MICROFINANCE INSTITUTIONS NETWORK

Media Visibility Report

Interviews & Industry Stories
# Media Coverage Index

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Date</th>
<th>Publication Name</th>
<th>Edition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interview</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>01.06.2020</td>
<td>The Hindu Business Line</td>
<td>Print[All Editions]</td>
</tr>
<tr>
<td>2.</td>
<td>10.06.2020</td>
<td>Indian Express</td>
<td>Print[All Editions]</td>
</tr>
<tr>
<td>3.</td>
<td>10.06.2020</td>
<td>Indian Express</td>
<td>Online</td>
</tr>
<tr>
<td><strong>Industry Story</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1.</td>
<td>03.06.2020</td>
<td>Business Standard</td>
<td>Print[All Editions]</td>
</tr>
<tr>
<td>2.</td>
<td>08.06.2020</td>
<td>Business Standard Hindi</td>
<td>Print[All Editions]</td>
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<tr>
<td>3.</td>
<td>16.06.2020</td>
<td>Business Standard</td>
<td>Print[All Editions]</td>
</tr>
<tr>
<td>4.</td>
<td>16.06.2020</td>
<td>The Hindu Business Line</td>
<td>Print[All Editions]</td>
</tr>
<tr>
<td>5.</td>
<td>25.06.2020</td>
<td>The Economic Times</td>
<td>Print[All Editions]</td>
</tr>
<tr>
<td>6.</td>
<td>03.06.2020</td>
<td>Business standard</td>
<td>Online</td>
</tr>
<tr>
<td>7.</td>
<td>04.06.2020</td>
<td>The Hindu Business Line</td>
<td>Online</td>
</tr>
<tr>
<td>8.</td>
<td>10.06.2020</td>
<td>The Hindu Business Line</td>
<td>Online</td>
</tr>
<tr>
<td>9.</td>
<td>15.06.2020</td>
<td>The Hindu Business Line</td>
<td>Online</td>
</tr>
<tr>
<td>10.</td>
<td>16.06.2020</td>
<td>Business Standard</td>
<td>Online</td>
</tr>
<tr>
<td>11.</td>
<td>23.06.2020</td>
<td>The Economic Times</td>
<td>Online</td>
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<tr>
<td>12.</td>
<td>24.06.2020</td>
<td>The Economic Times</td>
<td>Online</td>
</tr>
<tr>
<td>13.</td>
<td>27.06.2020</td>
<td>The Hindu Business Line</td>
<td>Online</td>
</tr>
</tbody>
</table>
Interview
We see huge demand for credit in the next 6 months: MFIN chief

KR SRIVATS
New Delhi, May 31

As India goes for a calibrated opening up after 66 days of lockdown and livelihood concerns gains primacy, Micro-finance Institutions Network (MFIN), an RBI-approved self-regulatory organisation (SRO) for the NBFC-MFI industry, sees huge demand for credit in the next six months, a top official said.

"Everybody who has come out of a lockdown has essentially used a big portion of their family savings. Obviously when you re-start you will need money and every customer will need emergency credit to kick-start their livelihood activity. So we see ourselves playing a role there.

"As of today when you see scenario of moratorium getting over in August, I see some amount of growth happening for the MFI industry, especially in the second half this fiscal," Manoj Kumar Nambari, Chairman, MFIN told BusinessLine.

However, MFIN does not see too much of growth in the first half from where the industry closed in end-March this fiscal.

"The first half will go in man-
‘Banks provided moratorium to 50% of MFIs, expect normalcy by Dec’

MANOJ NAMBIAR, Chairperson, Microfinance Institutions Network (MFIN), the self-regulatory organisation of microfinance firms, spoke to GEORGE MATHEW on a host of issues being faced by the MFI sector which has a loan portfolio of Rs 2.2 lakh crore and a client base of 60 million. Edited excerpts:

What is the impact of the lockdown on MFIs? Have collections fallen?
Lockdown has been challenging for NBFC-MFIs. As per the regulatory mandate, NBFC-MFIs were to offer moratorium to all segments of micro borrowers. On the other hand, they were in constant dialogue with their lenders seeking back-to-back moratorium. In the initial phase of the lockdown, there was no economic activity. However, in the later stage of the lockdown, MFIs which were in orange and green zones started their operations post relaxation offered by the government. And now, over 90 per cent MFIs and branches are operational.

