mfin powering responsible finance

MICROFINANCE INDUSTRY NETWORK

NAVIGATING CONSTRAINTS STRENGTHENING FOUNDATIONS



Annual Report 2025-26

As the microfinance sector navigated a period marked by operational stress, funding winter & economic uncertainty, the collective focus across the ecosystem remained on strengthening resilience, reinforcing responsible lending practices, and sustaining borrower trust.

This year's theme, 'Navigating Constraints, Strengthening Foundations', reflects the sector's ability not only to steer through a challenging phase, but also to strengthen the institutional and ecosystem foundations necessary for sustainable and responsible growth.

The year 2025-26 marked a period of collective discipline, stronger Guardrails, enhanced sector-wide collaboration, and continued efforts by MFIN and its members to build a more resilient, transparent, and inclusive microfinance ecosystem.



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Acronyms

ADB	Asian Development Bank
AGM	Annual General Meeting
AIFI	All India Financial Institutions
AUM	Asset Under Management
BC	Business Correspondents
BFSI	Banking, Financial Services and Insurance
BIRD	Bankers Institute of Rural Development
BS	Balance Sheet
BULA Bill	Banning of Unregulated Lending Activities Bill
CB	Credit Bureau
CBTF	Credit Bureau Task Force
CCRF	Comprehensive Compliance Rating Framework
CEO	Chief Executive Officer
CGM	Chief General Manager
CGRM	Customer Grievance Redressal Mechanism
CGSMFI	Credit Guarantee Scheme for MFIs
CIC	Credit Information Company
CIR	Credit Information Report
COC	Code of Conduct
COO	Chief Operating Officer
Cr	Crore
CXO	C-Level Executive
DA	Direct Assignment
DE	Debt-Equity
DEA	Depositor Education and Awareness
DFM	District Forum Meeting
DFS	Department of Financial Services
DoR	Department of Regulation
DoS	Department of Supervision
DPD	Day past Due
DRI	District Risk Index
EB	Employee Bureau
FAQ	Frequently Asked Questions
FGD	Focus Group Discussion
FGI	Future Generali Insurance
FOIR	Fixed Obligation to Income Ratio
FSD	Financial Sector Deepening
FY	Financial Year
GAFI	Global Alliance for Financial Inclusion
GAR	Guardrails Adherence Report
GLP	Gross Loan Portfolio
GNPA	Gross Non-Performing Assets
GOI	Government of India
HFCs	Housing Finance Companies
HHI	Household Income
ICAI	Institute of Chartered Accountants of India
IFMR	Institute for Financial Management and Research
IndAS	Indian Accounting Standards
IO	Internal Ombudsman
IRDAI	Insurance Regulatory and Development Authority of India
JLG	Joint Liability Group
KFS	Key Fact Statement
KYC	Know Your Customer
LIH	Low Income Household
Lk	Lakh

LSQD	Lok Sabha Question Diary
MD	Managing Director
MFAPs	Microfinance Awareness Programmes
MFI	Microfinance Institution
MFIN	Micro Finance Industry Network
MiDAS	Microfinance Information Data Sharing
MMRs	Monthly Monitoring Reports
MSC	MicroSave Consulting
MSME	Micro Small and Medium Enterprises
NatCat	Natural Catastrophe
NABARD	National Bank for Agriculture and Rural Development
NBE	National Bank of Ethiopia
NBFC	Non-Banking Financial Company
NBFC-MFI	Non-Banking Financial Company - Micro Finance Institution
NCAER	National Council of Applied Economic Research
NCGTC	National Credit Guarantee Trustee Company
NPA	Non-Performing Asset
NRSP	National Rural Support Program
NSHIE	National Survey of Household Income and Expenditure
PAN	Permanent Account Number
PAR	Portfolio at Risk
PFI	Partner Financial Institution
PMLA	Prevention of Money Laundering Act
POSH	Prevention of Sexual Harassment
PPS	Probability Proportion to Size
PSL	Priority Sector Lending
PTC	Pass-Through Certificate
QA	Qualifying Assets
QAR	Quarterly Adherence Report
RBF	Rural Business Finance
RBI	Reserve Bank of India
RE	Regulated Entity
RPI	Radar Participatory Institutions
RPwD	Rights of Persons with Disabilities
Rs	Rupees
RSQD	Rajya Sabha Question Diary
SA	Standards on Auditing
SCM	State Chapter Meeting
SFB	Small Finance Bank
SGI	SBI General Insurance
SHG	Self Help Group
SMTF	Small MFI Task Force
SRO	Self-Regulatory Organisation
SROC	Self-Regulatory Organisation Committee
TAT	Turn Around Time
TOT	Training of Trainers
TPE	Third-Party Evaluations
TPP	Third-Party Products
TWG	Technical Working Group
WRMS	Weather Risk Management Services
YoY	Year on Year

Chairperson's Message



Vineet Chattree
Chairperson

> ***GDP - Governance, Data and Process - remain the three key pillars to sustain impactful growth, build resilience and transform perceptions about the microfinance sector.***

Dear Colleagues,

For all of us who remain committed to serving underserved "grass root entrepreneurs" in India and ensuring the nation's growth remains sustainable and equitable, the above statement forms the core of our purpose.

This shared sense of purpose defines our unique camaraderie reflected not only in terms of sharing, disclosing or submission of data transparently but also taking upon ourselves self-regulations (both in good and tough times).

I must appreciate the adherence towards "Guardrails" by all of us, which has helped the sector emerge out of dark clouds and our commitment to continue the imposition and adherence of the same.

"Building a business is knowing how to do something. Being proud is to create something that will make a real difference in other people's lives."

- Richard Branson

As on 31 March 2026, the total industry portfolio stood at Rs. 3.31 lakh crore with a unique borrower count of 69 million. The industry witnessed contraction both in terms of unique borrowers and portfolio by about 17% and 13% respectively from March '25 to March '26. However, the silver lining remains that delinquency indicators i.e. PAR 1-30, PAR 31-90 and PAR 91-180 declined significantly by 70 bps, 190 bps and 220 bps respectively during the same period. Portfolio outstanding with customers having 4+ lender association reduced from 12.2% to 4.8%, while loan accounts per unique borrower declined from 1.68x to 1.55x. Both indicators continue to decline in Q1 FY 26-27.

We take pride in our sector's resilience exhibited over multiple cycles in the past. However, we also understand the nimbleness of income and cashflows of customers, impacted by natural calamities and macroeconomic events. While we claim to

remain close to 'ground realities' and 'proximity to customer' remains the central essence of microfinance, we as a sector frequently slip into cycles caused by externalities.

Many of us have asked ourselves whether we were too early or late to bring in "Guardrails", and my reaction remains captured in the following line by John C. Maxwell - "If you're proactive, you focus on preparing. If you're reactive, you end up focusing on repairing."

This leads me to the following 'three pillars' towards our endeavour to remain a "customer centric and resilient" sector:

A: Governance

Adherence to Acts, Regulations, Fair Practice Code, Code of Conduct, Transparency & disclosures, fiscal prudence and SRO advisories / Guardrails are all based on the spirit of customer protection and fairness. Governance is therefore not just adherence to words and numbers but imbibing their spirit. It is not merely the creation of governing structures at board level, but in fact "what every employee does every day".

> *"Good governance never depends upon laws, but upon the personal qualities of those who govern."*
>
> ***- Frank Herbert***

Governance is always influenced "TOP DOWN" and therefore becomes a key responsibility for MDs/CEOs to ensure its importance is translated clearly across the organisation.

Our sector caters to almost 30% of total NBFC customers in India and therefore remains under the highest level of scrutiny. Hence, one cannot reiterate enough the importance of Governance.

Self-regulatory Organization (SRO) can only do a bit, but it is upon us to become self-regulated organisations.

B: Data

Over the last decade, technology, customers and products have evolved significantly, yet we still operate with hypotheses supported by limited factual data. Risk-based data analytics, data-based process transformation and data-backed customer centricity are essential to make our sector more resilient and impactful.

> *"Information is the oil of the 21st century, and analytics is the combustion engine."*
>
> ***- Peter Sondergaard***

Proactive actions, curative measures, pricing and provisioning are all dependent on the veracity of data. To me, the next wave, and perhaps even the future existence of microfinance depends on meaningful data and analytics, which will also create the foundation for AI-led transformation.

C: Process

Adherence to process in microfinance remains central to our existence since it determines efficiencies, underwriting and risk mitigation. However, the challenge always remains in translating processes to every individual in the organisation in a manner that they understand not only the 'how' but also the 'why'.

> *"If you can't describe what you are doing as a process, you don't know what you're doing."*
>
> ***- W. Edwards Deming***

For me, therefore, GDP (Governance, Data and Process) remain the three key pillars to not only sustain impactful growth but also make the sector more resilient and transform perceptions about us.

I must complement all our colleagues at MFIN, who under the guidance of Dr. Alok Misra, have been the bedrock and ambassadors of the sector. Many marquee initiatives undertaken by MFIN over the years including Guardrails, advisories, proactive support during state interventions, Credit Guarantee Scheme for Microfinance Institutions (CGSMFI-2.0), and efforts towards resolving ambiguities such as CIC reporting have paved a robust pathway for the sector.

Thank you all for your support and camaraderie, as we move towards the next wave of impact, growth, resilience and transformation.

CEO & Director's Message



Dr Alok Misra
CEO & Director

> ***If the Microfinance sector sticks to responsible lending and responsible behaviour with clients, we can safely navigate the likely headwinds and take advantage of positive factors.***

Dear CEOs,

FY 2025-26 was the second year of the slowdown that began after March 2024. The GLP of the sector as well as client numbers kept falling quarter on quarter. The focus of MFIN during the year was solely on managing liquidity for NBFC-MFIs as well as ensuring that the sector does not deviate from Guardrails during this difficult period. Nearly six months of sustained efforts finally saw light in end March with CGSMFI 2.0 and coincidentally, the sector's GLP also inched up in Quarter 4, reversing a seven-quarter trend.

However, as the sector emerges out of a protracted slowdown, the sector is again faced with headwinds. While the launch of the Guarantee Scheme infuses liquidity into the system making the engine run again and the good portfolio quality despite lower disbursements are strong tailwinds for the sector, global economic uncertainties and predicted El Niño loom large as headwinds.

The entire middle belt of the global map from Middle East to Russia is witnessing active war, destroying critical energy infrastructure and global trade supply chain. To add to it, global economic order is being shaken by withering away of multilateralism and the onset of AI-geddon. Inflation is already inching up with RBI projecting CPI inflation of 5.1% for 25-26. On rainfall, by 10 June 2026, except Southern States, all regions in India had deficient monsoon (All India deficit was -26%, with Central India having deficit of -45%).

India is being affected and so will be our clients. The theory that microfinance is decoupled from the macroeconomy has now been discredited and it is seen that low-income and asset-less

households suffer more in such disruptions. Rising inflation, rise in prices of essential commodities and fertilisers; likely impact of war, will directly affect microfinance clients. If the rainfall deficit narrows and the seasonal deficit remains below 15-20%, the impact will be minimal but if deficit widens, it will severely affect the rural economy.

Both these constraining factors are external to the sector but will nevertheless affect it. The sector will need to lift its risk gaze and ensure that our practices do not add to the risk. We will need to be responsible in lending by holding on to the discipline shown for the last 2 years. The short-sightedness displayed by a few REs of using SRO arbitrage and violating Guardrails for short-term benefit needs to be called out by the sector. Such behaviour brings collective issues for the sector.

The other aspect which members need to be careful about is collection practices. If there is stress in the rural economy due to inflation and weak monsoon, we need to be empathetic and work out solutions suitable to clients. Our work of bringing the marginalized to the mainstream is noble and has to be pursued with perseverance and noble intent.

If the sector sticks to responsible lending and responsible behaviour with clients, we can safely navigate the likely headwinds and take advantage of positive factors.

MFIN, with the support of all of you, has been instrumental across policy, field issues and SRO to strengthen the sector. Be it the relaxation of QA norms or the launch of the Guarantee Scheme, engaging with States introducing legislations, resolving field issues, monitoring adherence to Guardrails, building capacity (ASCEND), spreading insights (data publications), research to demonstrate impact - MFIN leads the scene. The annual report provides details of varied work done by a small secretariat.

This has been possible only because the sector is together and the intent is to be mindful of the ecosystem and collectively take responsibility for sustainable growth. This spirit of discipline and togetherness needs to be further cemented.

MFIN will always be there helping the sector navigate the challenges and future with insights, advocacy, field interventions and monitoring adherence to regulations and standards.

"On the other side of a storm is the strength that comes from having navigated through it. Raise your sail and begin."

– Gregory S. Williams

About MFIN

MFIN was established in 2009 as an association for NBFC-MFIs. In 2014, MFIN was recognised by the Reserve Bank of India (RBI) as India's first Self-Regulatory Organisation (SRO) for NBFC-MFIs.

Currently, MFIN members are RBI-regulated entities, comprising Non-Banking Financial Companies - Microfinance Institutions (NBFC-MFI), Banks, Small Finance Banks (SFBs), and Non-Banking Financial Companies (NBFCs). Other ecosystem players like Banking Correspondents (BCs), Credit Information Companies (CICs) and others are Associates. Our members and associates collectively account for more than 90% of the industry's Gross Loan Portfolio (GLP).

As on 31 March 2026, MFIN had a total base of 93 Members & Associates, including 45 NBFC-MFIs, 8 Banks, 8 SFBs and 8 NBFCs along with 24 Associates.

At the close of FY 2025-26, the microfinance industry had a gross loan portfolio of Rs 3,25,174 crore, with NBFC-MFIs being the largest provider of micro-credit, accounting for a loan amount outstanding of Rs 1,43,586 crore.

Keeping the larger objective of financial inclusion in mind, MFIN focuses on creating an enabling policy and business environment for its members with the highest standards of customer protection. Towards this objective, MFIN works closely with the microfinance providers, regulators, Government, and other key stakeholders across 36 states and union territories, spanning 718 districts, including 112 aspirational districts.

The impact of microfinance on borrowers can be gauged by the fact that over 65 million women borrowers are currently being reached through small, easily serviceable, collateral-free loans. These loans enable access to formal financial services for underserved and excluded communities, particularly women who have traditionally remained outside the formal banking system. By supporting income-generating activities, strengthening household resilience, and improving livelihoods, microfinance continues to play a vital role in advancing financial inclusion across the country, including in some of the remotest districts of India.

MFIN operates through three verticals - Advocacy & Development, SRO and State Initiatives, playing an invaluable role in the robust development of the microfinance sector.



VISION

Building Viksit Bharat

To be an engine of inclusive growth for India and help provide financial services to low-income households in a responsible and transparent manner.

MISSION

MFIN's primary objective is to work towards the robust development of the microfinance sector by promoting responsible lending, client protection, good governance, and a supportive regulatory environment.



Core Pillars

Promoting Customer Protection

MFIN has been actively involved in setting standards for responsible lending practices, transparency in pricing and developing mechanisms for resolving disputes and grievances of customers.

Fostering Policy Advocacy and Regulatory Engagement

MFIN plays a pivotal role in bridging the gap between the microfinance sector and policymakers, advocating for enabling regulations, amplifying industry voices, and co-creating policies that strengthen the ecosystem. Our strategic engagement ensures that the regulatory environment remains responsive, inclusive, and conducive to sustainable growth.

Innovation Driven Transformation

Innovation is the cornerstone of our evolution. By pioneering new solutions, harnessing technology, and embracing digital transformation, MFIN is reshaping the microfinance landscape. This pillar reflects our commitment to driving positive change and building inclusive pathways to prosperity for millions across the country.

Advancing Financial Inclusion

Through our initiatives, we've facilitated access to essential financial services for marginalized communities, empowering individuals to build better livelihoods and secure brighter futures.

Facilitating Knowledge Exchange

At MFIN, we have fostered a culture of knowledge sharing and collaboration, facilitating peer learning, and best practice dissemination to drive continuous improvement and innovation across the sector.

Monitoring & Supervision

MFIN undertakes continuous surveillance and monitoring of member entities to assess their adherence to the applicable regulatory guidelines and industry standards to ensure responsible lending and customer protection.

