as a response to Andhra Pradesh crisis. The original regulations excluded many borrowers from protections and allowed banks with lower funding costs to charge high-interest rates akin to NBFC-MFIs. Over time, the market changed, with NBFC-MFIs' market share dropping to 30% by March 2021. The new framework seeks to extend regulatory benefits across sector, applying an activity-based approach to eliminate arbitrage and create a level playing field. Mr. Sharma also highlighted recent positive changes such as NBFC-MFIs regaining market share to 40%, an increase in unique borrowers by 40-45%, and expansion into more districts. He also acknowledged ongoing issues like over-indebtedness, high-interest rates and harsh recovery practices. Mr. Sharma noted that there have been cases where household incomes reported have increased from ₹1.5 lakh to ₹3 lakh within a short period, which raises concerns about the accuracy of income assessments. He added, despite the removal of interest rate caps intending to foster competition, interest rates have not decreased as expected. He emphasized that the RBI's role in monitoring the situation closely, balancing borrower interests with lender sustainability.

Scan to Watch



The new Regulatory Framework in Microfinance: Experiences so far  
[https://www.youtube.com/watch?v=JgYzp-\\_nIYM](https://www.youtube.com/watch?v=JgYzp-_nIYM)



Adding to the point of increase in household income – **Ms. Latha Venkatesh** stated that in real-life situations, such income growth could occur due to factors like additional family members entering the workforce, as she illustrated with a personal anecdote.

**Mr. Vineet Chattree** brought an important perspective on the practical implications of the new regulations, particularly concerning the assessment of borrowers' income. He underscored the challenge of accurately assessing the income of borrowers from economically weaker sections, especially those in rural India with informal earnings. Mr. Chattree explained that the industry has adapted by shifting from simple declaration to more structured validations of income. He highlighted the importance recent regulatory changes mandating collection and reporting of household income data to credit bureaus, which over time will enrich the database and improve the accuracy of income assessments. Mr. Chattree also emphasized the need for transparency in pricing, noting that while borrowing costs for MFIs have decreased, these savings have not been fully passed on to borrowers. He attributed this to factors like equity return expectations and the inherent cyclical nature of the industry, which requires provisioning for periodic losses. He stressed that modest changes in interest rate doesn't affect borrower experience since the primary objective of microfinance is providing critical working capital rather than longer-term loans.

**Mr. Amardeep Samra** discussed the significant impact of the new regulations on the daily operations of microfinance lenders. He noted that the responsibility of setting lending rates has shifted to the companies and the regulations initially brought relief by harmonizing rules under a single regulatory framework, fostering fairness and competition. Mr. Samra observed that this new landscape has promoted more responsible lending practices, with companies focusing on avoiding borrower over-indebtedness, improving grievance mechanisms, and leveraging technology for better customer interactions. He reiterated the need for long-term growth and sustainability in the microfinance sector, stressing that it is a marathon, not a sprint.

**Mr. Sachin Seth** highlighted the crucial role of data and credit bureaus in supporting Microfinance Institutions (MFIs) under the new regulatory framework. He explained that while borrower-provided income data is vital, credit bureaus add significant value by offering historical data which provide insights into income trends, inconsistencies in income reports and provides a clearer picture of a borrower's financial situation. Despite income discrepancies not being highly frequent, they do occur due to informal earnings and seasonal work. Using credit bureau data complements other income assessment methods, enabling a comprehensive approach to evaluating creditworthiness. By trending income data and revealing valuable insights into borrower patterns and credibility, credit bureaus enhance risk assessments and lending decisions, thereby supporting MFIs in making more informed choices.

**Mr. Manoj Sharma** delved into the core regulatory concerns in the microfinance sector, namely interest rates and over-indebtedness. He explained that while traditional financial institutions focus on governance, risk management, and compliance, MFIs face unique challenges in assessing informal income and managing high-interest rates. Mr. Sharma highlighted that the microfinance methodology in India needs evolution from the current reliance on group lending and social collateral. As the average loan size increases, individual credit assessments become necessary to mitigate risks of over-indebtedness. He acknowledged the limitation of current methods and suggested that the industry must innovate and adapt its credit assessment processes to address these foundational challenges. Mr. Sharma also pointed out that a saturated market with many competing microfinance institutions exacerbates issues of borrower default and over-indebtedness, suggesting that a more refined and holistic approach is needed to meet regulatory concerns.

**Mr. Satyagi Rastogi** concluded by emphasizing the resilience of the microfinance sector. Mr. Rastogi highlighted that the regulator's decision to deregulate was based on the industry's maturity and ability to self-regulate effectively. Mr. Rastogi also touched upon the operational cost structure in the microfinance sector, noting high employee and operating expenses along with higher cost of funds. Despite a reduction in the average borrowing cost and a slight decrease in operating expenses over the past five years, these savings have not been passed on to borrowers. Mr. Rastogi also pointed out that transparency in pricing is crucial and that MFIs must demonstrate clarity in how costs and returns are calculated and presented to stakeholders. He emphasized that interest rates should reflect the true cost of operations, including provisions for potential credit losses and capital costs, to ensure a sustainable business model.



## Plenary Session 2: The new Regulatory Framework in Microfinance: Experiences so far

### From the audience

An audience member raised an important point regarding the limitations of imposing an interest rate cap in the microfinance sector. They highlighted that while discussing averages, real-life scenarios must be considered, particularly in terms of the penetration of microfinance into different areas. In regions with good density and lower overheads, a lower interest rate cap could be feasible. However, in thinly populated areas, where operational costs are higher, such a cap might hinder penetration and financial inclusion. The concern was that imposing a cap might deter competition in underserved areas, thus excluding potential borrowers.

The speaker acknowledged that while an interest rate cap was necessary in the past, a more mature market now might not benefit from such restrictions. Instead, it could lead to unintended consequences, limiting access to microfinance services in remote regions. They emphasized the need for regulators to avoid measures that could stifle market penetration and competition, noting that while servicing larger areas could logically increase costs, there would always be skepticism about whether higher interest rates are justified by operational costs or if they are driven by the desire for larger spreads. Thus, balancing regulation and market penetration remains a crucial consideration in ensuring the equitable distribution of microfinance services.

### Key Takeaways

- |   |   |   |
|---|---|---|
| 1 | <b>Enhanced Income Assessment Methodologies</b>               | MFIs in collaboration with the credit bureau to develop and implement structured income assessment methodologies to accurately gauge borrower financial capacity.               |
| 2 | <b>Transparency in Pricing and Costs</b>                      | MFIs to increase transparency in lending rate calculations and cost presentations to borrowers and investors.   |
| 3 | <b>Adherence to New Regulatory Guidelines</b>                 | Lenders to ensure strict adherence to new regulatory guidelines issued by RBI, focusing on avoiding over-indebtedness and improving borrower protection mechanisms.             |
| 4 | <b>Regular Monitoring and Evaluation of Regulatory Impact</b> | MFIs in collaboration with Self-Regulatory Organizations to establish a framework for continuous monitoring and evaluation of the regulatory impact on the microfinance sector. |