Which segment of MFI borrowers is hit maximum — rural or SHGs or farmers or retail borrowers?
Most of the MFI borrowers fall in the JLG model of business. Urban borrowers have been the worst hit with the stringent lockdown, while semi-urban and rural borrowers have fared better with lesser disruption. Also, the agri connection has led to cash flows due to the harvest season just gone by.

Are banks giving moratorium to MFIs? They were reluctant...
As our most important lenders, banks play a very critical role in the delivery of microfinance services. After the initial confusion on whether intermediaries could get a moratorium from banks which got clarified by the RBI Governor later, most banks re-approached their board to offer moratorium on a case to case basis. Overall, in about 50 per cent of cases, moratorium was extended.

When do you think normalcy will return in the MFI segment?
The extended moratorium will end in August 2020. We hope and expect near normalcy to return by the end of December.

Full interview on www.indianexpress.com
Manoj Nambiar: ‘Banks provided moratorium to 50% of MFIs, expect normalcy by Dec’

Lockdown has been challenging for NBFC-MFIs. As per the regulatory mandate, NBFC-MFIs were to offer moratorium to all segments of micro borrowers.
Industry Story
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<thead>
<tr>
<th>Publication</th>
<th>Business Standard</th>
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<tbody>
<tr>
<td>Edition</td>
<td>All Editions</td>
</tr>
<tr>
<td>Date</td>
<td>3rd June, 2020</td>
</tr>
<tr>
<td>Page No.</td>
<td>04</td>
</tr>
</tbody>
</table>
MFIs witness a steady gain in rural recoveries

Borrowers clearing dues despite moratorium option

According to a recent check-up, MFIs are witnessing a steady gain in rural recoveries despite the moratorium option. The recovery rate in rural areas has seen a significant increase, and MFIs are reporting a steady trend in rural loan recoveries.

The rural areas have been particularly affected by the moratorium, with many borrowers unable to make their payments. However, the situation has improved, and MFIs are now seeing a steady recovery rate.

Some MFIs have reported a recovery rate of around 80%, while others have reported even higher rates. The improvement is attributed to the efforts of MFIs to work with their borrowers to find solutions and to the increased focus on rural lending.

The improvement in recovery rates is a positive development for MFIs and for the rural economy. It shows that even in challenging times, MFIs can continue to serve rural borrowers and support their livelihoods.

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**STATUS CHECK**

**30 mn**

Loan cleared in 30 minutes

** ₹28,623**

Average loan cleared

**13,944**

Number of transactions

---

**REFERENCES**

- MFIs witness a steady gain in rural recoveries
- Borrowers clearing dues despite moratorium option
- Check-up reveals steady recovery rates in rural areas
- MFIs are working with borrowers to find solutions
- Improvement attributed to increased focus on rural lending
- Recovery rates range from 80% to over 90%
- Positive development for MFIs and rural economy
- Increased focus on rural lending leads to improved recovery rates
गांवों से मिल रही अच्छी वसूली

नमस्ता आचार्य
कोलकाता, 7 जून

अब चुके हैं पर मोहल्ले की सुविधा के बावकु बाल अधिकारी श्रेष्ठ वित्त संस्थाओं (एनएसएफ) के ग्रामीण आयक लगातार अपने वक्ताओं का ध्यान देकर कर रहे हैं। ज्यादातर एनएसएफ को जून में 50 प्रतिशत से अधिक वसूली की उम्मीद है जिसमें अधिकांश हिंदुस्तान ग्रामीण क्षेत्र से पुरूषभुलाश का।

ग्रामीण पेशों की मौलिक प्रकृति के साथ ही कटाय सीधे से प्राप्त आयन के ग्रामीण का कर्मचारी के वक्ता आयन अभिव्यक्ति सूची में भी अभिलाषित सब के रहने में मदद करा है।

एनएसएफ के अनुसार यह मई में ग्रामीण क्षेत्रों से वसूली शरायत को मुहूर्त वसूली के 10-20 प्रतिशत अधिक रहे। अभिव्यक्ति पुराण ग्रामीण कर्मचारी के पास आयन के अंत तक मोहल्ला की सुविधा लेने का किस्मत है।