Governance

MFIN has been registered as a society since 2009 and is accordingly governed by the provisions of the Telangana Societies Registration Act, 2001. Despite being a society, MFIN follows governance practices related to Board composition, Committees, etc., as per the Companies Act to ensure a robust governance framework.

General Body

The general body comprises all the members of MFIN and is responsible for the overall vision and purpose of MFIN. This meeting of the General Body is called the Annual General Body Meeting (AGM) and is held once a year.

MFIN's 16th Annual General Meeting (AGM) was held on 4 July 2025.

Governing Board

MFIN receives strategic guidance in fulfilling its overarching objectives from the Governing Board. The board meets once every three months to ensure smooth functioning of MFIN.

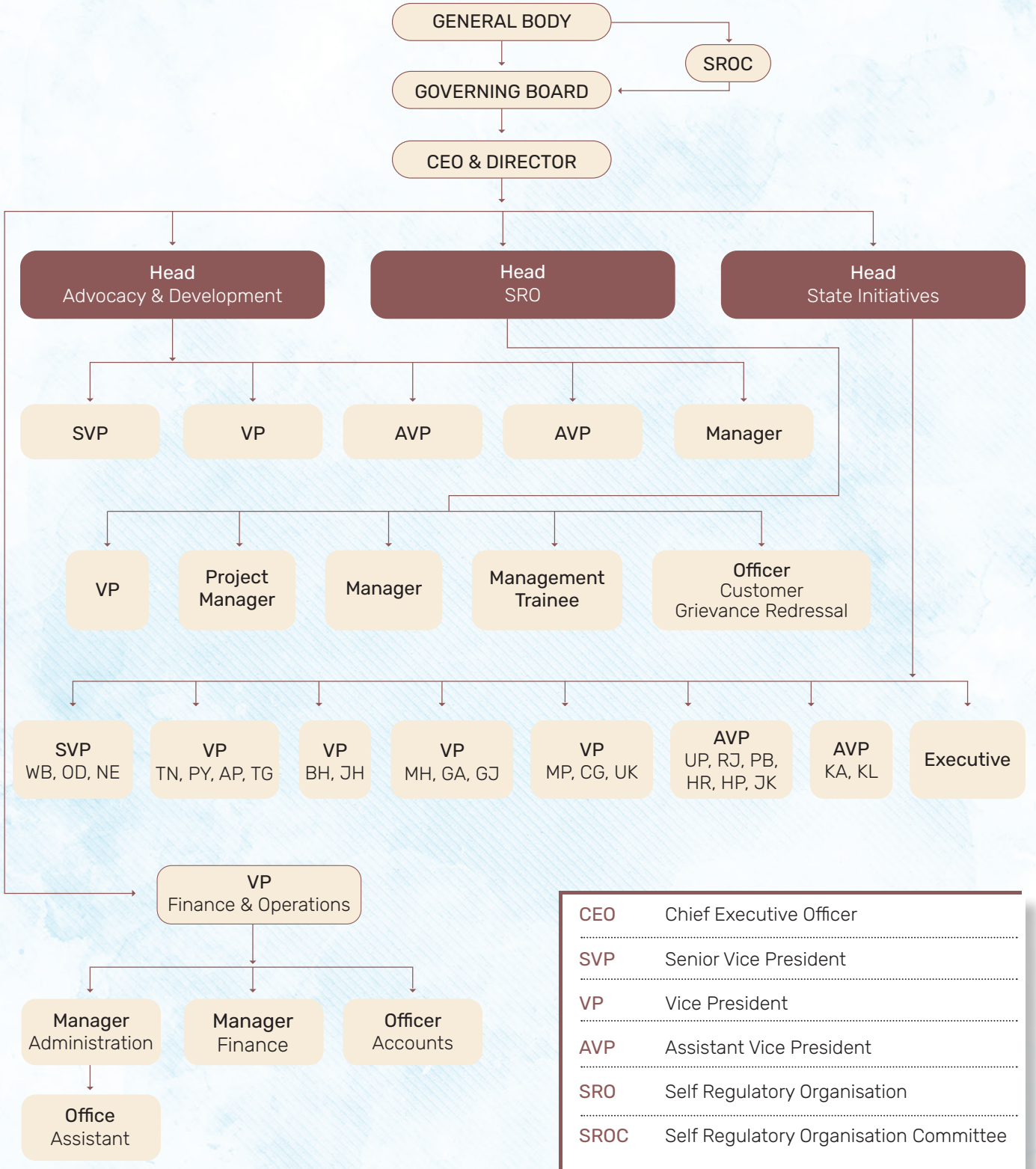
The current Rules and Regulations provide for a maximum of fifteen members, with one-third being independent. The term for any member of the Board is three years. The elected members, after completion of one term may stand for elections only after a gap of at least one year.

The 'Fit and Proper' criteria, as prescribed by the RBI from time to time, is a compulsory requirement for becoming a member of the Board.

As on 31 March 2026, MFIN has an eleven-member Governing Board that includes six elected and four independent members along with MFIN CEO & Director who implements the broad goals of the organisation and provides overall executive direction and control of MFIN's activities for ensuring healthy development of the microfinance industry.



MFIN Organogram



CEO	Chief Executive Officer
SVP	Senior Vice President
VP	Vice President
AVP	Assistant Vice President
SRO	Self Regulatory Organisation
SROC	Self Regulatory Organisation Committee



Governing Board



Mr Vineet Chattree
Chairperson, MFIN and
Managing Director
Svatantra Microfin Pvt. Ltd.



Mr Dibyajyoti Pattanaik
Vice Chairperson, MFIN
and Director
Annapurna Finance Pvt. Ltd.



Mr Baskar Babu Ramachandran
Managing Director and CEO
Suryoday Small Finance Bank Ltd.



Mr Gyan Mohan
Director and CEO
Adi Chitragupta Finance Ltd.



Mr Krishnadas Nair
Group Head
Micro Finance (Retail & Wholesale)
Bharat Banking, Axis Bank Ltd.



Mr Manoj Kumar Nambiar
Managing Director
Arohan Financial Services Ltd.

Independent Directors



Mr Deepak Singhal
Former Executive Director
Reserve Bank of India



Dr Harsh Kumar Bhanwala
Former Chairman, National
Bank for Agriculture and Rural
Development (NABARD)



Mr Saurav Sinha
Former Executive Director
Reserve Bank of India



Ms Veena Mankar
Founder & Director
Swadhaar FinAccess

CEO & Director



Dr Alok Misra
CEO & Director
Microfinance Industry Network (MFIN)

Retired/Resigned



Mr Abhisheka Kumar
Co-Founder and Managing Director
Sindhuja Microcredit Pvt. Ltd.*



Mr Ankush Golechha
Director
Aviral Finance Pvt. Ltd.*



Mr Devesh Sachdev
Managing Director
Fusion Finance Ltd.^



Mr George K John
Executive Vice President
ESAF Small Finance Bank*



Mr Krishnan Venkatesh
Executive Vice President
Sustainable Livelihood Initiative
HDFC Bank Ltd.^

**Completion of Term*
^Resigned

Board Committees

MFIN has two Board Committees:

Audit Committee

The Audit Committee is a sub-committee of the Board of MFIN, established to assist the Board in discharging its responsibilities related to monitoring the integrity of MFIN's financial statements, the effectiveness of internal control systems, and the performance and objectivity of both internal and statutory auditors.

The composition of the Committee during FY 2025-26 was as under:

Chair

- Mr Saurav Sinha
  Former Executive Director
  Reserve Bank of India

Members

- Mr Dibyajyoti Pattanaik
  Director
  Annapurna Finance Pvt. Ltd.
- Mr Gyan Mohan
  Director and CEO
  Adi Chitragupta Finance Ltd.
- Mr Krishnadas Nair
  Group Head, Micro Finance
  (Retail & Wholesale)
  Bharat Banking, Axis Bank Ltd.

Member Secretary

- Dr Alok Misra
  CEO & Director, MFIN
  (assisted by Sharad Garg
  Vice President, MFIN)

Nominations & Remunerations Committee (NRC)

The Nominations and Remunerations Committee (NRC) is a Sub-committee of the Board of MFIN, established to provide overall direction on HR related issues of MFIN.
It is responsible for the hiring, remuneration, and performance assessment of the CEO, as well as guiding the CEO in the recruitment, appraisal, and remuneration of other staff members. The NRC also recommends potential independent directors to the MFIN Board.

Composition of the Committee during FY 2025-26 was as under:

Chair

- Dr Harsh Kumar Bhanwala
  Former Chairman
  NABARD

Members

- Mr Dibyajyoti Pattanaik
  Director
  Annapurna Finance Pvt. Ltd.
- Mr Vineet Chattree
  Managing Director
  Svatantra Microfin Pvt. Ltd.

Member Secretary

- Dr Alok Misra
  CEO & Director
  MFIN

For the objectives and functions of the committees, refer to Section 16 of the Board approved SOPs of the MFIN Society (which is part of MFIN Society Documents.)

Task Forces

MFIN has established four Task Forces for focused action on specific areas that are considered critical from an overall industry standpoint. These Task Forces comprise representatives from member institutions who help drive specific initiatives with the support of the MFIN Secretariat.

Advocacy & PR

The Task Force on Advocacy & PR is responsible for steering and guiding MFIN's advocacy agenda. It supports the Secretariat in drafting policy notes for various stakeholders, including the Reserve Bank of India, Ministry of Finance and other Central and State Governments. The Task Force also engages with key policymakers and sector participants to help create a conducive policy and business environment for the industry.

The composition of the Task Force during FY 2025-26 was:

Chair

- Mr Vineet Chattree
  Managing Director
  Svatantra Microfin Pvt. Ltd.

Members

- Mr Baskar Babu Ramachandran
  Managing Director and CEO
  Suryoday Small Finance Bank Ltd.
- Mr Dibyajyoti Pattanaik
  Director
  Annapurna Finance Pvt. Ltd.
- Mr Ganesh Narayanan
  MD & CEO
  CreditAccess Grameen Ltd.

Member Secretary

- Dr Alok Misra
  CEO & Director, MFIN

Credit Bureau

The Task Force on Credit Bureau is responsible for strengthening the credit bureau ecosystem for microfinance clients in the country.

The composition of the Task Force during FY 2025-26 was:

Chair

- Mr Sadaf Sayeed
  Chief Executive Officer
  Muthoot Microfin Ltd.

Members

- Mr Gunjan Grover
  Chief Operating Officer – Microfinance, Bajaj Finance Ltd.
- Mr Gururaj Rao
  Chief Operating Officer
  CreditAccess Grameen Ltd.
- Mr Shivaprakash D
  Whole-time Director & Chief Information Officer
  IIFL Samasta Finance Ltd.
- Mr Vibhas Chandra
  Business Head of Micro and Rural Banking
  Ujjivan Small Finance Bank Ltd.
- Mr Tapobrat Chaudhuri
  President & Business Head – Microfinance
  Kotak Mahindra bank Ltd.**
- Mr Venkatesh Krishnan
  Executive Vice President - Sustainable Livelihood Initiative,
  HDFC Bank Ltd.**

Member Secretary

- Mr Gaurav Dixit
  Head - SRO, MFIN

*** Exited due to change of organisation*

State Initiatives

The Task Force on State Initiatives is responsible towards the development of a comprehensive framework of MFIN's state level engagement and put in place an effective model through State Chapters and associations to deepen stakeholder and borrower outreach at state and district level.

The composition of the Task Force was:

Chair

- Mr Manoj Kumar Nambiar
  Managing Director
  Arohan Financial Services Ltd.

Members

- Mr Vivek Tiwari
  Chairman, MD & CEO
  SATYA MicroCapital Ltd.
- Mr Jugal Kataria
  Group Controller
  Satin Creditcare Network Ltd
- Mr Rakesh Kumar
  CEO & Executive Director
  Light Microfinance Pvt. Ltd.
- Ms Sonia Krishnankutty
  Chief Executive -
  Rural Business Finance
  L&T Finance Ltd.
- Mr Soham Shukla
  Chief Operating Officer -
  Microfinance & Inclusive Banking
  AU Small Finance Bank**

Member Secretary

- Mr Rama Kamaraju
  Head – SI, MFIN

Small MFIs

The Task Force on Small MFIs specifically focuses on the issues related to small Microfinance Institutions (MFIs) including access and cost of funding and capacity building support.

The composition of the Task Force during FY 2025-26 was as under:

Chair

- Mr Gyan Mohan
  Director and CEO
  Adi Chitragupta Finance Ltd

Members

- Mr Ankush Golechha
  Director
  Aviral Finance Pvt Ltd
- Mr KV Balaji
  Managing Director & CEO
  M Power Microfinance Pvt. Ltd.
- Mr Pranav Rakshit
  Managing Director
  Sarala Development &
  Microfinance Pvt. Ltd.
- Mr Vinu Krishnan
  Managing Director & CEO
  Keshava Prabha Microfin Pvt Ltd.
- Mr Pranav Prakash
  Founder, MD & CEO
  SriFin Credit Pvt. Ltd.**

Member Secretary

- Mr Swetan Sagar
  Head - Advocacy and Development
  MFIN

*** Exited mid-year due to change of organisation*

Self – Regulatory Organisation (SRO)

Under the SRO function, MFIN's primary objective is to monitor and support member REs in complying with the applicable regulatory guidelines and industry standards, while fostering a culture of customer protection and responsible lending. This involves guiding REs in aligning their policies, processes, and field-level practices with regulatory expectations including the industry's Code of Conduct. Through continuous engagement, advisories, and oversight, the SRO function seeks to strengthen institutional discipline across member REs and safeguard the interests of customers. In this regard, MFIN's SRO function primarily focuses on the following key areas:

- Governance - Framing Rules and Standards
- Capacity Building
- Surveillance, Monitoring and Enforcement
- Customer Grievance Redressal

Compliance Officer

As mandated by the RBI, MFIN has appointed a dedicated Compliance Officer to oversee the overall functioning of the SRO and to act as the primary interface with the RBI, under the guidance of the Self-Regulatory Organisation Committee (SROC).

The Compliance Officer also serves as the Member Secretary of the SROC and is responsible for facilitating and coordinating committee meetings and related proceedings. Mr. Gaurav Dixit holds the position of Compliance Officer and Head of the SRO vertical at MFIN.

Quarterly Reporting to the Reserve Bank of India (RBI)

As mandated, MFIN-SRO submits quarterly reports to the RBI in the prescribed format. The report is divided into two parts and is submitted every quarter.

The first part covers updates on SRO membership and governance, ongoing studies and projects, new initiatives, regulatory and policy engagements, identified irregularities with actions taken thereon, sector-related issues and recommendations, as well as other key developments in the microfinance sector.

The second part of the report captures key operational and financial indicators such as asset size, qualifying and non-qualifying portfolio, interest rates, borrowing costs, portfolio quality, household income and indebtedness level, equity and borrowing sources, disbursements and income profile of members.

All quarterly reports for the FY 2025-26 were duly submitted to the RBI within the stipulated timelines.

Self – Regulatory Organisation Committee (SROC)

To ensure effective execution of its SRO mandate, MFIN has constituted the SROC. The Committee is responsible for overseeing member compliance with regulations issued by the RBI, the Government, and other regulatory authorities, as well as adherence to Industry Code of Conduct (CoC) and MFIN Directives.

The SROC provides strategic direction and oversight to the SRO function within MFIN, enabling the efficient discharge of its responsibilities. In line with sound governance principles, the committee is predominantly composed of independent board members and select industry experts. It is chaired by an independent member and includes industry representatives to incorporate practical, ground-level perspectives into its deliberations.

The committee functions in accordance with the RBI guidelines and MFIN directives issued from time to time and keeps the Board apprised

of key sectoral developments, including industry trends and decisions taken by the SROC. While the committee is empowered to recommend suspension, expulsion, or termination of membership, the final decision rests with the Board.

The SROC exercises oversight over member adherence to the prescribed regulatory framework and industry standards, with a focus on ensuring responsible conduct and customer protection. In particular, the SROC monitors compliance with the following:

- Regulations and guidelines prescribed by the RBI
- Industry Code of Conduct
- MFIN's compendium of directives and advisories

The Committee also monitors the data on calls/complaints received under the CGRM, as well as the timeliness and accuracy of data submissions to credit bureaus and required disclosures to MFIN. Based on field level inputs provided by the SRO, the Committee evaluates emerging issues and, where necessary, formulates new directives or revises existing ones.