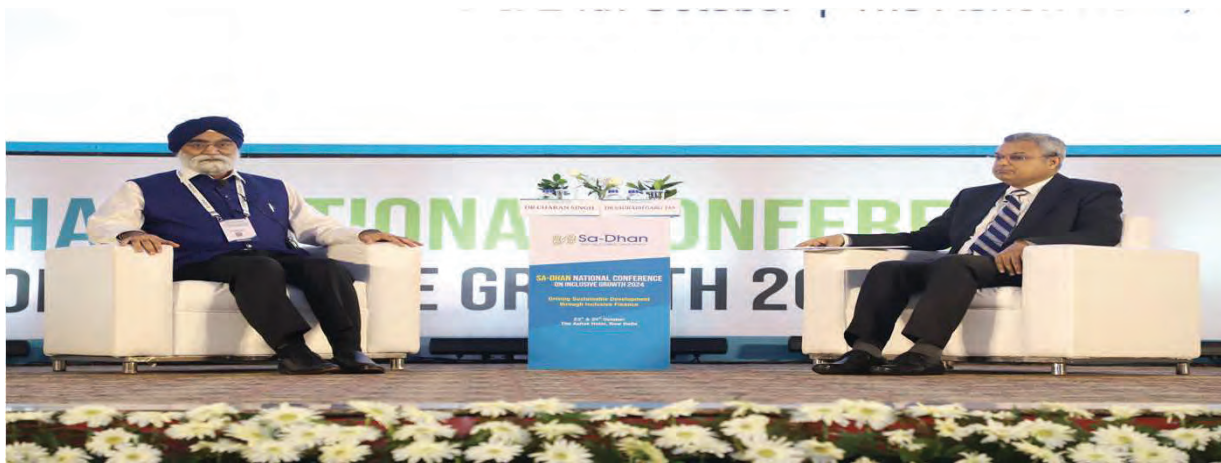
Scan to Watch



The new Regulatory Framework in Microfinance: Experiences so far  
[https://www.youtube.com/watch?v=JgYzp-\\_nIYM](https://www.youtube.com/watch?v=JgYzp-_nIYM)

# FIRESIDE CHAT

## The role of Microfinance in the journey towards Viksit Bharat



Dr. Saurabh Garg, IAS, Secretary, Ministry of Statistics & Programme Implementation, Government of India



Dr. Charan Singh, Non-Executive Chairman, Punjab & Sindh Bank & CEO and Founder Director, EGROW Foundation

### Synopsis

The meeting started with a discussion of various steps taken by the government and various financial institutions to drive financial inclusion since 1951. They then explored various factors in which MFIs will play a pivotal role towards Viksit Bharat. 3 factors which would play a crucial role in realizing the dream are:

1. SHGs and women empowerment
2. Upskilling of workers. India currently stands at 32% of skilled workers in its labor force, a lot of room for improvement
3. Financing green initiatives.

Women participation in workforce leads to better education & health. Currently women participation stands at 47% in rural areas compared to 28% in urban settlements. The higher participation of women in rural is attributed to SHGs. The unincorporated sector enterprises around 24% of the proprietary establishments is run by women and 55% in unincorporated establishments in the manufacturing sector is run by women. Women entrepreneurship plays a huge role as figures from PM Mudra loans suggest that 71% of the borrowers are women and ₹4.5 lakh crore has been disbursed to women.

From 50% penetration, now over the course of 20 years 50 Crores PM Jan Dhan account has been added with average balance of ₹4500. This has been possible due to Aadhaar (authentication transactions have crossed 10-11 crore) and investments in digital infrastructure, banking correspondents and innovation of POS machine. Dr. Garg highlighted how these interventions have driven financial inclusion and now there is a scope for driving financial inclusion beyond savings and loans, it will





also include micro investments and micro insurance. Also, in a lot of Government schemes the funds are directly transferred to the account and government & RBI is creating an ecosystem to drive financial inclusion. Innovation is needed in the area where funds which are being transferred by the government is properly channelized to productive business ventures and investments along with micro finance or micro loans.

**Dr. Charan Singh** emphasized that to realize Viksit Bharat India needs to create jobs of 7 million per year from Agri & other industries. **Dr. Saurabh Garg** agreed to this and pointed out that this would require i) Full employment ii) equal Female participation iii) Financing activities which would come from MFIs.

Dr. Garg also mentioned that there will be 2 aspects in the next 25 years which has been in focus by our Honorable PM. First GYAN ( Garib, Yuva, Annadaata and Naari) which would provide liquidity to this sector and the skills of MFIs will play a huge role. Second is LIFE (Lifestyle for environment) which is a focus on green initiatives. A lot of government funding may be expected go to these provides an opportunity for the financial sector to leverage.

## Key Takeaways

1

### Increase in women participation in workforce

Increase in women participation would lead to better education, better health and also drive financial inclusion.

2

### Financial literacy beyond savings and loans and tracking fund utilization

Financial literacy of micro investments and micro insurance is required. Innovation is required to track the funds which are being transferred by the government whether it is properly channelized to productive business ventures and investments which would in turn create new jobs.

3

### Prime Focus on GYAN & LIFE

To realize Viksit Bharat the sectors where Micro Finance needs to focus will be GYAN (Garib, Yuva, Annadaata & Naari) & LIFE (Lifestyle for environment) which means green initiatives.

4

### Roadmap to achieve Viksit Bharat

A need for roadmap to achieve Viksit Bharat and how MFIs, NBFCs, SHGs will be a part of this roadmap. It would play a prominent role in guiding for the next 22 years.

Scan to Watch



The role of Microfinance in the journey towards Viksit Bharat  
<https://www.youtube.com/watch?v=ByKdcwBzLdM>

## Plenary Session 3: Lakhpati Didi – Elevating the SHG model to the next level through Enterprise Promotions

### SPEAKERS/PANELISTS

#### Keynote Address



**Ms. Smriti Sharan**

Joint Secretary  
Ministry of Rural Development,  
Govt. of India



**Mr. T Koshy**

MD & CEO  
ONDC



**Mr. Anjani Kumar Singh**

Senior Program Officer  
Bill & Melinda Gates Foundation



**Mr. Kuldeep Singh Rana**

General Manager  
Punjab National Bank

#### Moderator



**Mr. Tamal Bandyopadhyay**

Consulting Editor  
Business Standard



**Ms. Kalpana Ajayan**

Regional Head, South Asia  
Women's World Banking



**Mr. Sourav Roy**

Senior Expert-FI  
DAY-NRLM, Ministry of Rural Development,  
Govt. of India



**Mr. Jagjeet Singh Siddhu**

Chief Distribution Officer  
Zurich Kotak General Insurance  
Company Ltd



### Session Synopsis

The discussion reflected upon the financial independence that women from rural/semi-urban India have achieved through skill development, entrepreneurship & grassroots empowerment. The panel touched upon various requirements like capacity building, training & mentorship, access to markets & govt schemes and govt. policies for building a sustainable ecosystem to reach higher levels.

The discussion was initiated by **Mr. Tamal Bandyopadhyay** with the pertinent questions on whether the 'Lakhpati Didi scheme is a success or not!' followed by the key success factors, challenges and other improvements that can be done to enhance its impact. During the discussion, he highlighted that though the Lakhpati Didi scheme has undoubtedly empowered many women, it still faces challenges in scaling impact uniformly. The success of the scheme will depend on how well the scheme adapts to local contexts, ensure resource availability & supports women in accessing markets. Continued refinement & community involvement are crucial for its long-term success.

**Ms. Kalpana Ajayan** focused on empowering rural women by helping them shift from being 'risk-averse to risk-aware' by leveraging the existing knowledge in the SHG ecosystem for risk assessment of loan sanction. She mentioned, 'gender bias in credit access' is a significant issue. Women often lack ownership of assets like land or property, that are required as collateral for loans; are frequently offered smaller loan amounts than men, even if they meet similar eligibility criteria; financial institutions perceive women as high-risk borrowers due to traditional stereotypes, despite data showing that women have higher repayment rates compared to men. These challenges of gender biasness can



be avoided by organizing women into SHGs & providing collective credit access, reducing reliance on individual collateral. Financial literacy trainings need to be incorporated to help Didi's understand credit terms, repayment schedules & reinvestment strategies. Banks & MFIs should be encouraged to adopt gender-specific lending frameworks, including non-collateral loans & simplified procedures for women.