केंद्रीयसरकार ग्रामीण ने अपने प्राचीन को अंत तक और मई महीने के लिए पुरूषभुलाश पर व्यक्ति मोहल्ला दी थी। इसके 85 प्रतिशत ग्रामीण कर्मचारी क्षेत्रों के हैं। चालू महीने में एनएसएफ को 70 प्रतिशत वसूली की उम्मीद है।

वित्त पंचायत के अनुसार वक्ताओं के साथ संबंध बनाने के बाद एनएसएफ ने अनुमान जताया है कि 70 प्रतिशत ग्रामीण चालू महीने में पुरूषभुलाश करने की इंक्विट है, जबकि 20 प्रतिशत ग्रामीण पुरूषभुलाश के लिए 15 दिन से 30 प्रतिशत कर्मचारी की आवश्यकता जताया गया रहे है। पूरा हुआ 10 प्रतिशत कर्मचारी जो उस शहरी ग्रामीण से पुरूषभुलाश करने में अभिलाषित बना हुआ है।

केंद्रीयसरकार ग्रामीण के अनुसार निर्णय और मूल्य वैश्विकीयकरण उद्योग कुशल होने के लिए, कटाय से प्राप्त आयन के अन्याय ग्रामीण इलाकों में कुछ और केंद्रीय सेवाओं की मौलिक प्रकृति से वसूली में सहायता मिलने का अवसर है। वे देश पीढ़ियों के चार खेत मदद से वसूली को दे सकते हैं।

सूचना वित्त की प्रतिनिधित्व संस्था साथ-धन के कार्यकारी निदेशक पीसीसी ने कहा कि अगले मई में समय वसूली 8 से 9 प्रतिशत थी, जब मई में वसूली 15-16 प्रतिशत हो गई।

वसूली ने कहा, ‘पोटेशियल पर, शहरी क्षेत्रों में वसूली जहां 11 से 12 प्रतिशत के बीच है वहाँ ग्रामीण इलाकों में यह कटाय 15 से 16 प्रतिशत है।

उपर चलन और किस्म के व्यक्ति क्षेत्र में परिवर्तन करने का ग्रामीण केंद्रीय संगठन मानदंडक संगठन सरकारी सेवकों के मूल्य कार्यकर्ताओं के बाहर मित्रों के अनुसार अगस्त में शुरुआत लगभग 15 मई में कटाय 25 से 30 प्रतिशत हो गई।

मित्रों ने कहा, ‘हमें जून में कुछ लगभग वसूली हो जाने का उम्मीद है।’

<table>
<thead>
<tr>
<th>Publication</th>
<th>Business Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edition</td>
<td>All Editions</td>
</tr>
<tr>
<td>Date</td>
<td>16th June, 2020</td>
</tr>
<tr>
<td>Page No.</td>
<td>6</td>
</tr>
</tbody>
</table>
MFIs may lose ₹1.5K crore on moratorium

RAMPAL ALAHIN
Kolkata, 7 June

The microfinance industry (MFI) will lose nearly ₹1,500 crore if it has to forego interest on interest for six months on loan which is eligible for moratorium.

"Interest component for the industry during the six-month moratorium on loan outstanding of about ₹2.3 trillion comes to around ₹2,500 crore. Of this, the component of interest would be nearly ₹1,500 crore," said Manoj Nambiar, chairman, Microfinance Institutions Network (MFIN).

In view of further interest payable on interest, a substantial number of rural borrowers are already on course to repay their dues.

In June, the MFI expects to recover close to 50 per cent of its dues.

"When we interacted with our customers, we informed them about the costs associated with the moratorium. Several borrowers preferred to repay rather than seek moratorium," said Nambiar.

The industry apprehends that waiver of further interest on interest would distort credit culture and may encourage borrowers who can pay to defer their repayments.

"MFIs should also get interest waiver on their borrowings from banks and financial institutions. Otherwise, they will be hit hard and many may go under," said P-Satish, executive director, Se-Dhan, a representative body of MFIs.

In March, the Reserve Bank of India (RBI) had initially come out with dispensation of three months’ moratorium and later extended it to six months to protect borrowers on account of slowdown in economic activity due to the Covid-19 outbreak.

On Friday, the Supreme Court had said it was not considering a complete waiver of interest but was only concerned that postponement of interest shouldn’t accrue further interest.

Support package for small MFIs

The microfinance industry is pitching for a relief package for small microfinance organisations, which are finding it difficult to sustain in the absence of credit support.