At full strength, the SROC comprises two elected Board members, two independent Board members, and two distinguished independent experts with experience and expertise in the financial services sector specifically in microfinance. The CEO & Director of MFIN serves as a non-voting ex-officio member, while the Compliance Officer acts as the Member Secretary to the Committee.

Composition of the SROC as on 31 March 2026

Name of the member	Particulars
Mr. Deepak Singhal	Former Executive Director RBI (Chair, Independent Board Member)
Mr. Manoj Kumar Nambiar	Managing Director Arohan Financial Services Ltd. (Industry Member)
Mr. Manoj Sharma	Managing Director MicroSave Consulting (Independent Member)
Ms. Veena Mankar	Founder & Director Swadhaar FinAccess (Independent Board Member)
Mr. Venkatesh Krishnan	Executive Vice President - Sustainable Livelihood Initiative HDFC Bank Ltd.**
Dr. Alok Misra	CEO & Director MFIN (Non-voting ex-officio Member)
Mr. Gaurav Dixit	Head - SRO MFIN (Member Secretary)

Details of SROC Meetings held during the financial year

12 Jun, 2025 — 18 Sep, 2025 — 08 Dec, 2025 — 11 Mar, 2026

*** Exited mid-year due to change of organisation*

Membership

An entity regulated by RBI, which has a retail microfinance portfolio on its balance sheet and has been granted Certificate of Registration by the RBI is eligible to apply for membership of MFIN. All applications for the new membership go through a well laid out process including an on-site due diligence and a Board review. As members, REs become part of a peer community that shapes the strategic directions of MFIN and the industry.

Associateship

Any entity engaged in activities related to microfinance and financial inclusion, other than a regulated entity with retail microfinance portfolio on its balance sheet, is eligible to apply for Associateship with MFIN.

New Associates

indihood

Indihood Pvt Ltd

Indihood was born to slash the cost, time, and skill needed to build technology platforms, with a mission to make them as accessible, ubiquitous, and flexible as a pencil, paper, and eraser. Founded by Lalitesh Katragadda (creator, Google Map Maker; architect, UPI, GST Stack, India's Open API Policy), Indihood builds population-scale digital spines for financial inclusion.

It's composable, configurable, scalable All-in-One MFI Platform lets MFIs launch new products such as MSME, micro-LAP, gold, and micro-securitization without Business Rule Engine rewrites, and operate with Zero Engineers on their rolls.

Key differentiators: Intelligent Onboarding of new-to-credit borrowers, traceable cash collection, co-lending with transaction visibility for partners, and AI-powered intent-based collections.

Indihood is among the first recognized under RBI's Traceability Regulation, with AES-256 encryption at rest and in transit, robust KYC/AML, and full compliance with RBI data-protection, customer-privacy, and digital-lending norms. With Indihood, MFIs have doubled field officers' productivity, raised cashless collections, gone paperless, and disbursed in 24/48 hours.

Sonata Finance Pvt Ltd

BSS Sonata Microcredit Ltd (formerly known as BSS Microfinance Ltd) is a wholly owned subsidiary and Business Correspondent of Kotak Mahindra Bank Ltd. Headquartered in Bengaluru, the company is committed to advancing financial inclusion by providing accessible and responsible financial services to underserved communities across the country.

The institution began its microfinance journey in 1999 as a Trust focused on poverty alleviation and community development. In 2016, the company became part of the Kotak Mahindra Bank Limited group. Following the merger with Sonata Finance Private Limited, another subsidiary of Kotak Mahindra Bank, the entity was renamed BSS Sonata Microcredit Limited with effect from 21 November 2025.

The company primarily provides collateral-free, small ticket-size microcredit loans to low-income customers, particularly women from economically weaker sections, to support income-generating activities and livelihood enhancement. Driven by its commitment to inclusive growth, the company operates across 16 states in India.

Members/Associates who left MFIN

Member NBFC-MFIs	Member Other REs
Adhikar Microfinance Pvt Ltd#	Yes Bank
SV Creditline Pvt Ltd*	Jeevan Utthan Financial Services
Sindhuja Microcredit Pvt Ltd	
Svamaan Financial Services Pvt Ltd	
VFS Capital Ltd^	
Chaitanya India Fin Credit Pvt Ltd**	

The RBI cancelled the Certificate of Registration (CoR) of Adhikar Microfinance Private Ltd on 20 May '25
* Became NBFC
^ Expelled due to non-responsiveness on data discrepancy
**Chaitanya India Fin Credit Private Ltd merged with Svatantra Microfin Pvt Ltd

Special Feature

Key Messages & Evidence from NCAER-MFIN Study "Assessing the Effectiveness of Regulated Small Borrowing in India" 2025

From Access to Transformation: Evidence from 14 Years of Change

The microfinance ecosystem – then and now

The journey of India's microfinance sector over the past decade and a half reflects a considerable transformation of the country's financial inclusion landscape. The contrast between the ecosystem that existed in the aftermath of the Andhra Pradesh crisis in 2010 (A.P. crisis) and the sector as it stands today is stark. In 2010, a budding, fragmented industry was expanding rapidly while facing concerns around over-indebtedness, coercive recovery practices, and weak regulatory supervision.

Since then, both the conditions and the industry have evolved into a more mature and regulated ecosystem serving 65 million households at the bottom-of-the-pyramid across the country.

In the early 2010s, financial exclusion was high among low-income households (LIHs) in India – as per Census 2011 only 58.7% of the households were availing banking services[1]. Access to formal credit was limited, particularly for women, informal workers and rural households. Many relied heavily on moneylenders and informal borrowing channels to meet livelihood, consumption and emergency needs. The absence of accurate borrower-level information and credit discipline resulted in overlending and repayment stress, while limited regulatory oversight had begun to expose structural vulnerabilities within the sector. The A.P. crisis became a defining moment that underscored the need for responsible lending practices, lender accountability and stronger customer protection.

The years that followed witnessed a fundamental restructuring of the microfinance space. Regulatory interventions by the RBI – beginning with the Malegam Committee recommendations and evolving into a harmonized regulatory framework – laid the foundation for responsible growth and stronger borrower protection.

Highlights of ecosystem changes

- Malegam Committee recommendations (2011) introduced borrower protection norms, interest rate caps and lending limits
- RBI Master Directions (2011) created the NBFC-MFI category
- Dedicated credit bureau for microfinance, enabled CIR-based underwriting
- MFIN as India's first SRO
- Lender base diversified across NBFC-MFIs, banks and small finance banks
- Jan Dhan Yojana, Aadhaar-based KYC and mandatory bank account-linked disbursements formalised the credit delivery architecture
- Master Directions (2022) shifted to activity-based regulation covering all lenders serving low-income households
- Institutionalisation of code of conduct across the sector by MFIN as the SRO, in 2011 & last updated in 2022
- Industry-wide adoption of multiple-lending limits and indebtedness thresholds as standard underwriting discipline (MFIN Guardrails, 2024)

[1] MOF. "Annual Report 2017-18"

Alongside regulatory reform, changes in financial infrastructure – credit bureau integration, Jan Dhan account penetration and Aadhaar-based KYC – together shifted the ecosystem from opaque, informal credit towards a more structured and accountable one. How much actually changed on the ground, and for whom, is what the two NCAER studies, conducted fourteen years apart, together illuminate.

Comparability of the two studies[2]

The first NCAER study[3], published in 2011, was conducted in the backdrop of the AP crisis and the focus was to capture the experiences of small borrowers from low-income households across aspects such as sources of borrowing, loan features and associated costs, loan use, multiple borrowing and savings behaviour.

The current NCAER study[4] published in 2026, builds on the 2011 study and serves as its extension, with a broader geographical, institutional and thematic scope by covering more states and institutions using a more comprehensive framework. It re-assessed the effectiveness of small borrowing in India by examining borrower profiles, awareness of microfinance and insurance products, usage patterns, cost of borrowing, borrower–lender interactions, repayment behaviours, and digital adoption.

Since the two studies span different time periods, the same set of respondents could not be interviewed. The conclusions drawn stem from the fact that both surveys drew from a similar socio-economic stratum (low-income, financially underserved households), despite covering different time periods. The following comparisons demonstrate that the two samples are well-matched across key dimensions.

Sample comparability matrix

Dimension	2011	2025	Comparability
Sample size	10,188	10,342	High
Sampling methodology	Cluster-based, stratified	Multi-stage, Probability Proportional to Size (PPS), stratified	High
Respondent selection	Heads of low-income households or other earning units, who had outstanding loans from any source of micro-credit.	Microfinance borrowers of 19 REs (4 banks, 3 NBFCs, 9 NBFC-MFIs & 3 SFBs), having loans from the parent REs & any other source (formal, SHGs; OR informal – moneylenders, friends, relatives)	High

The sample in 2026 is more structured towards RE borrowers, but their profile is similar to 2011

[2] The field survey for first study was conducted in December 2010 while for the second study the survey period was October to December 2024.

[3] 2011, NCAER. "Assessing The Effectiveness of Small Borrowings in India"

[4] 2026, NCAER. "Assessing The Effectiveness of Regulated Small Borrowings in India"

Dimension	2011	2025	Comparability
Geographic coverage/selection	2,000 households each from five clusters (Kolkata, Hyderabad, Jaipur, Lucknow & Chennai) Wards within city & villages around the periphery selected based on National Survey of Household Income and Expenditure (NSHIE) 2004-05 by NCAER.	300 pin codes, 50 districts across 10 states 10 states selected from across India based on 3 factors (i) Large microfinance borrower base/ Portfolios (Bihar, Tamil Nadu, Uttar Pradesh, West Bengal, Maharashtra, Madhya Pradesh, Karnataka) (ii) Poorer-performing states in terms of portfolio quality (Assam, Punjab) and (iii) New state (Telangana) 50 districts selected using PPS 300 pin codes (plus 194 replacement pin codes) using random selection 30-36 borrowers randomly selected from 2-4 centres within each pin code	High All possible geographical combinations covered in 2011 were included or exceeded in scope in 2026.
Rural-urban split	~70% rural ~ 30% urban	67.5% rural 32.5% urban	High
Gender (MFI/RE borrowers)	Overall, 45% women respondents but ~ 89% borrowers of MFIs/SHGs were women	Predominantly women by design	Medium 2011 sample had men borrowers as well. However, the proportion of women borrowers of MFIs/SHGs in 2011 comparable to the gender focus in 2026 sample.
Average age (Years)	39	37	High
Education level	Majority illiterate/ below primary (55.9% in rural & 42% in urban)	46% uneducated / primary	High
Income stratum	Low-income households Av. income of Rs 71,852 p.a. in rural and Rs 1,06,606 p.a. in urban	Annual HH income ≤ Rs 3 lakh (RBI definition) Av. HH income of Rs 3.1 lakh p.a.	High After adjusting for inflation, similar income levels for 2011 & 2026 samples

The two studies are thus comparable not merely by design intention but by empirical evidence across key demographic and socio-economic dimensions – lending credibility to the changes documented between the two studies.

Fourteen years of change – a systemic view

Together, the two studies capture how comprehensively the small borrowing landscape in India has changed. And the changes are not independent – they form a reinforcing system. A specialised credit bureau for microfinance enabled responsible underwriting. Responsible underwriting produced credit discipline and strong repayment rates. Strong repayment rates renewed the confidence of private equity investors and, combined with PSL norm changes that incentivised banks to lend to NBFC-MFIs, fuelled the sector's resurgence. The emergence of MFIN as an SRO simultaneously strengthened industry standards, institutionalised a code of conduct and enhanced data transparency across the sector. As other REs adopted the microfinance model to reach low-income households, access expanded further. Greater liquidity allowed lenders to offer larger loans to creditworthy borrowers, enabling genuine business investment, additional income, and eventually, the savings behaviour that financial inclusion programmes had long sought to build.

At the fulcrum of this entire chain sit two landmark RBI policy interventions – the 2011 Master Directions that formally created the NBFC-MFI category and the 2022 Master Directions that shifted the regulatory approach from entity-based to activity-based, bringing all lenders serving low-income households (LIHs) under a unified consumer protection framework. These were not merely regulatory updates – they were the architectural decisions that enabled the maturing of the microfinance ecosystem in India. The table below captures the breadth of this transformation.

Changes in 2025 versus 2011

Dimension	2011	2025	Direction	Implication
Informal borrowing (share of loan count & amount)	46% - 47%	1%	Structural displacement of moneylenders	The near-elimination of informal credit reliance is one of the most consequential outcomes of a decade and a half of regulated microfinance expansion. Low-income households now have a reliable, affordable, formal alternative, breaking the debt-bondage cycle historically associated with moneylenders and reducing their exposure to exploitative rates and practices.
Average loan size (MFI/RE)	Rs 12,000 to 20,000	Rs 51,222	Significant scale-up of 2.5-4x	The increase in loan size (even adjusting partially for inflation) reflects a mature, repeat-borrower ecosystem where credit histories, bureau records and lender confidence support higher ticket sizes. Over 54% of borrowers had a vintage of more than one year with their parent RE, enabling meaningful business investment and greater income impact per loan cycle.

Dimension	2011	2025	Direction	Implication
Interest rate (MFI/RE)	25.1% (likely flat rate)	23.9% (reducing balance)	More competitive and transparent	The shift from flat-rate to reducing-balance charging is a structural improvement for borrowers. Combined with competition across 200+ REs, scale efficiencies and regulatory discipline, this confirms that the cost of formal credit has genuinely declined. Availability of cheaper credit for NBFC-MFIs through a dedicated refinance facility would further bring down the cost of credit for borrowers.
Informal sector interest rate	~44% (flat)	97% - 178% APR	Remains predatory, formal-informal gap has widened	The true APR of informal lending is now 4-7x the regulated sector rate. This widening gap is a primary driver of the shift away from moneylenders.
Non-interest transaction costs (wage loss, travel, bribes, documentation)	Rs 59 to 2,329 per loan (varied by source); formal sector most expensive	Near-zero; doorstep delivery, no commissions	Nearly eliminated; formal sector adopted the MFI doorstep model	In 2011, bank borrowers paid an average of Rs 1,863 in bribes per loan - a hidden cost that made formal credit expensive in practice. Move towards MFI model of doorstep delivery and regulatory mandates have eliminated these costs entirely, meaning the true cost advantage of regulated microfinance is larger than interest rate comparisons alone suggest.
Interest rate awareness	12.8% for MFI borrowers	47.1% aware; recall lapse the main residual issue	Marked improvement; gap remains	The nearly 4x increase in awareness reflects mandatory KFS disclosure and borrower orientation sessions. Critically, the nature of borrower understanding has changed: in 2011, rates were often never communicated strongly; in 2025, they are disclosed but not recalled. Awareness of instalments, however, is near-universal – suggesting the information reaches borrowers but needs reinforcement to be retained.

Dimension	2011	2025	Direction	Implication
Business/ productive use of MFI loans	45% (with high cluster variation)	75.4%	Substantial deepening of productive investment	The near-doubling of business-use share reflects a maturing credit culture in which borrowers are increasingly intentional about deploying loans for income generation. This also improves repayment capacity – the study finds that 51.8% of borrowers used income from loan-funded activities to service their debt, creating a virtuous cycle of investment and repayment.
Repayment frequency	Predominantly weekly; borrowers consistently requested monthly	58.4% monthly; 31% weekly	Borrower-responsive shift towards monthly cycles	Weekly repayment was the most cited source of hardship in 2011 FGDs, particularly for daily-wage earners with irregular income. The shift to monthly cycles aligns debt servicing with income patterns and reduces the transaction costs of weekly group attendance for both borrowers and lenders.
Household indebtedness measure	Loan/income ratio; linked primarily to informal sector	FOIR 18.7% overall; only 5.1% breach RBI's 50% limit	Guided by regulation; tracked for responsible lending	The sector has grown from 27.5 million borrowers in 2011 to around 65 million at present, yet debt-service burdens remain within regulatory thresholds for 95% of borrowers. This demonstrates that growth and responsible lending are compatible when backed by bureau infrastructure, SRO oversight and income-assessment mandates. However, lenders should go beyond FOIR and conduct household-level expense assessments to capture actual repayment capacity.
Bank account ownership	50-65% had accounts; used mainly for government transfers	100% with bank accounts; Rs 3,200/month average savings (12.4% of income); 97.2% save regularly	From partial to universal; savings formalised	In 2011, bank account ownership and moneylender dependence coexisted. Today, Jan Dhan Yojana, Aadhaar-linked KYC and the mandatory account infrastructure for RE lending have transformed these accounts into active financial conduits. Regular savings of 12.4% of income signals that borrowers are building financial resilience – not merely cycling through debt.