**Mr. T Koshy** highlighted the importance of enhancing the SHG model by enabling digital access to markets, resources & support systems that were previously out of reach for SHGs, especially those in rural & such as handicrafts, textiles & processed foods to urban & semi-urban areas. He also mentioned about the ONDC (Open Network for Digital Commerce) platform that can help SHGs to showcase & sell their products directly to a broader, nationwide customer base. By integrating with ONDC platform, Lakhpati Didi's can overcome traditional barriers to business growth & expand their reach beyond local communities. The platform will connect them with a wide range of buyers across India, enabling them to sell their products to digital-savvy consumers. It will help them in establishing a distinct brand identity. To enable Lakhpati Didi's on ONDC, digital literacy training, simplified onboarding, curated market ready products, financial support, logistics integration & promotion of their offerings through targeted campaigns & partnerships needs to be provided.

**Mr. Sourav Roy** talked about building an ecosystem with simplified processes where all the stakeholders contribute together for the scheme's success. He mentioned about digitizing the application process with multilingual support for ease of use; offering holistic training in business mgmt., digital tools & financial literacy through mobile apps & local training centers; designing of sector-specific modules e.g., agriculture, crafts, food processing to align with local businesses; mentorship programs pairing Didi's with successful entrepreneurs & professionals for hands-on guidance etc. Mr. Roy also talked about creating a single-window system for Didi's to access loans, grants & govt. schemes and ensuring smooth execution of schemes through local administrative bodies & NGOs.

**Mr. Jagjeet Singh Siddhu** delved into the importance of integrating insurance into the scheme as a first level of financial security. He discussed about conducting workshops & training sessions to educate Didi's about the importance of insurance, partnering with insurance providers to design low-cost, no-frills policies tailored to the needs of rural/semi-urban women, leveraging govt. schemes like Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Fasal Bima Yojana (PMFBY) for subsidized premiums, using SHGs as a collective platform to pool resources & negotiate better insurance terms, simplified documentation & reduced turnaround time for claim settlements and setting up local support centers to assist Didi's in navigating the claim process. Mr. Siddhu stressed on implementation of 'Insurance inclusion' in cohesion with 'Financial inclusion' for providing a much-needed level of security & confidence against the anomalies faced by women entrepreneurs due to unforeseen circumstances.

**Mr. Kuldeep Singh Rana** emphasized the importance of financing viable projects by the financial institutions by getting to know the nitty-gritty of the proposed business model. He highlighted, 'handholding by banks' plays a crucial role in ensuring the success of the scheme. It needs to be done at branch level. Bank branch staffs should assist Didi's in understanding and selecting the most suitable products (e.g., MUDRA loans, SHG-linked loans, or micro loans); providing detailed assistance in filling out forms, collecting necessary documents & submitting loan applications; giving upfront access to govt. subsidies & schemes like PMEGP (Prime Minister's Employment Generation Programme) or Stand-Up India, providing financial assistance to women entrepreneurs. Mr. Rana mentioned about empowering the BC (Banking correspondent) Sakhi's & giving them more responsibilities. BC Sakhi's can help in facilitating account opening, providing digital banking support, assistance in loan application & disbursement process, timely repayment by collecting payments etc.

The session concluded with participants consensus on a calculated approach involving effective model for women's empowerment, multi-dimensional poverty reduction, community-driven growth through SHGs with regards to future direction and expansion potential.

Scan to Watch



Lakhpati Didi – Elevating the SHG model to the next level through Enterprise Promotions  
<https://www.youtube.com/watch?v=qD4B8NHTAMc>



## Plenary Session 3: Lakhpati Didi – Elevating the SHG model to the next level through Enterprise Promotions

### From the Audience

There was a question on the need for creation of a separate scheme for second generation beneficiaries of the Lakhpati Didi model. In response, Mr. Anjani Kumar Singh highlighted about the scheme 'DDU-GKY - Deen Dayal Upadhyaya Grameen Kaushalya Yojana' running in India addressing the aspirations of rural/semi-urban youths with a focus on high-quality skill training and sustainable employment opportunities. Mr. Singh also highlighted on ways to enable small businesses to market their products across the country & probably internationally by leveraging credit, logistics, packaging, warehousing etc. together at ground level in a stepwise manner. Another question was whether upskilling of Lakhpati Didi's are happening on ground with respect to the businesses they are aligned with. In response to it, Mr. Sourav Roy mentioned that the highest number of businesses are in the food processing industry followed by trading of goods & manufacturing industries. Upskilling is happening through sector-specific training for ex. in agriculture - training in modern farming techniques, organic practices, crop diversification etc., in handcrafts & artisanal work - workshops on improving design quality, crafting techniques etc., in livelihood-bases skills - skills in livestock mgmt., dairy production, poultry farming & aquaculture. Along with it, market focused business skills - training on business scalability, increasing production capacity, bookkeeping, managing cashflow etc.; digital capabilities - teaching Didis to use e-commerce platforms, digital payment systems are helping in building the competencies.

### Key Takeaways

#### 1 Process simplification involving a reliable support system

The panel proposed simplification of access to credit & financial services through digitization, simple registration & documentation, flexible repayment terms, financial literacy trainings through a trusted support system involving banks, SHGs, MFIs, public-private partnership & community-based organizations.

#### 2 Empowering women to address multi-dimensional poverty

The Lakhpati Didi scheme can be tailored to target multiple aspects of poverty including social, economic & human development through a comprehensive approach for uplifting women, fostering resilience & ultimately reducing multi-dimensional poverty on a sustainable basis.

#### 3 Changing mindset from risk averse to becoming risk aware

The forum debated upon the measures to create a more supportive & educated environment empowering women to engage confidently in income-generating activities & sustainable entrepreneurship through financial literacy & training, insurance & financial safety nets, community support & mentorship etc.

#### 4 Creating a sustainable ecosystem with interconnected components

The panel emphasized the requirement of building a sustainable ecosystem having interconnectivity of credit, training, insurance, capacity building, social support & market access etc.



# PRESENTATION

## A Presentation on 'Risk Management in Microfinance: The Role of Insurance'



Mr. Rajagopal Rudraraju, EVP & National Head- Accident, Health and Auto Claims, TATA AIG General Insurance Company Ltd

**Mr. Rajagopal Rudraraju**, EVP & National Head- Accident, Health and Auto Claims, started his presentation stating that they are the largest private employer in India. One of the largest growth areas is General life for lending, which was ₹15000 Crore last year and they expect to be ₹20000 Crore this year. Major distributions are their partners, they have a total of 50 partners which includes mostly banks, Financial Institutions and Micro Finance and they offer services across health and other products covering credit risks and distributors of insurance. Their key factors in the industry includes product design. Traditionally they used to design a product and see how it used to fit with financial institutions but now as many companies are developing products specific to the business model and the risk of financial institutions, they have also been doing the same. They have also been devising innovative products which would be customized for each and every partner they have tied up with. They have also redesigned the method of collecting premium, dispensing policy claim and the entire service architecture to align with the business model of their partner and the particular asset they are dealing with. They have focused on 2 areas. First is the underlying loan where life insurance was the dominant player, but it was observed that hospitalization was also a major reason for the loan becoming NPA.

They have devised more and more products around daily cash, CIA or other insurance products dealing with non-death events. Second insurance plays a major role in terms of revenue source for micro finance, so he stresses upon the need for correct product-channel-customer mix. They have multiple products designed for every size and every kind of loan. Tata AIG have end-to-end digital platforms for integration of partners, and they can fulfill their partners requirements in terms of distribution, collection, claims and servicing. They have products related to loan protection or increase in revenue source for a partner around health, motor and micro finance products. They have more than 2000 employees dedicated to meet individual partners requirements tailored to the books they manage and the processes that they run.