In a representation to the Union finance ministry, Sa-Dhan has said, of the 96 small MFIs, 60 need equity support. It called for equity support of ₹10 crore each, or proportionate to their loan portfolio, with a minimum of ₹6 crore each.

Remaining of the 36 MFIs are either societies, trusts or cooperatives. This would require a package of about ₹32 crore, Sa-Dhan said.

Also, the industry body sought long-term loans of ₹10-20 crore with five to seven years of repayment period. The total requirement for such credit support would be around ₹600 crore.

Sa-Dhan also sought support for payment of rent for office premises and payment of utility bills for small MFIs for the period of the lockdown.

It also sought 50 per cent support for a period of three months, post lockdown.

Further, salaries paid to employees and their provident fund contribution should be reimbursed fully for the lockdown period and 50 per cent for three months beyond the lockdown, according to the representation. The cost of this relief package is estimated to be around ₹160 crore.

As on December 31, 2018, non-banking financial company (NBFCs)-MFIs had about 30 million customers, with an aggregate gross loan portfolio of ₹72,320 crore. About 80 per cent of the MFIs, which fall in the small and mid-sized categories, don’t have investment grade rating. This makes them ineligible to avail most benefits from the relief package.
Unlock 1.0: MFIs see rise in repayments, loan demand

‘Recoveries 18-20% across regions’

SURABHI
Mumbai, June 15

Microfinance institutions (MFIs) have begun to see a rise in repayments as the lockdown eases. While MFIs expect a further improvement by the end of this month, many borrowers are also keen on taking fresh loans.

“MFIs have started working in all areas except containment zones,” said P Satish, Executive Director, Safdarjung, an industry association. “In the beginning of May, we expected recoveries to be 12-14 per cent but, fortunately, by the month end, they were almost 18-20 per cent across various regions. Things are slowly looking up. Clients with cash are keen to repay and get additional lending.”

He expects further improvement in June and repayments to stabilise by August-end as the moratorium on loans comes to an end.

According to industry players, many borrowers are also keen to pay back their loans and take fresh ones as they try to restart operations, post lockdown.

“Initially, there was demand for small emergency loans of about ₹5,000-6,000, but now there is some demand for credit. MFIs which have the liquidity are giving top-up loans,” said a player who did not wish to be named.

Rural areas are seeing better trends in repayments compared to semi-urban and urban areas.

“The rabi harvest was reasonably good. Some sectors like dairy are still getting good local demand and income generation in rural areas. There was total disruption in income flows for urban MFI clients,” Satish noted.

However, according to Harsh Shrivastava, CEO, Microfinance Institution Network (MFIN), another industry association, recoveries are unlikely to get much better till September.

“Right now, it is on a best effort basis across the country. We should not expect a very good recovery. It is time to maintain a good connection with borrowers so that when the time comes, they will pay willingly,” he said.

Players not for moratorium

MFI players have also reported that while the moratorium on term loans is available to all borrowers, many have chosen not to take it, especially when it was extended past May 31.

“Whoever has the repayment capacity was keen to pay back the money. We have also been making borrowers aware of the interest component,” said an industry source.

A recent report by ICICI Securities noted that despite the moratorium, with resumption in operations, customers are proactively clearing their dues with nearly 15 per cent recoveries in MFI loans in May, and recovery rates in rural areas being 30-50 per cent better than in urban areas and metros.
Most MFIs Aim to Start New Loans by September: MFIN

Atmadip Ray
@timesgroup.com

Kolkata: A majority of microfinance institutions are planning to resume fresh lending in September even as the weak liquidity situation may impede the lending capacity of small and medium firms, according to Microfinance Institutions Network (MFIN).

At present, some of these lenders are lending to merely a small fraction of borrowers, who have started paying back dues after a two-month pause. The industry body believes that MFIs would only gear up after the expiry of the Reserve Bank of India-guided moratorium of loan repayment. But the sector would take more time to restore normalcy.

The total estimated collective disbursements by small and big MFIs up to September could merely be ₹2,884 crore, MFIN said in a report. This is significantly less than the average disbursements of around ₹6,600 crore per month seen in FY20.

“The weak liquidity situation has restricted their ability to disburse loans to their customers. The focus of the NBFCs-MFIs would be to preserve liquidity but at the same time they will have to start re-lending in a gradual manner to their clients so that they are able to restart their livelihoods,” MFIN said, after doing a study on the impact of Covid relief measures.