Dimension	2011	2025	Direction	Implication
Insurance coverage	Minimal; described as "at a preliminary stage"	All borrowers have credit life insurance plus option to buy health insurance	 New structural pillar of borrower protection	Credit life insurance ensures that loan obligations do not become a burden on surviving family members – addressing a genuine harm documented in 2011 FGDs where borrowers faced pressure to repay deceased spouses' loans. The product has moved from a peripheral add-on to a regulated, mandatory component of microfinance delivery.
Digital financial adoption	Not applicable; cash-only ecosystem	All loans disbursed digitally; only 12% repay digitally; 61.1% have smartphones & 54% of them use payment apps; limited fraud awareness	 New dimension; infrastructure exists, last-mile adoption lags	While 61.1% of borrowers own smartphones and over half have payment apps installed, only 12% repay loans digitally – suggesting that app familiarity has not yet translated into routine use for financial transactions. As digital repayment matures, it will reduce cash-handling risks, lower collection costs for lenders and create richer transaction data for credit assessment – but borrower education on digital safety must accompany adoption.

Consolidating the gains – priorities for the next phase

The structural gains – formalisation of credit, deepening of productive loan use, near-elimination of moneylender dependence – are substantial. However, gaps remain that require attention, both in field implementation and at the policy level. This section draws on the findings of both studies to identify what the sector has learned, what needs sustained vigilance and what the policy agenda for the next phase should look like.

Lessons learned

Four lessons from the period spanning the two studies stand out for financial inclusion policy more broadly.

Regulation works best when activity-based, not entity-based. The 2022 Master Directions brought all lenders serving low-income households under a unified consumer protection framework regardless of institutional form – correcting the regulatory arbitrage of the pre-2022 period that was itself a source of systemic risk.

Infrastructure investment is as important as credit policy. The near-elimination of informal borrowing required the coincidence of Aadhaar-based KYC, Jan Dhan account infrastructure, credit bureau integration and digital disbursement. The credit bureau was foundational: without borrower-level visibility, responsible underwriting was structurally impossible.

Growth and responsible lending are compatible – but only with the right guardrails. The sector grew from 27.5 million borrowers in 2011 to

65 million in 2025, yet 95% of borrowers remain within regulatory FOIR thresholds. This required bureau infrastructure, SRO oversight and a robust regulatory framework. The lesson is clear – growth at scale is sustainable only when the underlying architecture is sound.

Borrower behaviour responds to ecosystem change. The near-doubling of productive loan use (45% to 75.4%), regular savings of 12.4% of income, and the shift towards formal channels all reflect borrowers adapting to a better-designed financial environment. Financial inclusion changes not just access but behaviour and resilience.

Challenges that demand continued vigilance

The progress documented across the two studies is real, but some structural vulnerabilities persist and new ones have emerged alongside the sector's expansion.

While the prevalence of informal credit has reduced considerably, informal borrowing has not disappeared entirely. Its residual presence is concentrated in time-sensitive needs – health emergencies and livelihood shocks from natural disasters or economic disruptions – that formal products with fixed cycles and scheduled disbursals are not designed to meet, reflecting a product-fit gap. There is scope to develop more flexible formal products, both credit and non-credit, that are more attuned to the irregular financial lives of low-income households. More generally, rural distress, inflation, irregular employment and weather-related economic shocks continue to affect the bottom-of-the-pyramid disproportionately. These structural vulnerabilities require viewing microfinance not just as a mechanism for credit delivery but as part of a broader commitment to the economic resilience of the people it serves.

Multiple borrowing, while bureau-monitored and structurally more contained, remains a latent risk. While the sector has strengthened customer protection standards and industry regulation since 2011, rapid expansion without disciplined underwriting and KYC authentication/deduplication can reproduce the vulnerabilities the regulatory framework was built to prevent.

On digital adoption, the paradox is telling: 61.1% of borrowers own smartphones and more than half use payment applications but only 12% repay loans digitally, and awareness of digital fraud risks remains limited. Unauthorised digital lending applications targeting the same low-income borrower profile have created serious concerns around customer protection and underwriting that the existing framework has not yet addressed. Convenience and risk are, at this stage, expanding together.

Finally, while interest rate awareness has improved markedly to 47.1%, over half of borrowers still cannot accurately recall their loan cost. KFS mandates have ensured disclosure; comprehension and retention remain unfinished work. More broadly, the sector needs to move borrower awareness from product literacy to genuine financial literacy.

Policy suggestions

The following priorities emerge from the findings of both studies and the structural gaps that remain.

- **Strengthening the credit information architecture**

  Restrictions on Aadhaar usage post the 2018 Supreme Court ruling continue to constrain accurate borrower identification and indebtedness assessment. The sector has had to rely on alternative KYC documents, mainly voter card, which suffers from a problem of duplication and inconsistencies. Allowing REs to report the last four digits of Aadhaar alongside demographic identifiers to credit bureaus would significantly improve borrower de-duplication. SHG borrowers (individually) remain outside CB reporting – a blind spot that needs to be addressed. Movement towards daily CB reporting across all REs, not just NBFC-MFIs, has become a matter of prudential necessity, to provide the lenders real-time & accurate picture of a borrower's indebtedness, given the pace of loan disbursal.

- **Extending the regulatory perimeter to digital lenders**

  A significant and growing volume of small-ticket digital lending targets the same low-income borrower profile as regulated microfinance lenders do – often with faster disbursals, less rigorous income assessment and without the consumer protection standards that microfinance lenders are required to follow. Extending this principle of activity based regulations consistently to digital lenders operating in the microfinance space would ensure that the hard-won gains in borrower protection are not undermined. The policy question worth examining is whether the current regulatory framework adequately covers all entities that are effectively doing what regulated microfinance does, irrespective of their technology orientation or business model.

- **A dedicated refinance facility**

  The NBFC-MFI dependence on bank funding leaves it susceptible to liquidity disruptions, and pushes low-income borrowers back towards informal sources, as recent stress episodes have demonstrated. A dedicated refinance mechanism – analogous to NABARD's role for agricultural credit or SIDBI for MSMEs or NHB for HFCs – would provide funding stability, lower the cost of funds and ensure continuity of credit flow to low-income households during periods of broader financial stress.

- **Household-level affordability assessment**

  FOIR-based compliance is high, but income verification and expense assessment practices vary across REs. Lenders should conduct household-level cashflow assessments that capture actual repayment capacity – particularly for bigger loans wherein borrowers take on larger financial commitments.

- **Financial and digital literacy as core, not peripheral**

  Structured literacy programmes delivered through the group-lending infrastructure, and targeted digital safety education, should be treated as integral to responsible lending – not optional add-ons.

Towards sustained impact

India's microfinance sector has moved, in roughly a decade and a half, from a fragmented industry to a regulated ecosystem serving 65 million households. The shift from informal to formal credit, the deepening of productive loan use, cashless disbursement, mandatory credit bureau record, universal savings behaviour and mandatory credit life insurance represent a structural transformation in how low-income households participate in the formal financial system.

But access is not the endpoint. The next phase must be measured not only by the number of households reached, but by the stability of their financial lives, the sustainability of their livelihoods and their resilience to economic shocks. Achieving this requires continued collaboration between financial institutions, policymakers, regulators and MFIN – and the discipline to ensure that growth does not again outpace accountability.

> *The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.*
>
> ***Franklin D. Roosevelt***

MFIN's Work Across Verticals










Policy Advocacy and Knowledge Management

As an SRO and industry body, MFIN has consistently initiated and engaged in policy-related conversations. MFIN relies on a data-driven, analytical approach to communicate its concerns and recommendations to the regulator and the government. The MFIN CEO's participation in bi-monthly pre-MPC discussions with the RBI Governor and pre-budget consultations with Hon'ble Finance Minister provides an overarching framework for interactions with State Governments, Rating Agencies, Development Financial Institutions (DFIs), Banks and Media. MFIN works closely with the Department of Regulation (DoR) and the Department of Supervision (DoS), RBI.

During FY 2025-26, the following sector issues were discussed in these forums, supported by detailed notes conveying MFIN's views, recommendations, and data:

- Revision of the qualifying assets (QA) norm for NBFC-MFIs
- Aadhaar-based unique identifier for microfinance borrowers in credit bureau systems
- Liquidity/funding constraints in the sector
- State regulations on microfinance (Karnataka, Tamil Nadu & Bihar)

Qualifying assets norm

The qualifying assets issue has been a key area of engagement since the QA norm for NBFC-MFIs was revised to 75% of total assets. Advocacy on this front continued, and in May 2025, during pre-MPC discussions with the RBI data on QA (as on 31 March 2025) of the top 10 NBFC-MFIs was presented. As a follow-up, MFIN recommended that the QA norm be revised to either 75% of the on-balance sheet loan portfolio, 75% of total assets excluding cash, bank balances, and money market instruments, or 60% of total assets - in line with the treatment for HFCs. Key logic given were:

a. The liquidity requirements of around 10-15% of total assets resulted in frequent breach of QA norm of 75% of total assets, particularly during periods of slow disbursements which increased the cash component.

b. Fresh equity or debt raised by NBFC-MFIs temporarily inflated the liquid assets, leading to QA breaches until the funds were deployed for lending.

c. Direct Assignment (DA) portfolios (ranging from 10-15% of loan book & single transaction ranging from 3-5% of the loan assets), which are eligible QA but removed from NBFC-MFI books post-sale, distort the QA ratio and result in technical breaches.

d. The tight QA requirement left only 5–7% room for diversification, restricting NBFC-MFIs from catering to clients who have transitioned into the MSME segment or require larger ticket loans.

These cumulative efforts of 3 years succeeded when RBI issued the circular on 9 June 2025 revising the QA criteria for NBFC-MFIs to "a minimum of 60% of total assets (net of intangible assets)." MFIN welcomed the decision, anticipating a positive impact on liquidity management and portfolio diversification for lenders.

The KYC issue

At the start of the financial year, MFIN shared a note with the CGM, DoR, RBI, requesting reinstatement of Aadhaar as the unique identifier for microfinance borrowers. The note emphasised the importance of reporting Aadhaar to Credit Information Companies (CICs)

for accurate deduplication of prospective borrowers, and urged RBI to help expedite the use of the last four digits of Aadhaar in combination with other fields – such as name and address – for unique borrower identification.

The KYC issue was also raised at the NBFC Symposium in July 2025, presided by Smt Nirmala Sitharaman, Hon'ble Union Minister for Finance. MFIN was subsequently invited to the pre-budget consultation of the Banking, Financial Services and Insurance (BFSI) group with Finance Minister on 19 November 2025. Four proposals were submitted to the Ministry in the prescribed template, covering the need for reform, proposed solutions, expected benefits, and budgetary implications. One proposal specifically addressed "Accurate identification of microfinance clients by allowing reporting of Aadhaar to CICs."



Dr Alok Misra at the Pre-Budget consultation meeting for the BFSI sector, chaired by Smt Nirmala Sitharaman, Hon'ble Union Minister for Finance and Corporate Affairs, GoI, along with Shri Pankaj Chaudhary, Hon'ble MoS for Finance and Mr V. Anantha Nageswaran, Chief Economic Advisor and other senior officials from DEA and DFS.

In January 2026, DFS sought MFIN's views on RBI's response to regulatory issues raised at the NBFC Symposium. On "streamlining KYC processes," MFIN concurred with RBI's position that the matter be taken up with the Department of Revenue, GoI – which administers PMLA, 2002 – to pursue amendments to the PML Act/ Rules, if required, to enable Credit Institutions (CIs) to share the last four digits of Aadhaar with CICs. MFIN also reiterated that alongside reporting of the last four Aadhaar digits to CICs, tokenisation of Aadhaar should be explored. Under a tokenisation mechanism, the existing system – whereby each CI obtains an Aadhaar token from UIDAI upon e-KYC – could be extended to CICs, enabling unique identification of clients without storing Aadhaar numbers and allowing CICs to achieve accurate deduplication using the Aadhaar token.

The liquidity issue

NBFC-MFIs faced a severe liquidity crisis during the year, continuing the trend from the prior year, with banks' reluctance to lend driven by portfolio quality concerns and news reports exaggerating the issue. NBFC-MFIs, being non-deposit-taking institutions that depend primarily on wholesale bank lending, continued to face constrained fund flows despite improvements in portfolio quality. Data showed that NBFC-MFIs were underleveraged – particularly small MFIs, with an average Debt-Equity (DE) ratio of 1.65 as of March 2025, declining further to 1.47 as of December 2025. Medium MFIs fared somewhat better at a DE ratio of around 2.20, while large MFIs had a DE ratio of approximately 2.96 as of March 2025, which also declined by December 2025.

To address this crisis, MFIN advocated for revival of the Credit Guarantee Scheme for MFIs (CGSMFI) and the creation of a Refinance and Equity Facility for NBFC-MFIs – both included in the detailed pre-budget proposals submitted to MoF in November 2025. Several other initiatives were undertaken to ensure that policymakers heard and acted on the sector's needs.

In August 2025, the MFIN CEO met Dr. Shamika Ravi, Member of the Economic Advisory Council to the Prime Minister, to brief her on the liquidity situation. A follow-up note was shared covering the state of liquidity constraints, MUDRA operations, and the need to restart the credit guarantee scheme and establish a dedicated refinance facility for the sector.

Dr. Alok Misra also met the Joint Secretary, DFS in August 2025 and presented a detailed note on the urgent need to implement the CGSMFI. The note included a comparative analysis of funding received by the sector and portfolio performance under CGSMFI 1.0 in 2021. The MFIN Secretariat responded to further queries from DFS on this matter. As part of these advocacy efforts, MFIN issued a press release highlighting the sharp decline in funds received by MFIs, the need for increased equity investment to sustain lenders, and the resultant exclusion of microfinance borrowers from formal finance. MFIN consistently pitched for revival of the CGSMFI with a pool size of Rs 20,000 crore to support small, medium, and large institutions. A follow-up note was sent to



Dr Alok Misra, CEO & Director, MFIN with Dr. Shamika Ravi, Member of the Economic Advisory Council to the Prime Minister

DFS in November 2025 on CGSMFI 2.0, citing its urgency and noting that the scheme – similar to the 2021 iteration – was expected to carry no lender default risk or fiscal impact.

Another meeting with the DFS was held on 29 December 2025, and the Secretariat engaged in multiple data submissions on the CGSMFI scheme. DFS requested data on small, medium, and large NBFC-MFIs across various parameters – portfolio growth, portfolio quality, and funding – which MFIN promptly provided. CGSMFI 2.0 was ultimately released by NCGTC/DFS on 20 March 2026, following months of sustained effort and close follow-up by the MFIN team – marking another policy win for the sector. Following the announcement, member queries were taken up with DFS and FAQs for clarification to be released by NCGTC.

State regulations

Misinformation campaigns by non-state actors & press reports – including loan waiver campaigns and orchestrated protests – have been among the primary drivers of state-level actions in Karnataka, Tamil Nadu, and Bihar. A clear legislative framework to address such issues would have been immensely valuable. Accordingly, a proposal on expediting "Banning of Unregulated Lending Activities (BULA)" – a structural reform to ensure responsible lending and protect low-income women borrowers from poverty traps" was included in the pre-budget submissions to MoF. Earlier during the year, MFIN was also invited by DFS to submit its comments on draft BULA bill, wherein MFIN advocated for an early enactment of BULA.

Responses to policy circulars and on specific questions for MFIN's view

During the year, RBI issued several draft circulars inviting public comments, while RBI and DFS periodically sought MFIN's views on specific matters, including Lok Sabha and Rajya Sabha diary questions. MFIN's responses are documented below.