# Breakaway Session 4 : Strategic Pathways for MFIs: Navigating Change and Embracing Opportunities

## SPEAKERS/PANELISTS



**Moderator**

**Mr. Jaikrishnan G**  
Partner  
PwC India



**Mr. G Kiran Kumar**  
Director & CEO  
Svamaan Financial Services Pvt Ltd



**Mr. Gaurav Arora**  
Business Head  
Transunion CIBIL



**Mr. Rahul Gupta**  
Director & CEO  
Avanti Finance



**Mr. Abhijit Ray**  
Co-Founder & MD  
Unitus Capital



**Ms. Nalini Venkat**  
CBO-Digital & Institutional Partnerships  
Digit Insurance



## Session Synopsis

The Moderator, Mr. Jaikrishnan, started the session with introductions, revealing a diverse panel that encompassed all aspects of building successful frameworks for microfinance institutions (MFIs). It was acknowledged that MFIs are sometimes compelled to reinvent themselves due to uncontrollable external factors. Mr. Rahul Gupta aptly remarked, “Reinventing can eliminate the non-value-adding parts of what MFIs are currently doing and help them rebuild and succeed.”

Mr. Jaikrishnan G as a consultant recommended that while working on a strategy it is best to develop a framework for it highlighting the importance of four key elements of strategy—identifying the customer, defining the product (lending), pricing, and the distribution channel—He went on to request the panelists to share their journey and learnings as an MFI in India.

In response to the inquiry, Mr. Rahul Gupta continued the conversation with a focus on navigating change and embracing opportunities. Mr. Gupta shared his experience with his microfinance organization, stating, “We looked at where India is headed in its digitalization journey to build the platform for the future.” He further mentioned that their target audience comprised low-income households, similar to those served by the microfinance sector. Consequently, they partnered with other MFIs and NGOs serving similar customers, which helped increase their geographical coverage.

Mr. G Kiran Kumar emphasized profusely on the changes in the microfinance sector while sharing his journey as an MFI. He mentioned that earlier under microfinance sector, the approval rating was around 80%, meaning there were hardly any rejections. However, the sector has evolved, and the current approval rating has dropped to just 20%. The growth of the microfinance sector has been particularly concentrated in the past five to six years. The panelists highlighted that MFIs cater to the





bottom of the pyramid, with 70% of Indian households eligible for microfinance loans. Mr. Kumar also pointed out, "The microfinance sector had a portfolio of ₹20,000 crores in 2010, which has now grown to ₹4,00,000 crores. This 20X growth speaks volumes about the level of financial inclusion that has occurred in the country.

Mr. Jaikrishnan emphasized the importance of comprehensively understanding our customers and the specific issues we aim to address for them while formulating a strategic plan. He advised against placing customers in precarious situations where they may become excessively indebted and unable to secure additional credit. Such circumstances undermine our objective of alleviating poverty and fostering sustainable livelihoods for customers at the base of the economic pyramid.

The deliberation then shifted to what needs to be done moving forward. Ms. Nalini Venkat emphasized the importance of thoughtful and risk-focused strategies, stating, "It is our responsibility to do this thoughtfully and in a manner which is very risk-focused." In addition, she addressed the hidden cost of credit and the necessity for MFIs to identify the sources of risk. She noted that penalizing good borrowers for the behavior of bad ones is not a sustainable approach. If risks are not accurately identified, the associated costs are built into the overall loss and charged to every customer, leading to the penalization of good borrowers. It was also suggested that MFIs should focus on robust underwriting practices, as poor underwriting could result in higher interest rates.

She also emphasized the need for innovation in the sector. It was mentioned that both customers and lenders are sensitive to interest rates. To address this, the sector should share data on fraudulent customers. Further, it was outlined the importance of pricing segmentation, suggesting that good customers should benefit from lower interest rates while bad customers should incur higher rates. This approach could improve the profitability of MFIs. Additionally, it was suggested that MFIs augment their interest rate income by offering a variety of other products.

Mr. Abhijit Ray further emphasized that the microfinance sector should remain true to its mission of providing affordable solutions to bottom-of-the-pyramid customers. It was implied that the three-lakh cap should not be a one-size-fits-all solution but rather be determined based on the specific situation of each state. The segment concluded with the observation that customers are now more mature, and that the microfinance sector needs to cater to their specific requirements.

Mr. Gaurav Arora pushed the discussion forward and delved into data reflecting the potential of the microfinance sector. The data showed that there are 25 crore live customers with retail loans and about 60 crore people who have applied for a loan in their lifetime. However, the microfinance sector currently caters to only 80 million people, highlighting significant growth potential. Additionally, it was recommended by Mr. Arora that the microfinance sector tap into new-to-credit customers and avoid over-leveraging existing customers, as this could increase the risk of default. It is also essential to monitor the retail footprint of a customer, as 20% of MFI customers overlap with retail sector loans.

## Key Takeaways

1

### Reinventing MFIs for Improved Efficiency

MFIs can streamline operations by eliminating non-value-adding activities, leading to better efficiency and success. This approach helps MFIs navigate external challenges and rebuild stronger organizations.

2

### Developing a Comprehensive Strategic Framework

Development organizations can help in creating a strategic framework focused on customer identification, product definition, pricing, and distribution is essential for effective strategy implementation. This comprehensive approach helps MFIs serve their customers sustainably and effectively.

3

### Implementing Risk-Focused Strategies

MFIs can employ thoughtful, risk-focused strategies by ensuring sustainable practices and preventing penalization of good borrowers due to the behavior of bad ones. Identifying and addressing risks proactively is essential to maintain the integrity of the microfinance sector.

Scan to Watch



Strategic Pathways for MFIs  
Navigating Change and  
Embracing Opportunities  
<https://www.youtube.com/watch?v=qrNwCFhx64>

# PRESENTATION

## A Presentation on 'The Real Cost of Paperwork for MFIs – and How to Break Free'



Mr. Aditya Patel, Head of Marketing, Leegality

**Mr. Aditya Patel**, Head of marketing, Leegality started the presentation stating that paperwork is an important part for every MFIs because it is an operational and compliance minefield. It's important to understand 5 real costs involved with paperwork; they are as follows:

1. **Time cost** - It takes 45 minutes to 1 hour to process one loan agreement which limits disbursement speed
2. **Productivity** - Everyday 2 hours is spent to do all the paperwork which is non-value adding
3. **Direct Cost** - The cost of papers
4. **Customer Experience** - Spending 1 hour at a branch for a loan negatively impacts customer experience.
5. **Compliance** - If RBI changes its regulation the entire process needs to be changed. Also, paperwork related frauds can impose regulatory costs

He then discusses another question which they get from MFIs is how the e-sign process of Leegality is different from the regular e-sign process. He states 5 reasons why normal e-sign does not work and how they have addressed these concerns.

1. **E-sign downtime** - They have in built system of backups
2. **Fraud** - about 5% of Aadhaar e-signs happen via wrong e-signs. They have in built fraud prevention process like e-sign verification and face match to ensure that fraud is prevented
3. **Connectivity** - Digital tools often break down with 2G 3G connectivity. Their digital tools are resilient with on ground realities which can be operated in 2G/3G environments
4. **Aadhaar Biometric** - if fingerprint is not successful Leegality has an option to sign with facial match
5. **Requirement of heavy bandwidth** - many implementations fail due to unavailability of bandwidth. With Leegality this bandwidth is not required.

For all these reasons Leegality is becoming the market standard for MFIs looking to digitize their paperwork process with MFIs of all sizes. The benefits include quicker loan disbursement, better branch experience and prevention of fraud at the onboarding stage.

