



MICROFINANCE INSTITUTIONS NETWORK

Media Visibility Report – Leadership Interviews/Interactions **in the Month of April**

Media Coverage Index

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1.	The Times of India	Print
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Leadership Interview/Interactions

Publication	The Times of India
Edition	Mumbai
Date	3 rd April, 2020
Page No.	11

Earning capacity has gone, say micro lenders

TIMES NEWS NETWORK

Mumbai: Microfinance institutions are better placed to bounce back once the situation normalises on the back of reli-



of measures taken by the government and the RBI, according to MicroFinance Institutions Network (MFIN), an association of micro lenders.

MFIN CEO Harsh Shrivastava said the current situation is in some ways better than demonetisation for borrowers of microfinance institutions (MFIs) in rural areas as they have been allowed to defer repayments and given cash and foodgrain under the Garib Kalyan scheme.

EFFECT OF LOCKDOWN

"In demonetisation, the earning capacity remained but all the cash was gone. This time, the earning capacity has gone because of the lockdown. But there is a moratorium on repayments. The challenge for everyone is to build the earning capability when the lockdown is lifted," he said.

According to Shrivastava, once the lockdown is lifted, the economic activity in rural areas will be back on track as people get on with their lives. He said that the demand for microfinance enterprises was expected to continue because most of them provide basic services like kirana stores. "One way to look at it is that if the impact of reverse migration lasts for a while, the demand for basic necessities in rural areas will also be there," he said.

Since March 2018, about 2.1 crore unique borrowers have been added. As on December 31, 2019, the industry served 5.6 crore unique borrowers through 10.1 crore loan accounts. As of December end, micro-lenders were managing 89 lakh loan accounts with an aggregate loan portfolio of Rs 3,733 crore and an average loan outstanding per account of Rs 20,132. This represents a year-on-year growth of 36% in the portfolio and 26% in loan accounts.

Publication	The Times of India
Edition	Chennai
Date	8 th April, 2020
Page No.	13

Micro lenders feel credit squeeze

Mamtha.A@timesgroup.com

Chennai: Microlenders are feeling the squeeze, with no relief on loans from banks even as their borrowers press them for a moratorium on repayments.

Association for the micro-finance sector - Microfinance Institutions Network (MFIN) - has requested RBI for a two-month moratorium (April and May) as most MFIs have already extended similar relief to end-borrowers which include kirana stores, vegetable and fruit vendors, and agri-business.

MFIN chairperson Manoj Kumar Nambiar said, "Following our representation, RBI had requested us to submit data on the size of the balance sheet, debt on the book (on and off books), NCDs raised. About 55 members of our association, on Monday, have submitted the required data," he said.

This is to help the banking regulator to understand

MFIs acute liquidity crunch. Given the turmoil in the financial markets in the wake of the coronavirus crisis, most finance companies do not have much recourse to financing other than banks. Given the current risk aversion in markets, only top-rated financial institutions are in a position to raise funds issuing debt. "The credit ratings

SEEKS 2-MONTH MORATORIUM

of most MFIs are very low and do not stand a chance in the capital market against bigger NBFCs with higher credit ratings. "We depend on bank loans and NBFC funding," Nambiar said.

By March end, MFIN and other microfinance institution representative bodies wrote to all members to extend the moratorium to all their end clients and relax their repayments of micro loans. Simultaneously, they also wrote to lenders (banks

and NBFCs), requesting an extension of the full benefit of a moratorium on terms loans taken by NBFC-MFIs, as there will be no collection or cash flow for these NBFC-MFIs in this period. However, banks and NBFCs have not passed on the moratorium benefits to MFIs.

"It is only logical to believe that if our end customers get a moratorium, we also deserve the same," he said.

"We lost a week of business operation valued at ₹300-₹350 crore of credit disbursement since last week of March will be the most hectic period. We could not have disbursed due to the 21-day lockdown announcement in mid-March," said Nambiar, who also runs micro-financing institution, Arohan Financial Services Limited.

"We are looking for an announcement soon. We believe they (RBI) will look at extending the moratorium or some other solution for us," he added.