- Frequency of data reporting to credit bureaus: MFIN has long advocated for higher-frequency credit bureau reporting, with

most MFIN members having transitioned to daily reporting. The earlier increase from monthly to fortnightly reporting was itself a result of MFIN's sustained engagement with the RBI. In 2025, RBI issued a draft on "Credit Information Reporting (1st Amendment) Directions, 2025," proposing a further increase in reporting frequency to weekly. MFIN submitted its views, welcoming the proposal as a timely measure and recommending that institutions progressively move towards daily upload of incremental data alongside a batch upload of the full portfolio at a defined frequency.

- Consolidation of RBI Master Directions: RBI consolidated its existing regulatory instructions into 238 Master Directions for 11 types of Regulated Entities (REs) and invited industry comments. MFIN submitted its response on 10 November 2025 in its capacity as the SRO for NBFC-MFIs. Submissions included comments on draft guidelines on loan pricing and outsourcing responsibilities, a request for updating MFIN's amended name, and a recommendation that all REs (and not just NBFC-MFIs) be required to disclose interest rates as minimum, maximum, and weighted average for the preceding quarter.
- Accessibility standards for persons with physical disabilities: The Secretariat responded to DFS's request for views on accessibility standards for financial services of NBFCs, in compliance with the Rights of Persons with Disabilities (RPwD) Act, 2016, pursuant to a Supreme Court order in April 2025. MFIN's suggestions included improvements to the KYC process, redesign of KYC templates, establishment of a helpline for grievance redressal and KYC assistance, IT system modifications, staff training, and dissemination of promotional materials for persons with disabilities.
- NBFC sector regulation: DFS raised questions on NBFC sector regulation covering: (i) alternatives to collection agents for recovering bad debt; (ii) NBFCs' limited interest in lending to the agriculture sector; and (iii) the case for a separate regulator for NBFCs. MFIN responded in the context of microfinance, supporting RBI's continued role as regulator for NBFCs and citing its exemplary track record in regulating financial institutions.
- Draft RBI Second Amendment Directions 2026 on 'Responsible Business Conduct' and 'Undertaking of Financial Services' for NBFCs: On Responsible Business Conduct, MFIN made four requests: (i) that Business Correspondents operating in the microfinance sector be excluded from the definition of recovery agents; (ii) ASCEND be recognised and mandated as a standard certification requirement for field staff engaged in microfinance operations across REs; (iii) the requirement to maintain call/text records of borrower interactions be waived for microfinance operations; and (iv) the repayment schedule carried by field staff and held by borrowers – in the form of loan cards and key fact sheets – be treated as recovery notices for practical purposes. On Undertaking of Financial Services, MFIN requested that group credit life insurance – a critical safeguard for microfinance clients against unforeseen events - continue to operate under the existing model of premium payment from client to insurer through the MFI.
- Lok Sabha and Rajya Sabha questions: Beyond its engagement with RBI and DFS on the key issues above, the Secretariat responded to several Government of India Lok Sabha Question Diary (LSQD) and Rajya Sabha Question Diary (RSQD) queries, as well as to state administration matters, as follows:
  - **RSQD No. S5460:** Questions on whether the government is aware of rising stress in the microfinance sector in Maharashtra, regulatory action against MFIs enabling coercive recoveries in specific Maharashtra districts, and whether the government plans to impose lending caps, strengthen borrower protection, and launch targeted credit counselling and debt relief programmes for Maharashtra.

- **RSQD No. U3501:** Questions on whether the government monitors the microfinance sector's activities and performance, steps taken to address growing NPAs, details of NPAs in Small Finance Banks (SFBs) including reductions through write-offs, whether the government is considering measures to curb rising loan delinquencies and prevent further deterioration in Portfolio at Risk (PAR), and whether an audit of loan netting-off by MFIs is planned.
- **RSQD No. S3508:** A query on the status, regulation, and loan performance of MFIs. MFIN provided details on member NBFC-MFIs operating across states and UTs, MFIs that have become defunct in the last ten years, state-wise portfolio and PAR (1–180 days), and MFIN's views on steps to prevent microfinance loans from turning into NPAs.
- **RSQD No. S9364:** A question on the decline in MFI portfolio.
- **Maharashtra Legislative Council Starred Question:** A response on the regulation of MFIs/NBFCs in Maharashtra, providing data on microfinance operations in Chandrapur District – number of active MFIs/NBFCs, number of borrowers, loan amounts outstanding, interest rates, RBI guidelines on microfinance loans, and applicable restrictions on agriculture loans.
- **Bihar – Matter Under Rule 377:** A response was submitted in December 2025 on the regulation of MFIs and ensuring a secure livelihood and social safety net for women in Bihar. The response included portfolio, accounts, and unique borrower data for Bihar, along with a regulatory overview of microfinance, covering the Master Direction on Regulatory Framework for Microfinance Loans, Fair Practices Code, Industry Code of Conduct, Directives and Advisories, Guardrails and QAR, Third Party Evaluation (TPE), CGRM, and the SRO enforcement framework.

The Secretariat also facilitated periodic forums – including Manthan (the CEOs' Conclave), State Chapter meetings, and District Forums – for industry participants to discuss common challenges and work collaboratively towards solutions.

Media responses

As part of MFIN's focused media engagement, the following communications were made during the year:

- A detailed response to The Economic Times (4 April 2025) regarding an article titled "India's subprime bubble grew 2,100%, now the bomb ticks as debt traps millions of families." The response – also sought by DFS – included factual corrections on credit quality, sector growth, MFIN guardrails, and the case for a unique identifier for microfinance borrowers.
- A response to the Deputy Editor of The Hindu (June 2025) on queries regarding microfinance operations in Tamil Nadu. MFIN clarified that Tamil Nadu, as one of the oldest microfinance markets, naturally has clients with longer credit histories and larger loans. Despite sectoral stress and state-level legislation, the impact on Tamil Nadu's portfolio has been minimal, with performance tracking broadly in line with the national portfolio.
- A response to ET BFSI (June 2025) correcting a factual error regarding reporting of JLG borrowers to CICs, clarifying that data is reported at the individual level on a daily basis. The publication subsequently corrected the error.
- A response to The Times of India (July 2025) regarding an article titled "Debt At The Doorstep: Cracks In India's Microfinance Dream" (published 1 July 2025), which contained multiple factual inaccuracies in statements and data relating to the microfinance operational model.
- A response to The Wire (August 2025) regarding an article published on 10 August 2025 titled "Micro Loans Are Driving an

Already Forsaken Population Further Into Distress." The article misrepresented gold loans as microfinance and contained several inaccurate observations. MFIN highlighted that the data cited clearly did not pertain to microfinance clients.

Sector building initiatives

Index-based natural catastrophe (NatCat) insurance project

The project commenced in July 2023 with Echo Re as reinsurer, SBI General Insurance (SGI) and Future Generali Insurance (FGI) as primary insurers, and Weather Risk Management Services (WRMS) as product designer. Product pricing was set at 6% of the sum insured, inclusive of staff incentives and applicable taxes, covering five perils: excess rainfall, deficit rainfall, cyclone, earthquake, and heat wave. MicroSave Consulting (MSC) was appointed by the Asian Development Bank (ADB) as the capacity-building partner, and IFMR LEAD as the Monitoring and Evaluation partner.

Following final sign-off on the product by insurers, discussions with potential partner financial institutions (PFIs) were reinitiated during the year to gauge interest in piloting. An orientation workshop was organised by MFIN on 29 May 2025 to unveil the product. It was attended by representatives of 12 REs (9 NBFC-MFIs, 2 banks, and 1 SFB), along with WRMS, MSC, IFMR LEAD, ADB, SBI General Insurance, Future Generali India Life Insurance, and the MFIN project team.





NatCat Orientation workshop

Extensive engagement was carried out with the 12 PFIs for onboarding, though the process remained at varying stages between initial interest and internal approvals. The project team met with senior management of two institutions in Delhi NCR to present the product. Following a high-level stakeholder meeting in September 2025, work on a portfolio-level insurance variant (meso product) was also initiated.

However, as no MoUs were signed by PFIs by end-January 2026, product rollout did not commence. A special Board meeting was held in January 2026 to review project progress and determine the way forward. Discussions were subsequently held with ADB officials on 24 February 2026, at which MFIN conveyed its assessment that commencement of the project was unlikely in the near term. Separately, discussions are ongoing regarding WRMS exploring customised one-to-one solutions with potential partner REs, with MFIN playing a high-level role in the project.

Depositors Education and Awareness (DEA) Programme

Following completion of the first bi-month of the DEA Programme in FY 2025-26 – conducted

under the DEA Fund Cell, RBI – a Training of Trainers (ToT) workshop was organised in April 2025. The residential two-day workshop, held in New Delhi, was attended by 22 trainers from 10 partner NBFC-MFIs. The second bi-month plan covered 457 workshops across 18 states and UTs in partnership with 16 MFIs, including seven workshops carried forward from the first bi-month due to operational challenges at one partner institution. Following resubmission of the plan, approval and funds were received from RBI in May 2025. The second bi-month was accordingly conducted between 1 June and 31 July 2025.

Post completion, the MFIN team maintained ongoing communication with partners to ensure timely submission of requisite documents and reviewed these for audit clearance. The programme outreach report and audited utilisation certificate for the second bi-month were submitted to the DEA Fund Cell on 11 November 2025, following delays in partner documentation.

Concurrently, a plan for the third bi-month (1 January–28 February 2026) was submitted to RBI. This covered 457 workshops – down from the planned 492 – due to one contracted partner's withdrawal from the project. A ToT for third bi-month partners was held on 10–11 December 2025, attended by 26 trainers from 15 MFIs. Workshop handbooks were printed and dispatched in December 2025. The third bi-month remains on hold pending RBI's approval and fund disbursal.





Glimpses from the DEA Workshops

Information and Data Hub

Online Datahub

In April 2025, a workshop for Other RE (Banks, SFBs, NBFCs) members of MFIN was held in Mumbai – part of a series initiated in the prior year. The workshop, attended by 20 participants, focused on orienting members on the use of the MFIN Online Datahub and familiarising them with quarterly data submissions requested from Q1 FY 2025-26 onwards. Analysis of these submissions was incorporated as a dedicated section in the quarterly Micrometer publication from Q3 FY 2025-26. A new sub-module on Other REs – covering outreach, portfolio quality, and disbursements – was added to the Datahub.

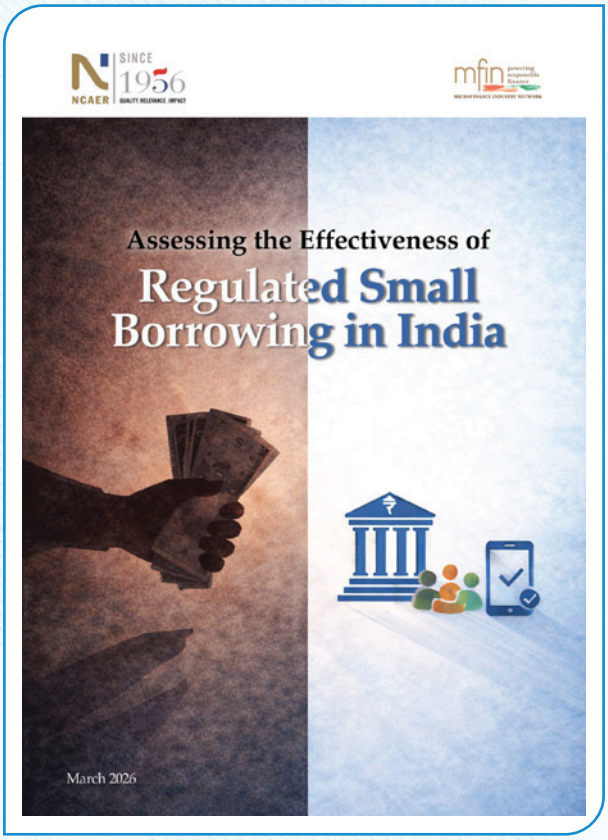
Additional enhancements during the year included: an institutional performance report with peer-group and industry benchmarking (with cross-institution access restricted to administrators); a data statistics report tracking user logins and publication downloads (similar to Google Analytics, accessible to super-admin/admin); a new 'Product Mix' page in the universe module capturing charts on ticket size, tenure, repayment frequency, and other product variables; and an update to DRI Maps with drill-down to PIN code level. Efforts were also made to create a single-login platform consolidating all applications for users.

NCAER study on "Assessing the Effectiveness of Regulated Small Borrowing in india"

Following completion of survey data collection and validation, report drafting commenced in FY 2025-26. The MFIN team undertook a detailed review of NCAER's drafts, focusing on data analysis, inferences, and overall report quality. Key findings were presented at the Board meeting in December 2025, and the report was finalised in January 2026 after incorporating the Board's suggestions.

Based on a survey of 10,342 borrowers across 10 states (50 districts and 300 pin codes), the report demonstrates that microfinance has been effective in expanding low-income households' access to cost-effective formal credit while reducing reliance on high-cost informal lenders; in directing credit primarily towards productive, income-generating uses; in building financial awareness at the bottom of the pyramid; and in promoting digital adoption among borrowers.

The report was formally released on 2 April 2026 at Hotel Crowne Plaza, Gurugram, by MFIN Board Members in the presence of industry leaders, with a special address by Dr. V. Anantha Nageswaran, Chief Economic Advisor to the Government of India.



Other engagements

Meeting of Small MFIs: A meeting of Small MFI Task Force (SMTF) and the CEOs of small MFIs was conducted on 12 December 2025 to discuss the current liquidity situation and the steps that MFIN is taking to address them. Apart from the Chair, Vice Chair and representative of small MFI on MFIN Board, CEOs of six other small MFIs attended the meeting. The participants were updated about the MFIN's initiative on CGSMFI 2.0 and the discussions with the DFS on special carve out for small MFIs to ease the liquidity situation.

International engagement: The MFIN team engaged with a 15+ member delegation from Microfinance Information Data Sharing, Inc. (MiDAS), the credit bureau for microfinance institutions in the Philippines on 19 May 2025 in New Delhi. The delegation came for an exposure visit to India, facilitated by the ADB, to understand the evolution and functioning of credit bureau ecosystem of India. The MFIN team shared key best practices from the Indian context, highlighting issues related to Credit Information Companies (CICs). They were also briefed on how the Indian microfinance industry has addressed some of these challenges, offering insights that MiDAS can replicate while offering their services to microfinance lenders in the Philippines.



MFIN team with the delegation from Microfinance Information Data Sharing, Inc. (MiDAS), Philippines



SRO

The SRO function lies at the core of MFIN and its work helps build sector's sustainability through:

a. Directives and Guidance notes

b. Surveillance and Monitoring

c. Improving Credit Information System

d. Customer Grievance Redressal Mechanism (CGRM) and

e. Capacity Building

Directives and Guidance Notes

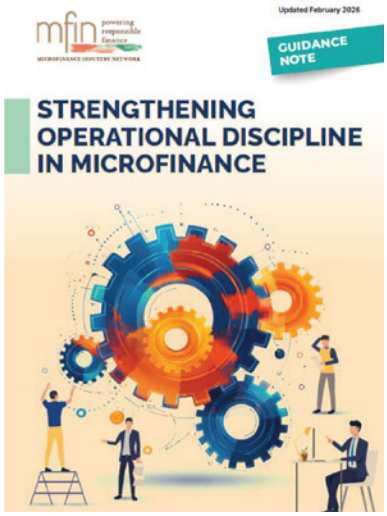
Guidance Note: MFIN released a Guidance Note on 'Strengthening Operational Discipline in Microfinance' on 11 February 2026, reiterating key regulatory and industry requirements and highlighting select operational areas requiring uniform and consistent implementation. The note specifically emphasises compliance in the areas of Household Income Assessment, Implementation of the Key Facts Statement (KFS), Pricing of microfinance loans covering all components as per RBI guidelines, and non-bundling of third-party products (TPPs) with the primary credit product in accordance with MFIN directives and guardrails.

This note was developed based on the key findings and observations emerging from the Third Party evaluations done by MFIN, highlighting areas where improved processes, controls, and adherence to prescribed norms were required across the sector.