# Breakaway Session 5 : Gender Responsive Finance: Fostering Inclusive finance for Equitable Growth

## SPEAKERS/PANELISTS

### Keynote Address



**Shri Amit Kr Ghosh, IAS**  
Additional Secretary  
Ministry of Social Justice &  
Empowerment, Government of India



**Ms. Bonani Roychoudhury**  
Managing Director  
Nabsamruddhi Finance Ltd



**Mr. Krishna Thacker**  
Senior Program Officer  
Bill and Melinda Gates Foundation

### Moderator



**Mr. C S Reddy**  
MD & CEO  
APMAS



**Mr. Ramkumar Venkatramani**  
Director  
Impact Investing, AVPN



**Mr. Shyam Patro**  
Business Head  
Save Microfinance Pvt. Ltd



## Session Synopsis

The session starts with **Shri Amit Kr** sharing his own experience in the field, Working with SHGs he realized the importance of integrating women through economic activities and making them economically self-dependent. He highlights the need of conferences where brainstorming and discussions can take place. He takes an example of de-notified tribes along with other communities form a distinct marginalized group known as DNT Community who were officially declared as landless and GoI had set up a development board for them. The study they conducted showed that for the last 4-5 generations they have not abandoned their caste-based works and have some skills which can be leveraged. He realized there was no SHGs amongst these communities and since formed 800 SHGs in past 6 months with an aim of 3500 SHGs of DNT women by 2025-26. He also states that a lot has been achieved, as of last year the MFI have served nearly 7 Crore unique borrowers out of which 95% are women. He said that micro finance creates a ripple effect which lets women to take charge of their lives and challenge the traditional gender roles. He backs his statements with data from research by various organizations. Empowering women can lead to significant impact on their own well-being, children, their family and society at large leading to significant reduction in poverty. He stresses upon the fact that time has come to investigate gender sensitive loan products, capacity building for women, legal and policy frameworks and finally effective monitoring and evaluation.

The Moderator **Mr. C S Reddy** began the conversation with a question - whether Microfinance is resulting in the empowerment of women?

Scan to Watch



Gender Responsive Finance  
Fostering Inclusive finance for  
Equitable Growth  
<https://www.youtube.com/watch?v=TqZP6-RCF0A>



**Ms. Bonani Choudhury** said her organization, Nabsamruddhi Finance Ltd, works with MFIs and NBFCs and she has encountered 2 types of women taking loans, firstly who are using loans for setting up their own informal enterprises and secondly whose loans are used by the husband in their enterprise. Both gives them a sense of empowerment. Her organization is involved in WASH loans, and she highlights the importance and the impacts of these loans. It enables an access to toilets and piped drinking water which saves time to pursue other income generating activities but also helps prevents a lot of water borne diseases. Moreover, she also shares how concessional loans, partnership models blended finance and technical assistance from water.org and Sa-Dhan has supported these women.

**Mr. Ramkumar Venkatramani** stated Micro finance creates impact on the ground. There are 4 areas where Micro finance has helped people- access to capital, productive employment, access to health care system and the increased bargaining capacity of women in a relationship due to increase in earning potential. Microfinance plays an important role in the upliftment of society due to the macroeconomic perspective of trickle-down economics. Mr. Krishna Thacker emphasized that there are 3 conditions to investigate to understand the impact of Micro Finance. i) Segment ii) Product iii) Context. He believes that the credit plus model is very effective. But he also stated the answers to the efficacy are at best indicative and not absolute. He believes “MLE consortium monitoring” and evaluation consortium will help to get these absolute answers.

**Mr. Shyam Patro** believed MFI has done an amazing work in terms of economic empowerment and social empowerment. He also shared a few data to drive his view. 70% of PM Mudra is consumed by micro enterprises led by women. and 35% of bank accounts & insurance are in the name of women. This is a huge growth compared to the fact that few years before all these were in single digits.

**Mr. C S Reddy** summarized the above viewpoints that microfinance has not only given access to financial services but has also led to women empowerment. He also stated that the SHG leads to an increase in self esteem and confidence. He mentions 3 points to focus upon for addressing women empowerment in the context of “Viksit Bharat” and “Lakshpati Didi”. First is indebtedness and financial literacy. Second are women seen as only borrowers or participants in economic development. Third is the independence of SHG in withdrawing their own savings as it leads to women empowerment. He poses a question to the panelists that for the next 5-10 years what will be their recommendations to Microfinance sector in the country?

**Ms. Bonani Choudhury** acknowledged that MFs and HFCs have seen a large no of women as co-borrowers and they don't hold property, but the loan outstanding is quite huge. Educational upskilling, business enterprise training is highly required to transform women from “Achar and Papad economy” to actual enterprise. She also mentions that women bears a disproportionately large burden in the imminent risk of climate change and its adverse effects. She suggests Solution finance like climate resilient wash programs and other similar approaches are required for climate resilience and climate adaptation measures.

**Mr. Ramkumar Venkatramani** said that leveraging technology is the need of the hour. He cites an example from a GSM study which states that by increasing the GSM gap in the mobile money can unlock more than \$150 Bn in revenue. Also, alternative credit scoring model which relies on factors like social media usage, transactional behavior and AI and leveraging NextGen AI will go a long way than traditional models.

**Mr. Krishna Thacker** focuses on developing measures to understand effectiveness. He believes that MF has done a good job in terms of scale and accessibility, but evidence backed data is required to understand the effectiveness. Also, he recommends the MF to investigate the opportunities in developing specialized targeted products with flexible repayment opportunities for better targeted lending.

**Mr. Shyam Patro** recommends filling the gap between digital deficiency between men and women. As per data digital penetration among women in rural areas is half of men. As digital landscape and payments contributed to the GDP growth policy makers have to be considerate of this discrepancy.



# Breakaway Session 5 : Gender Responsive Finance: Fostering Inclusive finance for Equitable Growth

## Key Takeaways

### 1 Financial Literacy and Business Enterprise Training

Understanding women as a stakeholder and not just borrower will empower the women. Financial literacy combined with business enterprise training and solution finance will go a long way to empower women.

### 2 Positive impact on society due to Trickle-down Economics

Empowering women leads to a all over development of the society due to trickle-down economics, when the women are employed, it boosts her morale, increases her own wellbeing, wellbeing of her child, her family and ultimately the society at large.

### 3 Impact of Micro Finance in terms of Segment, Product and Context

To understand how successful the initiatives have been in bringing a change in the empowerment of women it is essential to understand the impact not only in terms of Segment and Product but also context. This will go a long way in developing new specialized targeted products with flexible lending.

### 4 Autonomy and independence of SHGs

SHGs should have their own independence in terms of debt management and access to their own savings. Moreover, the SHGs should be made aware of the downside of over borrowings.



# Breakaway Session 6 : Financial Well-Being of Microfinance Households: Strengthening Social Security Safety Nets

## SPEAKERS/PANELISTS



**Moderator**

**Mr. N S Vishwanathan**  
Deputy Governor (Retd.)  
RBI



**Dr. G R Chintala**  
Chairman (Retd.)  
NABARD



**Ms. Suparna Tandon**  
CEO  
NPS Trust



**Mr. Mukul Jaiswal**  
MD  
Cashpor Micro Credit



**Ms. Priya Kumar**  
EVP & Business Head  
SBI General Insurance



## Session Synopsis

The session moderated by **Mr. N S Vishwanathan** explored the financial well-being of microfinance households and delved into the understanding of the steps, policies and products being implemented in the same lines to strengthen the microfinance households.

**Dr. G R Chintala** discussed the significant transformations that institutions have undergone, particularly in how credit is dispensed and various other changes in the operational environment. These changes have enabled institutions to better address the needs of the poor. He highlighted the pressing need for strengthened social security safety nets, particularly as digital adoption heightens vulnerability to cyber risks could push low-income households back into poverty. Dr. Chintala also touched upon the specific challenges associated with increasing insurance penetration among microfinance beneficiaries. He noted that while the development and design of financial products are no longer major issues, the primary concerns now are the affordability of these products and their ability to meet the evolving needs of the people, which in turn is particularly crucial given the changing dynamics of the ecosystem in which these products are deployed. The panel discussed the Reserve Bank of India's (RBI) loan harmonization initiatives and increased regulatory oversight. These measures are designed to standardize lending practices and reduce risks associated with unchecked lending. To address credit distribution sustainably, some MFIs limit loans to borrowers with existing microfinance debts, thereby reducing the likelihood of over-indebtedness and encouraging healthier financial management among clients.