Publication	The Hindu Business Line
Edition	Delhi
Date	14 th April, 2020
Page No.	01

Micro-finance players in talks with RBI, govt for moratorium, liquidity support

Hope to resume operations with skeletal staff

SURABHI

Mumbai, April 13

Concerned about their cash-flows during the lockdown period, micro-finance companies are in talks with the government and the Reserve Bank of India as they seek extension of the three-month moratorium on repayment of loans to cover them. The companies are also seeking a special liquidity fund.

"We are in discussions with RBI to extend the moratorium to micro-finance companies as well," said Harsh Shrivastava, CEO, Microfinance Institutions Network, adding that they are also in talks with the government on a fund to provide liquidity to all NBFCs.

"The government is in talks with us also on how many MFIs



Will the Finance Minister consider MFIs' plea favourably? KAMAL NARANG

will be eligible (for the fund) and what their credit rating should be," he told *Business-Line*.

At present, banks and institutions like SIDBI are not extending the moratorium to MFIs and NBFCs for their borrowings.

"The RBI has to clearly say that MFIs are eligible. It does not have to be a blanket extension; it can be on a case-to-case basis," Shrivastava said.

Collections of MFIs have

come to a standstill due to the lockdown and they are hoping to gradually normalise operations from May, depending on how the lockdown is lifted after April 30. "The critical challenge is for the banks to extend the moratorium to MFIs, especially smaller and medium companies that do not have so much liquidity," Shrivastava said, pointing out that these companies will find it difficult to repay the loan and lend to their

customers without the moratorium.

Burden of own expenses

Borrowers of MFIs are eligible for the three-month moratorium given by the RBI for all standard accounts as on March 1, 2020.

"Once the lockdown is lifted, some of the borrowers who have paid off most of their loans and may need more money to expand their business, will be hungry for some financial support," he said, adding that MFIs will also need money for their own operations including payment of salaries and rent.

Meanwhile, MFIs are also hoping that they will be allowed to resume operations once the lockdown is lifted in phases.

"As MFIs are also in financial services, we are thinking of seeking permission to resume operations, at least with skeletal staff," Shrivastava said.

Publication	Financial Express
Edition	All Editions
Date	16 th April, 2020
Page No.	10

Banks start offering loan moratorium to NBFC-MFIs

SHRITAMA BOSE
Mumbai, April 15

SOME PRIVATE SECTOR and foreign banks have begun offering the loan moratorium to their microfinance institution (MFI) borrowers, even as confusion prevails over whether the regulator's circular permits extension of the breather to non-banking financial companies (NBFCs).

So far, banks have been demurring from offering the moratorium to NBFCs as they believe the liquidity being released to the latter set in the form of targeted long-term repo operations (TLTROs) should see them through the next few months. MFIs might, therefore, be the first set of NBFCs who have managed to secure the benefit of the moratorium from banks.

Industry executives said that each bank is following its own strategy when it comes to offering the moratorium to MFIs. Manoj Nambiar, MD, Arohan Financial Services, and chairman, Microfinance Institutions Network (MFIN), told *FE*: "There's a fair number of lenders who have extended the moratorium, although in different ways. Some have given a two-month moratorium, some have given a three-month moratorium, some have given a moratorium on principal only and not interest. Overall, it is on a case-to-case basis and most people have managed to get what they want to."

Foreign banks are asking MFIs to service interest while deferring principal payments. Private banks are also understood to be entertaining requests for a moratorium as some of them have exposure to microfinance borrowers themselves and have a good sense of the market.

Nambiar said that most MFIs have already repaid their March instalments by the time the moratorium was announced. Some small and medium MFIs are facing a credit crunch because they cannot make collections from clients and still have to take care of operational expenses. While there have been no defaults by MFIs so far, some institutions have requested banks not to deduct from their accounts repayments falling due last week. As the RBI circular specifies that non-repayment of dues between March and May 2020 will have no adverse impact on a borrower's credit history, the institutions are protected against downgrades.

On Wednesday, CARE Ratings said that an analysis of the asset-liability position of 14 MFIs revealed that, on an average, these companies have around 2.5 months of liquidity. At the same time, their liquidity position has historically been reliant on repayments. "In the current situation of Covid, due to lockdown and moratorium provided to the borrowers, inflows from advances will be very low," the rating agency said.