Directive: MFIN issued a directive on 19 February 2026, mandating that the Quarterly Adherence Report (QAR) and the Guardrails Adherence Report (GAR), shared by MFIN, along with key observations and details of corrective actions taken, be placed before the Board of Directors or the appropriate Board-level Committee of the RE for review and oversight.

Guidance on IO Framework: On 14 January 2026, the RBI issued revised Directions on the Internal Ombudsman (IO) framework, superseding the earlier circular dated 29 December 2023. A brief note highlighting the key changes between the two circulars was shared with members on 23 January 2026 for their ease of reference. Members were advised to review the revised Directions in detail and ensure compliance with the applicable requirements within the prescribed timelines.

A query pertaining to the revised Directions was also taken up with the RBI, and the clarification received was subsequently shared with the members.





Surveillance and Monitoring

Website Interest Rate Display

As per the Instructions and mandate from RBI, the maximum, minimum and weighted average interest rates of individual members are compiled and published on MFIN's website. The changes in the interest rates intimated to MFIN by individual members were updated on the MFIN's website on the 7th of every month.

Third Party Evaluations (TPE)

A Key element of self-regulation involves assessing the policies and practices related to responsible lending and customer protection among MFIN members. This assessment is carried out through Third-Party Evaluations (TPEs) conducted by independent agencies empaneled by MFIN. The evaluation framework incorporates clauses from the RBI's updated regulatory guidelines, the industry CoC and various best practices from the industry. These evaluations are aimed at assessing the policies and operational framework and evaluate the adherence and implementation of various regulatory guidelines and directives issued by the SRO from time to time.

After due process, four agencies were empaneled by MFIN to conduct TPEs. During the financial year, evaluations of 15-member REs, comprising a mix of large, medium, and small institutions were conducted. The process of assessment involves document and system reviews in accordance with the guidelines and directives issued. It also involves interactions with the management and key personnel and with various functional heads and visits to the selected branches to interact with the field staff and customers.



TPE of CreditAccess Grameen Ltd. in Bengaluru, Karnataka



TPE of Muthoot Microfin Ltd. in Ernakulam, Kerala



Third Party Evaluation of BWDA Finance Ltd. in Thiruvananthapuram, Kerala

Quarterly Adherence Report (QAR)

As part of its mandate of monitoring and enforcement, MFIN obtains Quarterly Adherence Reports (QARs) for all member REs on a quarterly basis from the Credit Bureau.

Annexure C of the existing 4th edition of the Industry Code of Conduct released in October 2022 details the suggested format for generation of QARs from the bureau. The objective of the QAR reports is to provide a snapshot of compliance with the following regulatory requirements:

- Timely submission of data to the Credit Bureaus.
- Loans disbursed beyond the microfinance threshold of Household Income of Rs. 3 lakh and loans disbursed exceeding the loan repayment obligation of 50% of monthly household income.
- Discrepancies between accounts reported to bureaus and those reported to MFIN for its Micrometer publication.

Quarterly Adherence Report - A Sample

Lender Name — **Oct - Dec-25**

Data Submission to CB	
Daily Submissions	
Score: 3	Oct: 23, Nov: 22, Dec: 22
Fortnighly submission	
Score: 6	Oct F1: 17 Oct 25, Oct F2: 05 Nov 25, Nov F1: 17 Nov 25, Nov F2: 04 Dec 25, Dec F1: 16 Dec 25, Dec F2: 05 Jan 26

The scores provided above represent the number of months in the quarter in which the member was compliant with the submission criteria.

For daily submissions, lenders receive a score of 1 if at least 20 unique daily files are submitted in the month.

For fortnightly submissions, lenders receive a score of 1, if the fortnighly file is submitted on or before the 7th of the respective fornight.

Comparison of Loan Accounts Submitted to CB and MFIN	
O/S Loans On BS (Submitted to MFIN)	28,877
O/S Active Loans (Submitted to CB)	29,964
Total Loans On and Off BS (Submitted to MFIN)	48,133
Difference Between On BS loans submitted to MFIN and CB	-1,087
Difference Between total loans submitted to MFIN and CB	18,169

Parameters	No. of Accounts	%	Value in Cr	%
A/C Disbursed - During the period Q3 FY 25-26	3,184		15.22	
A/C Disbursed with HHI up to 3L and (FOIR>50%)	73	2.29%	0.36	2.37%
A/C Disbursed Crossing HHI of 3L	0	0.00%	0.00	0.00%

Accounts monthly breakup						
Indicators	Oct-25		Nov-25		Dec-25	
	Vol	Value in Cr	Vol	Value in Cr	Vol	Value in Cr
1. A/C disbursed	766	3.66	1,218	5.82	1,200	5.74
2. A/C - crossing 3L HHI	0	0.00	0	0.00	0	0.00
3. A/C - up to 3L HHI and FOIR>50%	20	0.10	21	0.10	32	0.16
4. A/C - up to 3L HHI and FOIR 51-60%	16	0.08	12	0.05	21	0.10
5. A/C - up to 3L HHI and FOIR 61-70%	4	0.02	6	0.03	2	0.01
6. A/C - up to 3L HHI and FOIR 71-80%	0	0.00	1	0.01	6	0.03
7. A/C - up to 3L HHI and FOIR 81-90%	0	0.00	1	0.01	1	0.00
8. A/C - up to 3L HHI and FOIR>90%	0	0.00	1	0.01	2	0.01

Data Source : Crif Highmark and Quarterly Reporting to MFIN

MFIN shares the QAR with each member individually

Guardrails Adherence Report (GAR)

Guardrails are a set of MFIN guidelines designed to mitigate risks, address regulatory concerns, and promote responsible lending, thereby ensuring the long-term sustainability of the microfinance sector. MFIN developed these guardrails through data-driven research, stakeholder consultations, and extensive discussions with members on critical issues in November 2024, to be implemented from January 2025/April 2025. The parameters for evaluation of the GAR include:

- Loans disbursed to borrowers with outstanding dues exceeding Rs. 3,000 and DPD greater than 60 days on any of their existing loans.
- Loans disbursed where lender became 4th or more active MFI lender
- Loans disbursed where indebtedness is more than Rs. 2 lakh

For FY 2025-26, the QAR and GAR were duly shared with all member REs for two quarters: Q1 FY 2025-26 and Q3 FY 2025-26. Members

with significant breaches across Guardrails and FOIR parameters were asked to undertake a detailed analysis of their breaches by obtaining sample accounts from CICs and submit their responses accordingly.

The structured review of QAR and Guardrails, supported by account-level analysis by REs, enabled identification of the root causes of breaches and contributed to a steady decline in industry-wide breaches over the year. This trajectory reflects growing institutional ownership of responsible lending norms, with REs increasingly embedding Guardrail and FOIR parameters into their internal credit underwriting and disbursement controls.

Guardrails Adherence Report - A Sample

Lender Name **Oct - Dec-25**

Parameters	No. of Accounts	%	Value in Cr	%
A/C Disbursed - During the period (Oct - Dec-25)	3,184		15.22	
A/C Disbursed - Crossing the Lender Cap of 3 MF lenders (G1)	84	2.64%	0.40	2.63%
A/C Disbursed - Crossing the cap of 2 Lacs (MF+unsecured retail loans only) * (G2)	53	1.66%	0.28	1.84%
A/C Disbursed - With Valid VID Seeding	3,182	99.94%	15.21	99.93%
A/C Disbursed - With Valid PAN Seeding	25	0.79%	0.11	0.72%
A/C Disbursed - Lending to NPA Clients (G3)	16	0.50%	0.08	0.53%
A/C Disbursed - Breaching the MFIN Guardrails** (G)	129	4.05%	0.65	4.27%

* Including the new loan disbursed.
**A/C Disbursed - Breaching MFIN Guardrails, includes all unique accounts disbursed during the period breaching one or two or all guardrails. Therefore, G ≠ G1 + G2 + G3.

Accounts monthly breakup

Indicators	Oct-25		Nov-25		Dec-25	
	Volume	Value in Cr	Volume	Value in Cr	Volume	Value in Cr
1. A/C disbursed	766	3.66	1,218	5.82	1,200	5.74
2. A/C crossing the Lender Cap of 3 MF lenders	21	0.11	34	0.16	29	0.13
3. A/C crossing the Indebtedness cap of 2 Lacs (MF + unsecured retail loans only)	14	0.07	23	0.13	16	0.08
4. A/C disbursed to the NPA clients	3	0.02	8	0.04	5	0.02
5. A/C breaching the MFIN Guardrails	31	0.16	53	0.27	45	0.22

A snapshot of GAR reporting Template

SRO Dashboard

As part of its SRO responsibilities, MFIN monitors the performance of member NBFC-MFIs across key critical compliance parameters using data from Credit Information Companies (CICs), and MFIN's & member NBFC-MFI's Customer Grievance Redressal Mechanism (CGRM) systems.

To provide the senior management of NBFC-MFIs with a consolidated and insightful view of these parameters, MFIN-SRO shares individual "Quarterly SRO Dashboard" with each member. In addition, an industry analysis report providing a consolidated view of all MFIN member NBFC-MFIs is also shared with the members on a quarterly basis. In FY 2025-26, dashboards and industry reports of all quarters were duly shared with member NBFC-MFIs in a timely manner.

Broadly, the SRO dashboard provides scores across 3 parameters: Credit Bureau Data submissions, Employee Bureau Data submissions and CGRM (both MFIN-CGRM and data from NBFC-MFI's own CGRM). Each of these three broad parameters further contains various sub-parameters as mentioned below:

Credit Bureau Data Submissions

- Timely submission of fortnightly and daily files
- Percentage of data accepted by the bureau
- Seeding of various parameters like voter ID, Household Income, number of instalments and instalment amount

Employee Bureau Data Submissions

- Timeliness of monthly submissions
- Non-standard employment status
- KYC fill rate for reported employees
- Enquiries made by the lender

CGRM (Both MFIN and NBFC-MFI CGRM systems)

- Resolution TAT of complaints
- Overdue complaints

Quarterly SRO Dashboard

Lender Name						Oct - Dec-25
Sl No.	**Parameter**	**Indicator**	**Score/Value**	**Quartile**	**Expected score/performance**	**Remark**
1	**Credit Bureau**	**Timeliness, frequency and quality of data submitted to the CIC (CRIF Highmark)**				Active accounts reported to CB: 2813566 ; Reporting month: Dec-25
1.1	Fortnightly submission	Submission of fortnightly file within 7 calender days of the relevant reporting fortnight	100%	Q4	100%	Oct F1: 16 Oct 25, Oct F2: 03 Nov 25; Nov F1: 17 Nov 25, Nov F2: 05 Dec 25; Dec F1: 16 Dec 25, Dec F2: 03 Jan 26
1.2	Daily submission	Submission of minimum 20 daily files per month	100%	Q4	100%	Oct: 28; Nov: 29; Dec: 30
1.3	Data acceptance	% of submitted accounts accepted by CIC (Average % acceptance in 3 monthly submissions)	100%	Q4	>98%	Oct: 100%; Nov: 100%; Dec: 100%
1.4	VID seeding	% of accepted loan accounts seeded with VID (Based on latest monthly submission data available)	99%	Q3	>95%	VID seeding as per Dec 25 submission
1.5	Total monthly family income	% of accepted loan accounts where HH income is populated (Based on latest monthly submission data available)	97%	Q3		Fill Rate is calculated as per Dec 25 submission (Only for loans disbursed from 01 Apr 2022)
1.6	Number of instalments	% of accepted loan accounts where number of instalments is populated (Based on latest monthly submission data available)	100%	Q4	100%	Fill Rate is calculated as per Dec 25 submission
1.7	Instalment amount	% of accepted loan accounts where instalment amount has been populated (Based on latest monthly submission data available)	100%	Q4	100%	Fill Rate is calculated as per Dec 25 submission
2	**Employee Bureau**	**Submission and timeliness of employee data submitted to the Employee Bureau (Equifax)**				Active employees reported to EB (Data from the inception till 31st Dec 25) : 13,142
2.1	Date of submission	Submission by 10th of subsequent month	100%	Q4	100%	Oct: 10 Nov 25; Nov: 09 Dec 25; Dec: 08 Jan 26
2.2	KYC fill rate	% of employees whose KYC is reported (overall)	99%	Q3	100%	Fill rate (From the inception till 31st Dec 25)
2.3	KYC fill rate	% of employees whose KYC is reported (latest reporting month of the quarter)	100%	Q4	100%	
2.4	Enquiries	Count of enquiries (Based on last quarter data)	9,767			Oct: 3859 ; Nov: 4404 ; Dec: 1504
2.4	Non-standard employment status	Count of non-standard (employment status) records	0			Based on the data from the inception till 31st Dec 25
3.a	**MFIN CGRM**	**Resolution and TAT of customer complaints received on MFIN CGRM**				Complaints registered during quarter: 4
3.1	Resolution TAT	Average TAT of complaints closed during the quarter	2 day(s)	NA	≤ 10 days	Complaints closed during the quarter (new+old): 4
3.2	Pending complaints	Overdue complaints	0	NA	0	Overdue complaints from previous quarter(s): Nil
3.b	**NBFC-MFI CGRM**	**Resolution and TAT of customer complaints received on NBFC-MFI CGRM as reported to MFIN**				Complaints registered during quarter: 482
3.3	Resolution TAT	Average TAT of complaints closed during the quarter	11 day(s)	NA	≤ 30 days	Complaints closed during the quarter (new+old): 530
3.4	Pending complaints	Overdue complaints that are pending for >30 days	0	NA	0	Overdue complaints from previous quarter(s): Nil

Quartiles divide the lenders into 4 groups based on the scores on a parameter. Q4 denotes that the lender's score is among the top 25% while Q1 denotes that the lender's score is among the bottom 25% of scores. Although in some cases where the data is highly skewed towards 100%, quartiles were defined manually so that categorization remains meaningful and differentiates performance effectively.

Click here to learn more about quartiles

Lower quartiles against a 100% score/best possible performance signifies that the score is shared by many other lenders.

For 1.2, the timely submission of 20 daily submissions is considered for scoring as there are around 22 working days in a month.

For 1.5 the Fill rate is calculated as a percentage of accounts populated with HH Income out of the total accounts accepted by the bureau.

For all sub-points in point 1, the expected scores are only indicative and NBFC-MFIs should strive to attain 100%.

In 2.4 the value is indicative of the count of records where employee status has not been given as per the catalogue value.

For credit bureau submissions/employee bureau submissions data as provided by bureau is used.

For MFIN CGRM, the data pertaining to complaints registered on MFIN Toll-Free number has been used. TAT for Normal Complaints: 10 Calendar Days; for Insurance, TPP, and Credit Bureau-Related Complaints: 15 Calendar Days; for Critical Complaints: 2 Calendar Days.

For any queries or concerns, please write to praveenanand@mfinindia.org

Sample SRO Dashboard

Improving Credit Information System

Credit Bureau Task Force (CBTF) and KYC Task Force

The Credit Bureau Task Force is constituted as a specialized working group to examine, deliberate, and provide recommendations on issues relating to Credit Bureaus within the microfinance ecosystem. This Task Force comprises representatives from member REs, enabling a collaborative and informed approach for addressing aspects such as data accuracy, quality and standardization.

During the year, two CBTF meetings were convened, wherein key issues were discussed in detail, consensus-based views were developed, and actionable recommendations were formulated for further engagement with members and Credit Bureaus to drive improvements in data practices and overall system efficiency.

The CBTF meeting held on 2 April 2025 was to resolve ongoing differences between MFIN, REs, and CICs regarding the interpretation and reporting of breaches in reports like QAR, Guardrails, and RBI submissions. The solutions to the issues as deliberated and finalized during the meeting were incorporated in the logic of extracting QAR and GARs.

Some of the challenges identified during the meeting pertained to the usage of KYCs, leading to the constitution of a dedicated Taskforce on KYC with representation from all member entities – Banks, NBFCs, SFBs and NBFC-MFIs. This taskforce met on 30 May 2025 to deliberate on these issues and develop actionable recommendations to promote uniformity in KYC data usage and reporting practices across the industry.

Based on the discussions held in the above referred meetings, a second CBTF meeting was convened on 29 August 2025 to conclude on the issues already deliberated upon and to formulate an action plan aimed at minimizing discrepancies in credit bureau data submission and usage.