**Ms. Priya Kumar** from SBI General Insurance continued the chain of thoughts presented by Dr. Chintala, emphasizing the low GDP penetration of insurance, which stands at approximately 4%, with a significant 75% of that being life insurance. She noted that most microfinance-linked insurance products predominantly focus on life insurance due to its ease of sale. However, this emphasis tends to overlook other crucial types of coverage, such as health and asset insurance, which remain





significantly underpenetrated. Ms. Kumar highlighted that the underrepresentation of health and asset insurance presents a gap in providing comprehensive financial protection to microfinance clients and suggested how subsidies and innovative insurance designs could play a pivotal role in enhancing meaningful risk inclusion. Such measures would offer more effective financial protection, addressing a broader spectrum of risks faced by microfinance clients. While discussing the actual protection of borrowers during their lifetime, Ms. Kumar pointed out that their own illnesses and the impact of climate change on their livelihoods should be key concerns for insurance protection. She underscored that it is crucial for the insurance industry to address these areas to offer complete and effective coverage.

**Ms. Suparna Tandon** from NPS Trust demystified financial well-being by presenting the primary challenge faced in the pension sector, which is that many people tend to deprioritize pension savings because retirement, often 30 years away, seems like a distant horizon. This requires individuals to forego current needs to invest in something for the distant future, posing a significant challenge for pension regulators and the government when it comes to the penetration of pension products. To cater the challenges faced and ensure the inclusivity of microfinance households, Ms. Tandon highlighted India's approach to pensions, particularly through the National Pension System (NPS), which offers a globally unique unbundled structure with some of the world's lowest management fees, making retirement savings more attainable for low-income households. Ms. Tandon also expressed that India's ambition to become a "pension society" by 2047 is well-timed, especially given that the population over age 60 is projected to double by 2050. This demographic trend underscores the urgency of onboarding rural households into pension plans. Programs like the Atal Pension Yojana (APY) provide simple and accessible options to safeguard financial security in old age. Panelists noted that expanding pension outreach in non-metro and rural areas is essential to realizing this vision. They emphasized that such initiatives are crucial for ensuring that the growing elderly population in India can secure their financial futures.

**Mr. Mukul Jaiswal** emphasized the need for robust and inclusive loan eligibility criteria in the microfinance sector. He highlighted that microfinance institutions (MFIs) are increasingly using indicators such as household structure and housing conditions to prioritize loans for the most vulnerable groups, particularly landless laborers and low-income households, who often lack access to traditional financial services. Mr. Jaiswal noted that recent innovations, such as emergency and flexible loans with shortened moratorium periods, have enabled quicker financial support. This is especially crucial for women workers facing sudden economic needs. However, he expressed concerns about the prevalence of multiple loans per borrower. Over-indebtedness not only strains households financially but also heighten repayment risk for MFIs. Additionally, Mr. Jaiswal pointed out that MFIs are conducting thorough household assessments to evaluate repayment capacities and anticipate credit needs for the coming years. This approach aims to provide stable, continuous support rather than just immediate relief. He emphasized that this shift—from merely expanding borrower numbers to addressing deeper credit needs among existing clients—is viewed as a strategic move to foster long-term financial inclusion and resilience within microfinance communities.

## Key Takeaways

### 1 Strengthen Social Security and Insurance Penetration

Policymakers and financial institutions should enhance social security nets and develop affordable, comprehensive insurance products (including health and asset insurance) to protect low-income households from cyber risks and other vulnerabilities.

### 2 Standardize Lending Practices and Manage Over-Indebtedness

Regulatory bodies like the RBI should continue harmonizing loan practices and increasing oversight, while MFIs should limit loans to borrowers with existing debts to mitigate over-indebtedness and promote healthier financial management.

### 3 Promote Pension Savings for Financial Security

Government and pension regulators need to intensify efforts to onboard rural households into pension schemes like NPS and APY, ensuring long-term financial security as the elderly population grows.

### 4 Implement Inclusive Loan Eligibility Criteria

MFIs should use household structure and housing conditions as criteria for loan prioritization, focusing on vulnerable groups and employing emergency and flexible loans to address immediate and long-term credit needs.

Scan to Watch



Financial well being of Microfinance Households Strengthening Social Security Safety Nets  
<https://www.youtube.com/watch?v=vZTDR4VVJQw>

# PRESENTATION

## A Presentation on 'Digital Health: Building a Foundation for Inclusive Healthcare'



Mr. Sabyasachi Das, Chief of Affinity Business, MediBuddy

**Mr. Sabyasachi Das**, Chief of Affinity Business, shares a story to highlight how a single healthcare incident in the family can push an entire family into poverty. He states that 2 in every 3 Indians don't have health care coverage which results in almost half of healthcare expenses to be borne out of pocket. This becomes worse in rural India where the figures are 8 out of 10 Indians don't have healthcare coverage and the medical expenses continues to escalate which is the reason why 75 to 90% avoid health checkup. He lauds the Microfinance of doing an excellent work in financial inclusivity but also urges the Micro Finance to look after the health of its borrowers because a single health care event can negatively impact their ability to pay leading to an increase in defaults. He then highlights that more than accessibility it is also a question of access. He states some figures to highlight his point. Almost 65% of Indians live in rural areas compared to only 20% of the doctors to cater to the medical needs. Mr.Das then highlights how Medibuddy has been leveraging technology to address both affordability, accessibility and quality medical services to every Indians. Medibuddy is India's largest healthcare platform in terms of doctors, medicine delivery, phlebotomists and diagnostics. They are also investing heavily in technology. He then compares a few aspects like delivery of medicines, arrival of phlebotomists, the ease of tracking & complaint resolutions with food delivery Swiggy. They have been working to improve quality healthcare and provide good customer experience. He also highlights that they have been awarded a patent for improving online patient experience and how the app will ask suggestive questions and prompts to improve the same. He explains to Microfinance that they can provide a variety of services to their borrowers like online consultation or booking a visit to the hospital, they provide medicine delivered to almost 96% of PIN Codes, arrange the phlebotomist to collect samples from homes, organize health camps for the borrowers, and Medibuddies-on-wheels accessing the remote corners of the countries to provide doorstep services. He concludes his session urging the Microfinance to take proactive steps for their borrowers using MediBuddy.

# Plenary Session 4: Microfinance 2034 – The Future of Microfinance in India

## SPEAKERS/PANELISTS



**Moderator**

**Prof. M S Sriram**  
IIM Bangalore



**Mr. S B Singh**  
ED  
Indian Bank



**Mr. Sadaf Sayeed**  
CEO  
Muthoot Microfin Ltd



**Mr. Madhav Nair**  
Country Head & CEO  
Bank of Bahrain & Kuwait B.S.C &  
Honorary Secretary, IBA



**Mr. Govind Singh**  
MD & CEO  
Utkarsh Small Finance Bank



**Mr. Natarajan R**  
Chairman & MD  
South India Finvest Pvt. Ltd



## Session Synopsis

The session brought together industry leaders and regulatory experts to engage in a comprehensive discussion on the evolving landscape of microfinance and its transformative trajectory in India. Moderated by Prof. M.S. Sriram, the conversation centered on the rapid changes within the microfinance sector and its response to challenges stemming from demonetization, the COVID-19 pandemic, and the digital revolution. **Prof. Sriram** set the tone by highlighting how the traditional group-based lending models, once rooted in solidarity and social collateral, have increasingly shifted towards transaction aggregation. This change, which accelerated during the pandemic, has led to beneficiaries realizing that financial transactions can now be effectively conducted without the need for physical meetings. This fundamental shift has led to a greater reliance on technology and data analytics to manage and evaluate loan transactions, further altering the dynamics of microfinance. Prof. Sriram's opening remarks set the stage for a deeper exploration of how these shifts could impact the future trajectory of microfinance in India.