About 45 MFIs out of 54 MFIN members have responded to the study, which has been reviewed by ET.

The study showed that the microfinance sector has received debt and refinancing support worth ₹3,000 crore from banks and financial institutions since April while about 97% of it has been restricted to the bigger NBFC-MFIs, making the small and medium-sized MFIs gasping for liquidity.

Among MFIN members, 13 out of 17 large MFIs, 4 out of 17 medium MFIs and merely 2 out of 12 small MFIs are reported to have received funding support after lockdown.
MFIs see 50% recovery in June as rural borrowers avoid using moratorium

According to MFIs, the recoveries from rural areas in May were higher by 10-20 per cent compared to that in urban areas.

Topics
Coronavirus | MFIs | Lockdown

Namrata Acharya | Kolkata
Last Updated at June 3, 2020 04:39 IST

To address issues faced by them, small finance banks plan to set up separate industry body

K Ram Kumar | Mumbai | Updated on June 03, 2020 | Published on June 03, 2020

Small finance banks (SFBs) are planning to join forces to set up a separate industry body so that the common issues being faced by them can be better represented to the Reserve Bank of India (RBI).
Rising recovery in the MFI sector raises hopes of early economic recovery

Pratim Ranjan Bose | Kolkata | Updated on June 10, 2020 | Published on June 10, 2020

But, MFI refinance is still an area of concern

The rural and unorganised sectors kept the Indian economy steady after the meltdown in 2008. Can they do an encore in 2020?
With Unlock 1.0, MFIs see improved repayments, loan demand

Surabhi | Mumbai | Updated on June 15, 2020 | Published on June 15, 2020

Microfinance institutions (MFIs) have begun to see a rise in repayments as the lockdown eases. While MFIs expect to see a further improvement by the end of this month, many borrowers are also keen to take fresh loans.
MFIs could lose Rs 1,500 cr on foregoing moratorium interest on interest

Industry fears waiver of interest on interest would distort credit culture, may encourage borrowers who can pay to defer repayment

Topics
microfinance institutions | microfinance industry

Namrata Acharya | Kolkata
Last Updated at June 16, 2020 02:20 IST
Bandhan Bank, small finance banks emerge as job creators amid coronavirus pandemic

These lenders are in the process of raising staff strength by 5-10% in the next three-four months, although several others in the sector might be more circumspect. The new workforce will largely be deployed for client servicing and to boost repayment, people familiar with the matter said.

By Atanacio Roy, ET Bureau | Last Updated: Jun 23, 2020, 09.58 PM IST

Don’t be deceived by their nomenclature. ‘Small’-finance banks such as Jana and Ujjivan, and the pioneer in ‘micro’-lending, Bandhan Bank, are emerging as job creators even in challenging conditions, helping lift the pall of gloom in the broader jobs market.

Among the small finance banks, Ujjivan is looking to add 150-200 people per month, raising its manpower from the existing 17,500. "We are recruiting for roles that we don't have people for," said managing director Nitin Chugh.

These lenders are in the process of raising staff strength by 5-10% in the next three-four months, although several others in the sector might be more circumspect. The new workforce will largely be deployed for client servicing and to boost repayment, people familiar with the matter said.
NBFC-MFIs to begin fresh lending only after expiry of moratorium

The total estimated collective disbursements by NBFC-MFIs up to September could merely be Rs 2,884 crore, Microfinance Institutions Network (MFIN) said in a report. This is significantly less than the average disbursements of around Rs 6,600 crore per month seen in FY20.

By Arindam Ray, ET Bureau | Last Updated: Jun 24, 2020, 05:55 PM IST

Kolkata: A majority of non-banking finance companies-microfinance institutions (NBFC-MFIs) are planning to resume fresh lending in September, while the weak liquidity situation may impede the lending capacity of small and medium firms, Microfinance Institutions Network (MFIN) said.

At present, some of these lenders are lending to merely a small fraction of borrowers who have started paying back dues after a two-month pause. The industry body believes that about 60-70 percent MFIs would gear up only after the expiry of the Reserve Bank of India-guided moratorium of loan repayment. But the sector would take more time to restore normaly.
In 1992, Mr. K. Paul Thomas founded ESAF as an idea to solve social oriented issues through