The finalized action plan emphasized the mandatory use of VID for extracting CIRs prior to microfinance loan disbursement, along with e-validation of all VIDs as per Guardrails. In cases where an RE has implemented e-KYC (Aadhaar validation) for verifying the demographic details of the customer, even if there is an acceptable level of discrepancy between the demographic details in the VID and Aadhaar, the demographic details as mentioned in Aadhaar may be used along with the VID number for extracting the CIR. Further, the VID number and demographic details used for CIR extraction should be mandatorily submitted to the bureaus post-disbursement. In addition, PAN was recommended as a mandatory second ID to strengthen bureau records, and all REs were encouraged to transition towards daily data submission to bureaus in a phased manner, in line with Guardrails 2.0.

Engagement with RBI on Microfinance Reporting Framework

Through its ongoing monitoring, member interactions, and deliberations across various industry forums, MFIN had consistently observed and highlighted operational and reporting inconsistencies in the reporting of microfinance loans to the Credit Bureaus.

Differing industry practices, coupled with the absence of uniform guidance from CICs, had further resulted in ambiguity in the classification and reporting of microfinance loans.

It was felt that, in order to eliminate ambiguity and ensure accurate coverage, the definition of microfinance loans should not only align with the regulatory definition but also take into account the lending methodology and the broader conceptual understanding of

microfinance, thereby enabling appropriate identification, capture, and classification of all such loans. These issues were deliberated in detail at the MFIN Board level, following which it was decided to approach the RBI to apprise it of the concerns and provide suggestions for strengthening the reporting framework. Pursuant to MFIN's representation, the RBI subsequently constituted a Technical Working Group (TWG) to deliberate on the matter and provide its recommendations.

Customer Grievance Redressal Mechanism (CGRM)

The Customer Grievance Redressal Mechanism (CGRM) is an important element of the customer protection framework, ensuring that clients have both, the right and the opportunity to seek resolution of their grievances in a fair, transparent, and timely manner. While the grievance redressal systems of individual lenders function as the primary point of contact for customers, it is well acknowledged that access to an independent and impartial redressal mechanism is crucial, especially in situations where concerns remain unresolved through the internal processes of financial service providers.

Such an external mechanism not only reinforces customer confidence in the system but also strengthens institutional accountability. It offers an unbiased avenue for dispute resolution, helps in identifying systemic gaps, and encourages compliance with regulatory and industry standards. In the microfinance context, where customers may have limited awareness or negotiating power, a strong and easily accessible CGRM is essential for protecting their interests and building trust in the financial ecosystem.

Alongside the individual REs' grievance redressal systems, MFIN hosts a CGRM of its own which stands as the largest grievance redressal platform operated by an industry association in the microcredit sector globally, reinforcing MFIN's commitment to transparency, accountability and customer-centricity in financial services.

MFIN mandated its member NBFC-MFIs to publish the MFIN-CGRM toll-free number on loan cards issued to their customers as well as to display it prominently at their branches.

MFIN's Toll free number

1800 102 1080

for customers of MFIN member REs

(Mon – Sat: 9:30 am till 5:30 pm)

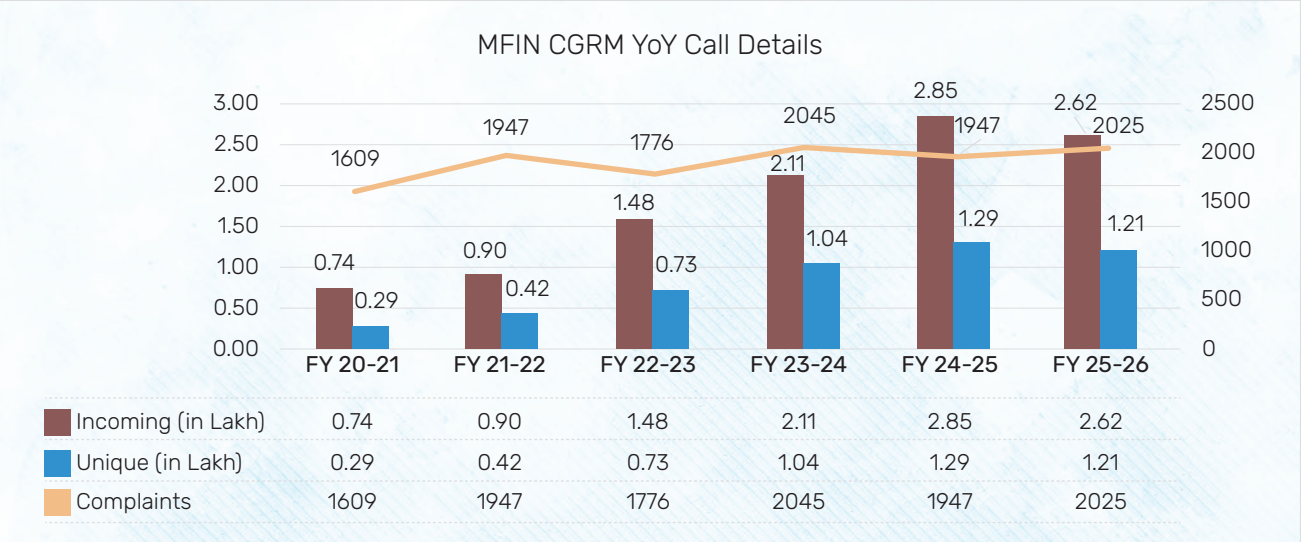
Complaints received after working hours are recorded through Interactive Voice Response (IVR)

MFIN CGRM operates in 12 Languages

Assamese, Bengali, English, Gujarati, Hindi, Kannada, Malayalam, Marathi, Odia, Punjabi, Tamil, and Telugu.

MFIN CGRM YoY Call and Complaints snapshot

The details of the calls, number of unique callers and complaints received by MFIN CGRM over the last six years are presented below:



	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Incoming (in Lakh)	0.74	0.90	1.48	2.11	2.85	2.62
Unique (in Lakh)	0.29	0.42	0.73	1.04	1.29	1.21
Complaints	1609	1947	1776	2045	1947	2025

Source: MFIN CGRM data

Capacity Building

ASCEND (The Education and Advancement Program in Microfinance)

While entities engaged in microfinance have their own induction and training modules for field staff, there has been a long-felt need to standardize competencies across the industry. Based on requests received from member REs, an online certification program for training frontline field staff engaged in microfinance was developed and was formally launched on 3 May 2025 during the annual CEO's conclave – MANTHAN.

The objective of having such a program was to strengthen operational capabilities, enhance professionalism and promote best practices across the microfinance ecosystem. It is a comprehensive, self-paced, AI proctored online certification program, developed entirely in-house. It offers industry-recognized training through modules covering financial inclusion, regulatory frameworks, SRO functions, microfinance products, operations, customer service, technology, branch management and case-based learnings.

'NSEIT DEX', now renamed as DEXIT Global, a 100% subsidiary of NSEIT hosts the program and conducts AI-proctored examinations, given its prior experience in administering recognised examinations such as those conducted by IIBF. BIRD (Bankers Institute of Rural Development) hosts the video content for each module on its LMS and facilitates live doubt-clearing sessions for the participants.

The program incorporates the following key features designed to enhance effectiveness and outcomes-

- Content available in both English and Hindi language, provided in downloadable PDF format
- Recorded video sessions on each module in both the languages hosted on the LMS of BIRD
- Live doubt clearing sessions facilitated by the faculty of BIRD

- Facility of both Individual and Bulk registration of participants
- Communication with participants through e-mails and WhatsApp messages at every stage
- Helpline to assist on technical issues
- Monthly examinations - Participants are jointly certified by MFIN and BIRD











The top 5 scorers of the first examination were felicitated in Mumbai on 14 November '25, in the presence of more than 200 delegates, from across the sector.

Lead Edge: (A Management and Leadership development program)

LeadEdge is MFIN's capacity-building initiative designed for mid- to senior-level professionals in the microfinance sector, with a focus on strengthening leadership, team management, and decision-making capabilities. The 3-day residential program adopts a blended learning approach, combining simulation exercises, situational analysis, and role plays with a strong emphasis on developing critical soft skills essential for navigating the evolving microfinance landscape. It also serves as a platform for peer learning and cross-institutional exchange, enabling participants to gain practical insights and align with industry best practices.

During the year, two batches of the program (Batch VIII and IX) were successfully conducted at XIM University, Bhubaneswar, with a total of 62 participants from member institutions.

- The VIII batch, held from 20-22 August 2025, saw participation from 32 professionals across eight institutions and featured engaging interactions with industry leaders, including Mr. Soham Shukla, Chief Operating Officer- Microfinance & Inclusive Banking, AU Small Finance Bank Ltd and Mr. Gaurav Dixit, Head-SRO, MFIN.
- The IX batch, conducted from 4-6 February 2026, brought together 30 participants from eight institutions and concluded with insightful sessions by Mr. Ganesh Narayanan, MD & CEO, CreditAccess Grameen Ltd and Ms. Sheetal Jain, VP-SRO, MFIN, focusing on leadership skills and sectoral developments.





VIIIth Batch





IXth Batch

New Initiatives

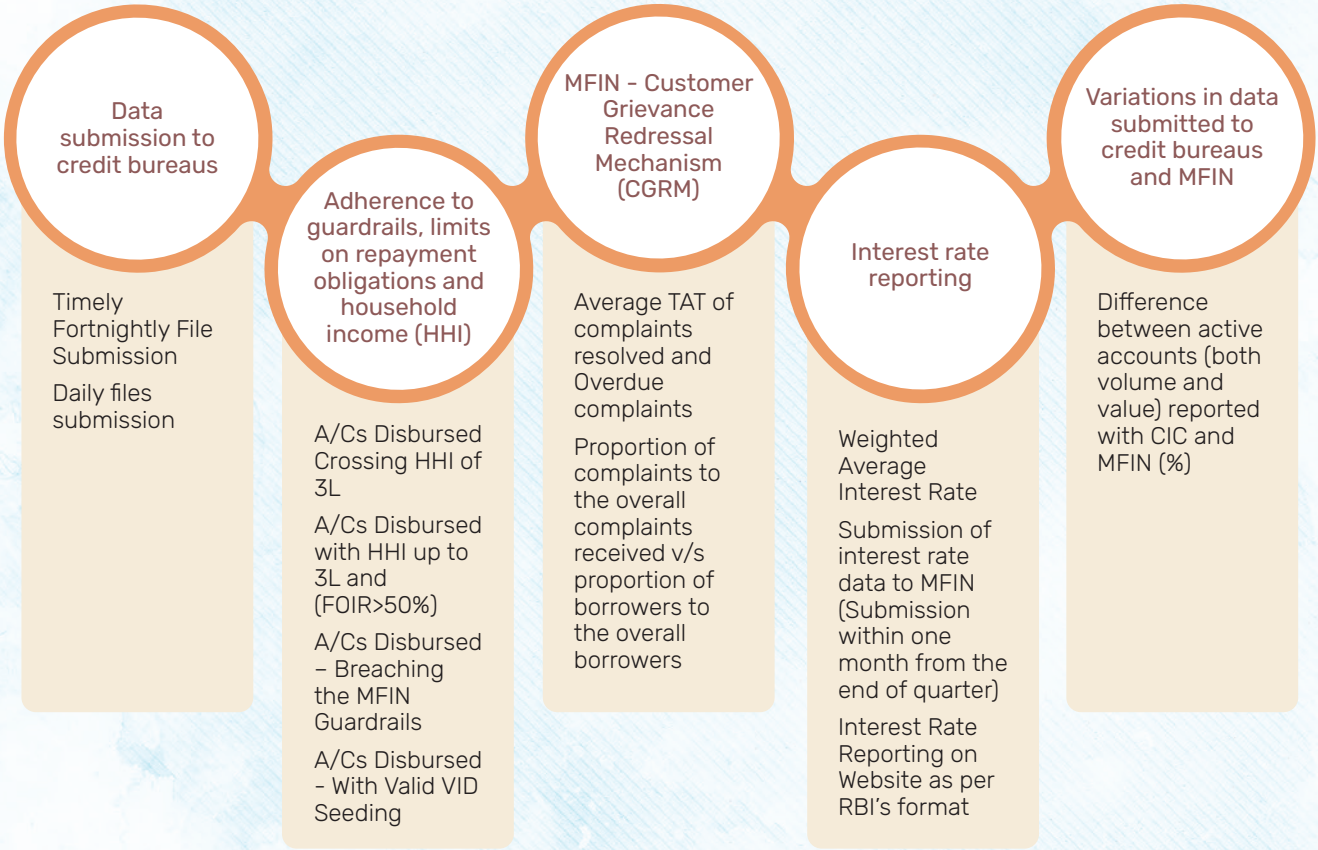
CGRM Enhancement: Improved Transparency and Communication

To strengthen transparency and borrower communication, key enhancements were introduced in the CGRM system. During Q3 of FY 2025-26, an SMS notification feature was implemented to keep borrowers informed of their complaint status throughout the resolution lifecycle with automated alerts triggered at key stages such as registration, verification, and closure of every complaint.

The feature was initially launched in English in November and subsequently expanded to 11 other languages – Assamese, Bengali, Gujarati, Hindi, Kannada, Malayalam, Marathi, Odia, Punjabi, Tamil, and Telugu thereby enhancing accessibility and transparency.

Comprehensive Compliance Rating Framework (CCRF)

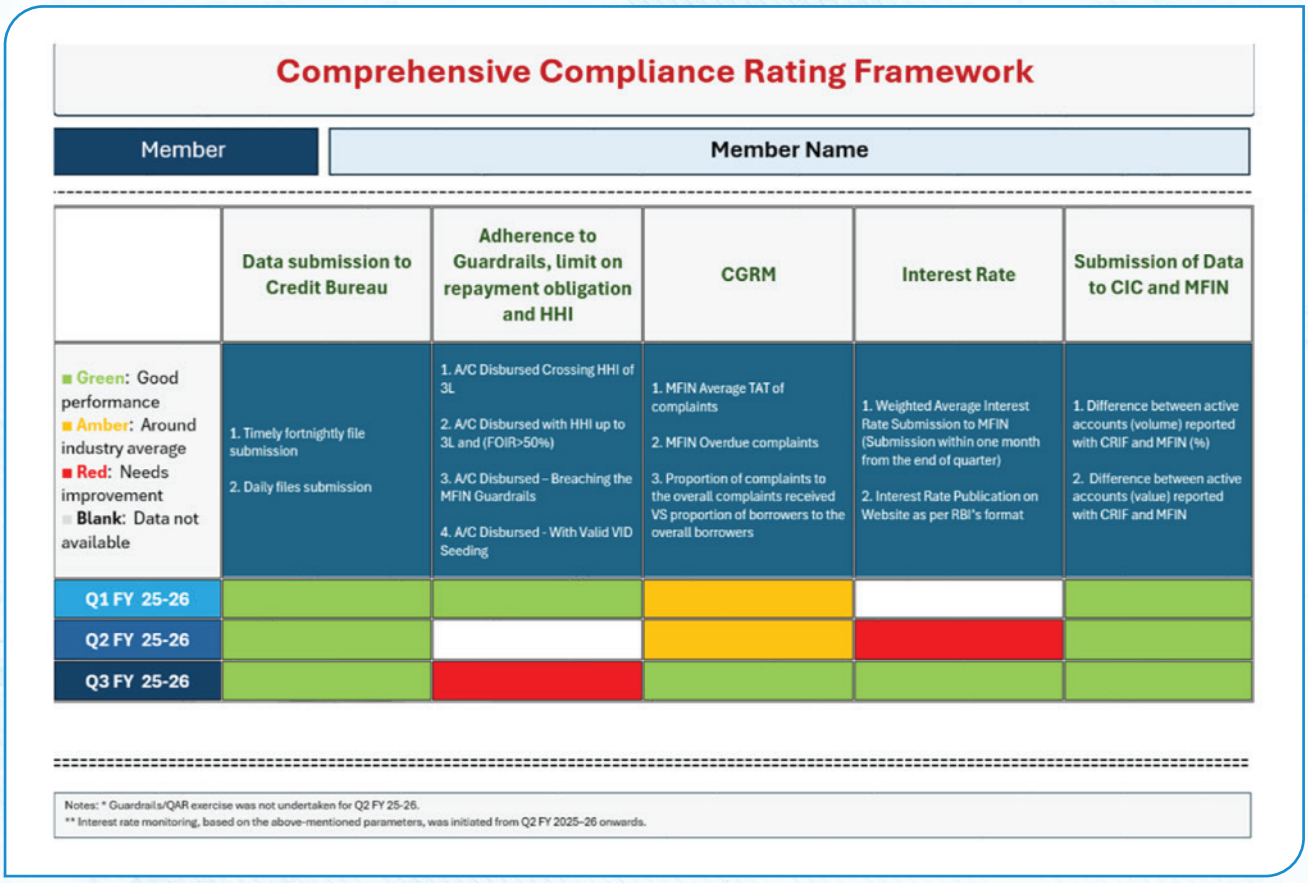
As a new initiative during the year, a quarterly monitoring framework is being developed to strengthen the oversight mechanism and track the key indicators across critical domains such as analysis of the data submitted to credit bureaus, adherence to guardrails & stipulated limits on repayment obligations, grievance redressal, interest rate reporting and variations in data submitted to CICs and MFIN. The framework was developed based on the SROC's suggestion.