Publication	The Hindu Business Line
Edition	All Editions
Date	20 th April, 2020
Page No.	1

DEPENDENCE ON CASH; AMBIGUITY OVER MORATORIUM

Microfinance firms in turmoil as collections come to a grinding halt

RBI's liquidity measures may offer respite, but will banks buy bonds of small, medium MFIs?

RADHIKA MERWIN

BI Research Bureau

The lockdown has brought the collection operations of microfinance institutions (MFIs) to a halt, as about 95 per cent of the loan repayments are still done through cash. Since loan officers meet in person and collect the payments from borrowers, the lockdown has put a freeze on loan collections, hurting MFIs.

"Collections have been suspended since March 25. While fieldwork can resume in May after the lockdown is lifted, a lot would depend upon the zone in which the particular district falls (red, green or orange, based on the severity of the virus outbreak). Also, given that MFIs will have to give the option of opting in or out of the moratorium in person (by taking the consent of the borrowers in writing), much of the effort in May would go around determining how many borrowers are opting for the moratorium," says Manoj Kumar Namblar, MD of Arohan Financial Services and Chairman of the Microfinance Institutions Network (MFIN).

Much will depend on how collections pan out after the moratorium ends.

"June will be a critical month and it can be good, if normalcy returns by mid-May. If the lockdown or restrictions are exten-

ded then it could take longer for collections to recover," adds Namblar.

Liquidity issues

What is of concern is also the ambiguity around the moratorium that the RBI has allowed lenders to give borrowers. While MFIs are extending the option of loan moratorium to their borrowers, they may not get the same leeway from their own lenders. NBFC-MFIs borrow from banks or other NBFCs to on-lend to their borrowers.

"Some banks have been very supportive, extending relief to MFIs on their loan repayments. But there are others that insist on loan repayment from MFIs, which could lead to huge liquidity gaps," explains Namblar.

The issue could get compounded by a sharp rise in demand for credit by MFI borrowers, post the lockdown. With most of them being daily-wage earners, with savings used up, they are likely to require funds urgently to restart their work. MFIs will need to have ample liquidity to cater to their credit needs.

RBI's liquidity measures

In a bid to ease the pain for NBFCs and MFIs, the RBI on Friday announced new targeted long-term repo operations (TLTRO) of ₹50,000 crore. Banks

What's in store post-lockdown?



- Loan collections will depend on which Covid zone a district falls in — red, green or orange

- While borrowers will require credit to restart operations once the lockdown ends, MFIs may not have enough liquidity to cater to them

- Whether banks will borrow funds under the RBI's TLTRO to deploy in MFIs remains to be seen, given their own risk aversion

will have to deploy the funds in investment grade bonds of NBFCs, with at least 50 per cent towards small and mid-sized NBFCs and MFIs. Of the 50 per cent, banks have to invest 10 per cent in instruments issued by MFIs.

But given that banks have been reluctant to lend to stressed small and mid-sized corporates, including NBFCs and MFIs, how many will borrow funds under TLTRO to deploy in MFIs remains the critical question.

"TLTRO is welcome and the 10 per cent carve-out for MFIs is a decent start, though one hopes banks would invest in small and medium MFI papers, too, besides securities of larger MFIs," says Namblar.

According to information accessed from MFIN, as of December 2019, the aggregate gross loan portfolio (GLP) of MFIs is ₹67,320 crore to 3.1 crore customers. Of 53 NBFC-MFIs (MFIN members), 13 are small (GLP < ₹100

crore), 18 are medium (GLP of ₹100-500 crore) and 22 are large (GLP > ₹500 crore).

The majority of debt funding for large MFIs comes from banks (68 per cent). But, for medium and small MFIs, the proportion of debt funding from banks is much lower, at 19 per cent and 26 per cent, respectively. In fact, in the September 2019 quarter, small MFIs could not source any funding from banks.

Investment in MFI bonds

Banks, under TLTRO, have to invest in only investment grade (BBB-rated and above) bonds of MFIs. Data from MFIN for 53 MFIs as of December 2019 reveal that only about 25 per cent are rated AA or A. MFIs with BBB rating form 43 per cent.