**Mr. Sadaf Sayeed** discussed the significance of recent regulatory changes that have created a level playing field for all participants in the microfinance ecosystem. According to Mr. Sayeed, the evolution of microfinance is moving from a "credit-only" model to a "credit-plus" approach, where MFIs provide a broader range of services beyond loans, such as insurance, savings, and digital payments. This shift, he argued, is essential for meeting the more diverse needs of clients in an increasingly complex financial environment. Mr. Sayeed also highlighted the critical role of Self-Regulatory Organizations (SROs) in improving governance within the sector. He noted that SROs

Scan to Watch



Microfinance 2034 – The future of  
Microfinance in India  
<https://www.youtube.com/watch?v=zXzMt2gOhXw>



help enforce industry standards in partnership with regulatory bodies, ensuring that microfinance institutions remain transparent, accountable, and compliant.

**Mr. Natarajan R** praised the Reserve Bank of India's 2022 framework, which he described as critical to enhancing sector stability, especially in the aftermath of the disruptions caused by COVID-19 and demonetization. He highlighted the importance of maintaining non-performing assets (NPAs) at levels comparable to commercial banks and emphasized the need for uniformity in processes across the sector to ensure stability and operational efficiency. He also stressed that the microfinance sector, being highly process-sensitive, must focus on standardizing operations to reduce risks.

**Mr. Govind Singh** emphasized the importance of digital transformation and data analytics in reshaping microfinance operations. He argued that while technology can drive operational efficiency and improve service delivery, it is also essential to retain a human-centric approach in maintaining strong customer relationships. Singh noted the sector's gradual move towards individual lending for larger loan amounts, a shift from the traditional group-based lending model. However, he reaffirmed the continued relevance of the Joint Liability Group (JLG) model for smaller loans, particularly for populations relying on social collateral.

**Mr. S.B. Singh** addressed the expanding role of microfinance institutions in social security schemes, noting that MFIs are well-positioned to act as distribution channels for government programs, particularly in underserved areas. By doing so, he argued, MFIs can significantly enhance financial inclusion and contribute to broader socio-economic development. Both Mr. Singh and Mr. Madhav agreed that the sector's involvement in PSL enables greater financial inclusion.

**Mr. Madhav** also discussed the increasing significance of Environmental, Social, and Governance (ESG) factors in microfinance, particularly governance, which he identified as a critical area for attracting foreign investment. He noted that robust governance practices can build investor confidence, enhance the sector's credibility, and ultimately contribute to long-term sustainability. Strong governance, he argued, is essential for ensuring that microfinance institutions remain resilient and capable of scaling up their operations.

The session concluded with a forward-looking discussion on how microfinance can scale sustainably. Panelists agreed that the future of the sector lies in collaboration, innovation, and responsible governance practices.

## Key Takeaways

- |   |  |   |
|---|--|---|
| 1 | <b>Unified Regulation &amp; Industry Standardization</b> | Regulatory bodies should create uniform frameworks that ensure consistent growth while accommodating diverse operational models within the microfinance sector, reducing volatility and ensuring long-term stability. |
| 2 | <b>Fintech for Enhanced Outreach</b>                     | Fintech innovations, such as digital lending platforms and data analytics, have enabled MFIs to scale operations and expand access to underserved clients effectively.  |
| 3 | <b>Leveraging MFIs for Public Service Distribution</b>   | MFIs can act as channels for distributing government services and social security schemes, promoting inclusion at scale. Collaboration between MFIs, the government, and regulators is essential to maximize impact.  |
| 4 | <b>Expanding "Credit-Plus" Offerings</b>                 | MFIs can broaden their services beyond lending to include insurance and social security, supporting clients' diverse needs and resilience.  |



# VALEDICTORY SESSION



Dr. Ajay Kumar Sood, DMD, NABARD

**Dr. Ajay Kumar Sood**, Deputy Managing Director of the National Bank for Agriculture and Rural Development (NABARD), delivered the valedictory speech at the Sa-Dhan National Conference. He highlighted that the conference provided a platform for extensive discussions on various aspects of microfinance, bringing together stakeholders to share insights and propose practical interventions. Dr. Sood commended Sa-Dhan for organizing such a significant event.

In his speech, Dr. Sood emphasized the critical role of microfinance beyond mere financial transactions. He highlighted that microfinance is a tool for financial inclusion, economic empowerment, and improving livelihoods. "Microfinance is not just about finance and credit; it's about financial inclusion, covering the uncovered, and providing support to their livelihoods," he stated. He acknowledged the challenges faced by the microfinance sector, including sustainability, customer connect, and over-indebtedness, and stressed the need to address these issues due to the sector's significant impact on the economy. "We are aware of the challenges, but because microfinance is so important for the economy, we have to find out ways and means to overcome these challenges," he asserted.

Dr. Sood proposed several interventions to address the sector's challenges. He emphasized the need for funding smaller MFIs, with NABARD and SIDBI playing crucial roles. He suggested grant-based refinancing programs targeting credit-starved aspirational districts and small entrepreneurs to offset incremental costs. He proposed a scalable digital model, "MFI in a Box," which would provide MFIs with advanced digital tools, regulatory compliance toolkits, and technical consultancy to reduce operational costs. He also recommended a mentorship and scoring system, to help MFIs improve financial and non-financial parameters. Additionally, he advocated for establishing a fund to provide liquidity and credit guarantees to MFIs during natural calamities. Dr. Sood outlined the strategic direction the sector should take, focusing on expanding support to medium and smaller MFIs, innovating new underwriting and credit scoring models, and partnering with technology providers for data-driven credit models. He stressed the importance of strengthening the resilience of MFIs to manage economic downturns and unforeseen events by offering dedicated liquidity and risk mitigation support.

In conclusion, Dr. Sood assured that NABARD is actively working on addressing the concerns of smaller MFIs in both financial and non-financial areas. He expressed optimism that the insights gained from the conference would propel the sector forward and address the needs of smaller and marginal entrepreneurs. "I hope that the insights gained from these two days conference would help move the sector forward and address the concerns of smaller and marginal entrepreneurs," he concluded.

Dr. Ajay Kumar Sood's speech at the Sa-Dhan National Conference highlighted the multifaceted role of microfinance in economic development and the various challenges it faces. He proposed several interventions and strategic directions to strengthen the sector, ensuring its sustainability and effectiveness in empowering underserved communities. Dr. Sood's address was a call to action for all stakeholders to collaborate and innovate for a resilient and inclusive microfinance ecosystem.

Scan to Watch



Valedictory Session  
<https://www.youtube.com/watch?v=uuzgGjMG4a4>

# VALEDICTORY SESSION – Special Address



Mr. Sudatta Mandal, DMD, SIDBI

**Mr. Sudatta Mandal**, Deputy Managing Director of the Small Industries Development Bank of India (SIDBI), delivered the valedictory speech at the Sa-Dhan National Conference. He began by expressing his pleasure at seeing a substantial audience, indicating the high level of engagement. Mr. Mandal highlighted the significant role of microfinance in enabling low-income households and socially weaker sections, particularly women, to achieve social security and empowerment. He pointed out that small or micro businesses managed by these groups often face challenges in securing finance due to the lack of physical collateral and irregular income flows. Formal financial institutions typically perceive them as high-risk and high-cost borrowers because of the small loan sizes and high distribution costs involved. However, the microfinance industry has effectively served the unserved and underserved, growing substantially in terms of reach and business size.

Mr. Mandal elaborated on SIDBI's initiatives to support small businesses and foster financial inclusion. From implementing the Poorest State Inclusive Growth (PSIG) program during 2012-2020 to launching the Swavalamban Resource Facility (SRF), SIDBI has been providing support to MFIs in lending, capacity building, grants, and extending first loss default guarantees. Through various interventions, SIDBI has enhanced corporate governance and operational efficiencies of MFIs, ensuring a smooth flow of adequate credit to the sector. "SIDBI has undertaken several microfinance initiatives to support small businesses and foster financial inclusion," he stated. During the conference, discussions addressed the viability of the Joint Liability Group (JLG) model. Mr. Mandal noted that the JLG model remains relevant for low-ticket-size loans at the entry level. However, as requirements and aspirations grow beyond a certain threshold, borrowers prefer individual loans over the JLG model. SIDBI's PRAYAAS model specifically targets this segment, providing credit directly to micro enterprises that have undergone two to three credit cycles with MFIs. SIDBI assumes the entire risk on its balance sheet, with MFIs acting as partners, assisting in loan application generation, processing, monitoring, and collection. This mechanism ensures faster credit delivery through seamless digital integration between partner institutions and SIDBI.