While banks can invest in BBB-rated bonds under TLTRO, they may prefer to stick with minimum A-rated MFIs, given their weak risk appetite and higher capital burden associated with low-rated bonds.

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URL: <https://timesofindia.indiatimes.com/business/india-business/Earning-capacity-has-gone-say-micro-lenders/articleshow/74957873.cms>

Earning capacity has gone, say micro lenders

Mayur Shetty | TNN | Apr 3, 2020, 04:00 IST

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Mumbai: Microfinance institutions are better placed to bounce back once the situation normalises on the back of relief measures taken by the government and the RBI, according to MicroFinance Institutions Network (MFIN), an association of micro lenders.

MFIN CEO Harsh Shrivastava said the current situation is in

some ways better than demonetisation for borrowers of microfinance institutions (MFIs) in rural areas as they have been allowed to defer repayments and given cash and foodgrain under the Garib Kalyan scheme.

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URL: <https://timesofindia.indiatimes.com/business/india-business/micro-lenders-feel-credit-squeeze/articleshow/75036889.cms>

Micro lenders feel credit squeeze

Mamtha Asokan | TNN | Apr 8, 2020, 04:00 IST

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Chennai: Microlenders are feeling the squeeze, with no relief on loans from banks even as their borrowers press them for a moratorium on repayments.

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URL: <https://www.thehindubusinessline.com/money-and-banking/micro-finance-players-in-talks-with-rbi-government-for-moratorium-liquidity-support/article31329695.ece>

Money & Banking

Micro-finance players in talks with RBI, government for moratorium, liquidity support

Surabhi | Mumbai | Updated on April 13, 2020 | Published on April 13, 2020



Will the Finance Minister consider MFIs' plea favourably? - KAMAL NARANG

Hope to resume partial operations soon

Concerned about their cashflows in the current period of lockdown, micro-finance companies are in talks with the government and Reserve Bank of India

to include them in the three-month moratorium and also

Publication	Financial Express
Edition	Online
Date	16 th April,2020

URL: <https://www.financialexpress.com/industry/banking-finance/banks-start-offering-loan-moratorium-to-nbfc-mfis/1929734/>



FINANCIAL EXPRESS HOME MARKETS STOCKS INDUSTRY ECONOMY MONEY AUTO INFRA SME BRANDWAGON NDA INDEX

Banks start offering loan moratorium to NBFC-MFIs

By Shikha Bose | Published: April 16, 2020 6:05 AM

Private banks are also understood to be entertaining requests for a moratorium as some of them have exposure to microfinance borrowers themselves and have a good sense of the market.

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Publication	Live Mint
Edition	Online
Date	19 th April,2020

URL: <https://www.livemint.com/news/india/mfi-s-collections-to-pick-up-from-june-mfin-ceo-harsh-srivastava-11587278308854.html>



MFIN CEO Harsh Srivastava.

MFI's collections to pick up from June: MFIN CEO Harsh Srivastava


3 min read . Updated: 19 Apr 2020, 01:32 PM IST

Deborshi Chaki

- The FY21 outlook for micro-finance is good, with healthy growth expected in the number of borrowers and disbursal
- RBI's decision to infuse liquidity into NBFCs and MFIs through TLTRO 2.0 will be of great help



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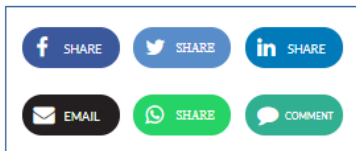
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URL: <https://www.thehindubusinessline.com/premium/microfinance-firms-in-turmoil-as-collections-come-to-a-grinding-halt/article31382781.ece>

Premium

Microfinance firms in turmoil as collections come to a grinding halt

Radhika Merwin | BL Research Bureau | Updated on April 20, 2020 | Published on April 20, 2020



RBI's liquidity measures may offer respite, but will banks buy bonds of small, medium MFIs?

The lockdown has brought the collection operations of microfinance institutions (MFIs) to a halt, as about 95 per cent of the loan repayments are still done through cash. Since loan officers meet in person and collect the payments from borrowers, the lockdown has put a freeze on loan collections, hurting MFIs.

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