Despite stellar growth and timely support from the central government and SIDBI, the microfinance industry continues to face challenges such as high interest rates, limited geographical spread, and potential market overheating. Sa-Dhan's "Bridging the Gap" report sponsored by SIDBI delves into these issues and suggests solutions for more balanced regional distribution of microfinance. The report underscores the need for a balanced approach, valuing both social and economic considerations equally for sustainable sector growth. Mr. Mandal acknowledged that microfinance would continue to play a vital role, particularly in realizing India's dream of becoming "Viksit Bharat" by 2047. For this to happen, the reach of credit needs to be enhanced without compromising financial stability.

In conclusion, Mr. Mandal acknowledged that since 2011, the RBI has introduced various regulations to improve the microfinance ecosystem's sustainability and ensure fair practices. He called on MFIs to rise to the challenge and contribute to achieving financial inclusion and the goal of Viksit Bharat. "The MFIs have now to rise up to the challenge and play their part in achieving financial inclusion and our goal of Viksit Bharat," he concluded.





# VOTE OF THANKS



 Mr. Jiji Mammen, CEO and Executive Director, Sa-Dhan



In his vote of thanks, **Mr. Jiji Mammen**, CEO and Executive Director of Sa-Dhan, expressed deep gratitude towards the sponsors, partners, participants, and dignitaries for their presence and contributions to the event. He extended a special thanks to Mr. Sudatta Madal for his partnership with Sa-Dhan in numerous initiatives, including the current conference, highlighting the close relationship between SIDBI and Sa-Dhan in advancing shared goals.

Mr. Mammen acknowledged the productive and valuable collaboration with NABARD, which has enabled Sa-Dhan to release annual reports and host regional conferences to further the sector's impact. Expressing appreciation to all 52 sponsors, Mr. Mammen acknowledged their critical role in making the conference a success. He further thanked each association member, every partner, and the Sa-Dhan board for their excellent support and dedication to the organization's mission. Concluding his address, he extended heartfelt thanks to the entire Sa-Dhan team for their exceptional efforts in orchestrating the event, commending their commitment to excellence. Anticipation was expressed for the prospect of meeting everyone again soon, with the promise of an even more remarkable conference next year.



# Sa-Dhan Team



## Awards Section



### Elaben Memorial Award for the Best Financial Institution 2024



#### CATEGORY-NBFC/ BC/SFB



First Place



NABSAMRUDDHI  
Finance Limited



Runner Up

Dvara KGFS



Special Award



Shri Mahila Sewa  
Sahakari Bank Ltd.  
(SEWA Bank)

#### CATEGORY-FI above ₹1000 Cr AUM



First Place



Belstar  
Microfinance  
Limited



Runner Up

Pahal Financial  
Services Private  
Limited



#### CATEGORY-FI below ₹1000 Cr AUM



First Place



Dhosa  
Chandaneswar  
Bratyajana Samity



Runner Up

ASA International  
India Microfinance  
Limited





## Awards Section



### WASH Award Winners 2024-25



#### Top Performing Microfinance Institution

AUM under ₹300 Cr.



Sanghamithra  
Rural Financial  
Services

AUM ₹300 Cr. –  
₹3,000 Cr.



Sonata Finance  
Pvt. Ltd.

AUM above ₹3,000  
Cr.



Muthoot Microfin

#### Top Performing Bank



Ujjivan Small Finance Bank

#### Top Performing SHPI



Mahila Abhivruddhi Society,  
Andhra Pradesh (APMAS)

Special appreciation for their continued efforts in  
WATSAN Financing to

AUM under ₹300 Cr.



Nabsamruddhi  
Finance Limited

AUM ₹300 Cr. –  
₹3,000 Cr.



Unity Small  
Finance Bank

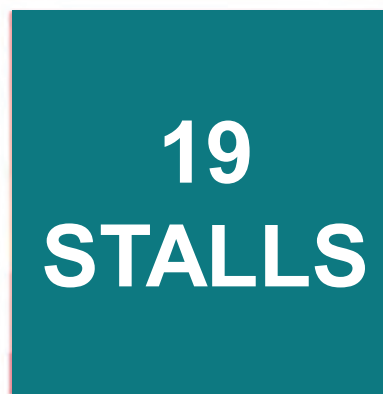
AUM above ₹3,000  
Cr.



IIFL Samasta

## Sa-Dhan Stalls

The conference featured a vibrant exhibition area with 19 stalls, showcasing a variety of financial services and products. Participants included major banks, microfinance institutions, development financial institutions and other MFI stakeholders presenting their latest offerings and innovations. These stalls provided attendees with valuable insights into the evolving microfinance sector, encouraging collaboration and the exchange of ideas among industry professionals.



## Sa-Dhan in the media

### NEWS COVERAGE

222

PRE-EVENT  
PRESS RELEASE 56

EVENT PRESS  
RELEASE 166

### ARTICLES

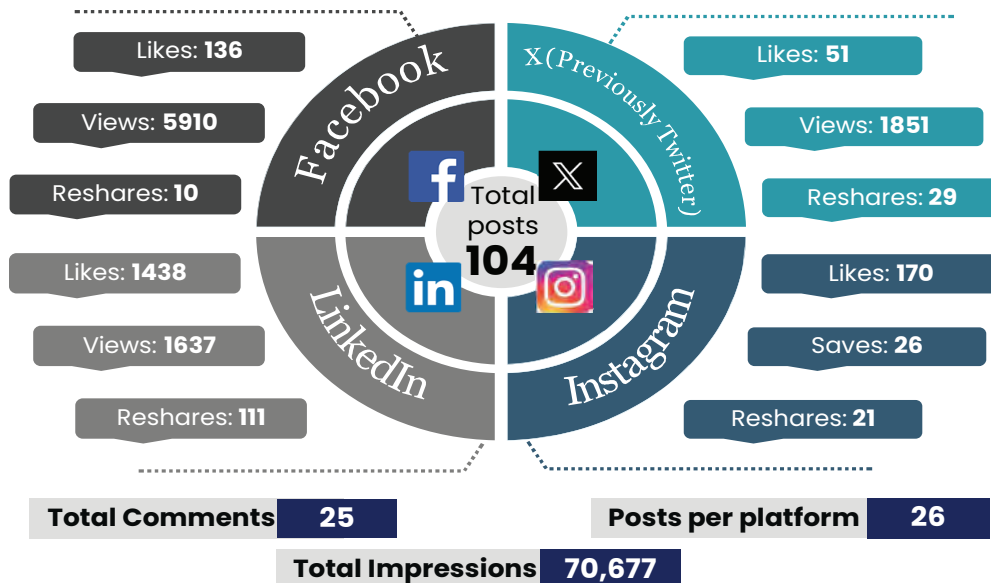
140



### MEDIA HOUSES

~139

### SOCIAL MEDIA





# Sa-Dhan National Conference 2025

## Sa-Dhan National Conference on Financial Inclusion 2025



**8<sup>th</sup> & 9<sup>th</sup> October  
2025**



**Hotel Ashok,  
Chanakypuri**



**Sa-Dhan**  
*Fostering Inclusive Impact Finance*

For further information, reach out to:



[conference@sa-dhan.org](mailto:conference@sa-dhan.org)

CONFERENCE PARTNERS



PRINCIPAL SPONSORS



CO SPONSORS



ASSOCIATE SPONSORS



KNOWLEDGE PARTNER



HEALTHTECH PARTNER



TECHNOLOGY PARTNER



ONLINE PARTNER



MEDIA PARTNER



INSIGHTS PARTNER



PAYMENTS PARTNER