The framework incorporates a colour-coded risk rating system comprising of three categories: Green, Amber, and Red. 'Green' indicates areas of good performance, 'Amber' indicates that the RE's performance is around the industry average, and 'Red' indicates areas that need improvement. Each of the five broad areas comprises a set of granular parameters, with the final colour-coded rating determined through a structured scoring framework that assigns importance based on the criticality of individual indicators.

The framework has two parts: the first contains a consolidated view of all members and the second contains individual reports developed and shared with respective REs.

Based on feedback received from SROC and the MFIN Board, the framework is currently being implemented on a pilot basis, with reports being shared with some of the member institutions on a quarterly basis to solicit feedback prior to a formal rollout.



Comprehensive Compliance Rating Framework

Member	Member Name

	Data submission to Credit Bureau	Adherence to Guardrails, limit on repayment obligation and HHI	CGRM	Interest Rate	Submission of Data to CIC and MFIN
Green: Good performance Amber: Around industry average Red: Needs improvement Blank: Data not available	1. Timely fortnightly file submission 2. Daily files submission	1. A/C Disbursed Crossing HHI of 3L 2. A/C Disbursed with HHI up to 3L and (FOIR>50%) 3. A/C Disbursed – Breaching the MFIN Guardrails 4. A/C Disbursed - With Valid VID Seeding	1. MFIN Average TAT of complaints 2. MFIN Overdue complaints 3. Proportion of complaints to the overall complaints received VS proportion of borrowers to the overall borrowers	1. Weighted Average Interest Rate Submission to MFIN (Submission within one month from the end of quarter) 2. Interest Rate Publication on Website as per RBI's format	1. Difference between active accounts (volume) reported with CRIF and MFIN (%) 2. Difference between active accounts (value) reported with CRIF and MFIN
Q1 FY 25-26					
Q2 FY 25-26					
Q3 FY 25-26					

Notes: * Guardrails/QAR exercise was not undertaken for Q2 FY 25-26.
** Interest rate monitoring, based on the above-mentioned parameters, was initiated from Q2 FY 2025-26 onwards.

Snapshot of the Comprehensive Compliance Rating Framework

Other Work Areas

Customer Protection Measures

In alignment with its mandate to uphold responsible lending and customer protection standards, MFIN SRO undertook prompt action in response to reports of coercive recovery practices and suicide incidents where member REs involvement was cited. Such reports, received through field-level inputs as well as query letters from government authorities, were subjected to detailed, case-wise examination by the SRO team.

The sector also witnessed heightened media scrutiny, particularly in Karnataka and Bihar, following a few isolated incidents.

All reported and escalated cases were comprehensively assessed to identify any potential regulatory violations. Credit Information Reports (CIRs) of the concerned borrowers were reviewed to detect deviations from applicable RBI guidelines and MFIN directives. Based on this examination, formal communications were issued to the respective lenders outlining the specific allegations, and clarifications were sought regarding the identified discrepancies.

Responses to Queries and information to Regulators

During the year, MFIN actively engaged with the Department of Financial Services (DFS) in responding to multiple parliamentary questions (Lok Sabha and Rajya Sabha queries) pertaining to the microfinance sector. The queries largely focused on key sectoral issues such as regulatory framework, interest rate practices, borrower protection, grievance redressal, rising delinquencies, and region-specific concerns. These engagements reflect the growing policy attention on ensuring responsible lending, transparency, and sustainability within the microfinance ecosystem.

MFIN provided comprehensive and timely responses, offering sectoral insights, regulatory perspectives, and ground-level understanding of microfinance operations. Through these submissions, MFIN played a constructive role in supporting evidence-based policymaking and reinforcing confidence in the sector.

Credit Bureau submissions

The SRO continued to monitor credit bureau data submissions by its member REs. On a monthly basis, a communication was issued to all members highlighting those that met the timeliness requirement. In cases of non-submission, clarifications were also sought from the REs in question. These parameters were also reflected in each member's individual SRO Dashboards.

Deeper Engagement with Employee Bureau (EB)

Along with the monitoring of employee bureau submissions on a monthly basis, periodic reviews and validations of the submitted data were undertaken to ensure completeness, consistency, and adherence to the prescribed formats and timelines. The monitoring reports and data submission formats of EB were reviewed with a view to eliminate redundancies and enhance data accuracy. Feedback was obtained from member institutions to identify existing gaps and areas for improvement. Based on these inputs, multiple rounds of discussions were held with the Equifax team to address the identified issues and streamline the reporting framework.

Webinars

Data Submission to the RBI

SRO conducted a webinar on 29 July 2025, on Quarterly Data Submission to RBI, focusing on key parameters of the data collection template, addressing common challenges, and gathering member feedback. The session also served as a clarification forum, wherein members raised specific issues encountered during data collation; the responses to these queries contributed to improved accuracy and greater uniformity in submissions. The webinar witnessed participation from around 70 representatives of member NBFC-MFIs.

Following the RBI's revisions to the quarterly submission format (Part 2) on 6 October 2025, a second webinar was conducted on 6 November 2025, to ensure alignment with the updated requirements. Building on the earlier session, the webinar covered revised guidelines and reiterated key recurring issues with participation from around 60 representatives.

ASCEND

A webinar on ASCEND was organised on 9 October 2025 to provide an overview of the program and a walkthrough of the portal for the L&D and HR teams of the member REs. More than 70 participants attended the webinar.

Labour Codes

MFIN, in collaboration with Deloitte, conducted a webinar on 10 February 2026, to familiarize member REs with key provisions and compliance requirements of the new Labour Codes. The session covered wage definitions, illustrative scenarios, and core aspects of the four Labour Codes, with participation from over 100 representatives across member organisations.

Training Session on POSH

A training session on MFIN's Policy on Prevention of Sexual Harassment (POSH) at the workplace was conducted for MFIN employees on 27 November 2025. The session was facilitated by the external member of MFIN's POSH Committee and aimed at enhancing awareness and understanding of the organisation's commitment to maintaining a safe and respectful work environment.

The session covered the key provisions of the POSH policy, including the definition and scope of sexual harassment, roles and responsibilities of employees, and the importance of fostering a culture of dignity and mutual respect at the workplace. It also provided guidance on the process for reporting incidents, the functioning of the Internal Committee, and the mechanisms available for redressal of complaints. Employees were encouraged to ask questions and actively participate, ensuring better clarity and confidence in addressing such issues.

International Engagement

Head-SRO and VP-SRO, MFIN, engaged with a delegation from the National Bank of Ethiopia (NBE) on 12 January 2026, which was facilitated by Financial Sector Deepening Ethiopia (FSD Ethiopia) and MicroSave Consulting (MSC). They shared MFIN's experience as an SRO in strengthening the microfinance ecosystem, with discussions focused on responsible lending, customer protection, digital transformation, risk management, financial literacy, and expanding rural credit access.



MFIN Team with the delegation from National Bank of Ethiopia (NBE)



State Initiatives

Ensuring seamless operations of Member Regulated Entities on the field is one of the key responsibilities of MFIN, and this mandate is carried forward by the State Initiatives vertical with a lean team that works proactively and in a structured manner.

The vertical anchors its work through an Annual Action Plan drawn up at the start of the financial year, around three core pillars, namely outreach to the State and District Administrations, outreach to Borrowers, and Field Outreach with engagement from CXOs to Field Officers of the Member Entities. Over and above these planned interventions, the team convenes emergent meetings and undertakes field visits whenever the criticality of an incidence so warrants.

On a daily basis, the team also tracks negative news about the sector across print, electronic, and social media, verifies the veracity of reports, escalates findings to the concerned State or District authorities as well as to the Regional Directors of RBI, and, where warranted, secures rebuttals on online news portals. Every activity, meeting, and field engagement is logged on the SI dashboard, enabling real time review and close monitoring by the leadership.

State Legislations

The reporting year witnessed significant legislative developments in the microfinance space, with three States initiating dedicated legislations for the sector. Bihar advanced to the Bill stage, awaiting notification; Tamil Nadu enacted its legislation and notified the corresponding Rules during the year; and Karnataka formalized the earlier Ordinance into an Act and notified the Rules in the later part of the year. MFIN remained closely engaged with policy makers in each of these States, offering inputs on clauses concerning the operations of Regulated Entities, on grievance redressal, and on coordination with the existing RBI regulations, with the objective of ensuring that member entities could continue to serve borrowers without operational disruption. At every stage of these developments, RBI was kept duly apprised, and its intervention was sought with the respective State Governments for the total exemption of Regulated Entities from the purview of these State legislations.

At a glance, the three legislations sit on a clear spectrum in their treatment of RBI Regulated Entities. The Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Act, 2025 exempts all Regulated Entities from the operation of the Act in their entirety, leaving the recovery conduct of Regulated Entities to be governed exclusively by the framework of the Reserve Bank of India. The Tamil Nadu Money Lending Entities (Prevention of Coercive Actions) Act, 2025, while exempting Banks, NBFCs registered with the Reserve Bank of India, Co-operative Banks and Co-operative societies from the operation of the Act, applies, through a proviso, the provisions relating to 'coercive action' to the NBFCs and the Co-operative entities, even as Banks remain outside the scope of the proviso. The Bihar Micro Finance Institutions (Regulation of Money Lending and Prevention of Coercive Actions) Bill, 2026 takes the Tamil Nadu construct a step further, since Section 2(2) lists the Regulated Entities that are exempted from the operation of the Act, but Section 2(3), through a non obstante clause, applies the provisions on the prohibition of coercive recovery methods, on borrower protection measures and on fair recovery practices to every entity so exempted, with the consequence that all Regulated Entities, including Scheduled Commercial Banks and NBFCs, stand attracted to the recovery related provisions of the Bill.

Bihar

In Bihar, the Bihar Micro Finance Institutions (Regulation of Money Lending and Prevention of Coercive Actions) Bill, 2026 was passed by the Legislative Assembly on 26 February 2026 and by the Legislative Council on 27 February 2026, with the assent of the Hon'ble Governor presently awaited. The vertical had begun engaging on the matter well in advance, meeting officials of the Government of Bihar in August 2025, when it learnt that the Finance Department was preparing the Bill. Between October 2025 and February 2026, the team engaged with the Chief Secretary and the Finance Secretary, obtained a copy of the draft, and submitted a representation seeking the exemption of Regulated Entities in their entirety. RBI was also kept informed of these developments.

On 27 February 2026, immediately after the passage of the Bill, MFIN issued a Press Release flagging the duality of regulation created by Section 2(3), notwithstanding the carve out in Section 2(2) for Regulated Entities. Section 2(2) of the Bill exempts Scheduled Commercial Banks, Regional Rural Banks, NBFCs holding a valid Certificate of Registration from the Reserve Bank of India, Housing Finance Companies regulated under the National Housing Bank Act, and the cooperative banking entities from the operation of the Act in respect of their lending operations, while Section 2(3), through a non-obstante clause, brings these very entities back within the ambit of the Act for the provisions relating to the prohibition of coercive recovery methods, borrower protection measures and fair recovery practices in respect of recovery of loans from borrowers within the State of Bihar, thereby creating the very duality of regulation that the Press Release sought to flag. Through its letter of 5 March 2026, the objections were formally recorded with the Chief Secretary of Bihar, with a copy endorsed to the Secretary, Department of Financial Services, Government of India, and were also sent to the Deputy Governor of the Reserve Bank of India for his intervention at the stage of framing of the Rules. Following the assumption of charge by the new Hon'ble Governor on 14 March 2026, MFIN addressed a representation on 16 March 2026 requesting an audience to present the concerns of Regulated Entities before the Bill attains finality.

The submissions of MFIN rest on the settled position that State legislation cannot regulate Regulated Entities of the Reserve Bank of India. In Nedumpilli Finance Company Limited v. State of Kerala & Ors., decided on 10 May 2022, the Hon'ble Supreme Court of India held that Chapter III B of the RBI Act, 1934 is a complete code in itself governing NBFCs, and that State money lending laws have no application to NBFCs registered with and regulated by the Reserve Bank of India, a view subsequently followed by the Hon'ble High Court of Telangana in SKS Micro Finance Ltd. v. State of Andhra Pradesh.

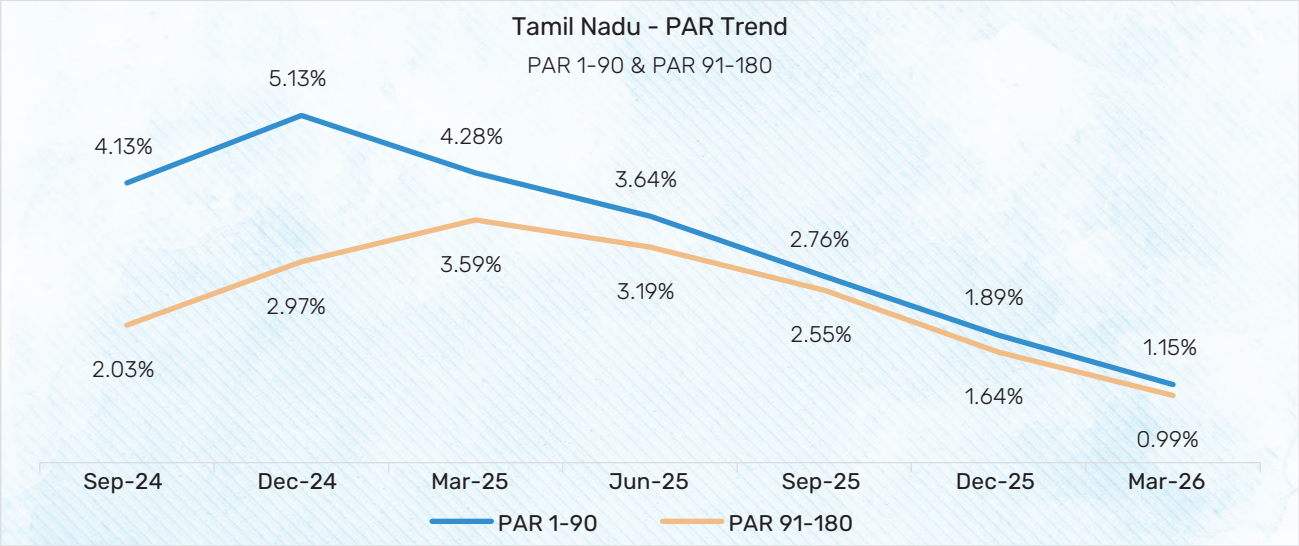
To reinforce this position, MFIN sought a legal opinion from the Hon'ble Mr. Justice (Retd.) Dr. D. Y. Chandrachud, Former Chief Justice of India, who conclusively opined that the Bihar Bill, if enacted, would be constitutionally invalid in its application to RBI Regulated Entities, namely Scheduled Commercial Banks, Small Finance Banks and NBFCs including NBFC-MFIs, and that Section 2(3) of the Bill is void and would, in any event, be overridden by the RBI Act and the relevant statutory Directions of the RBI. The opinion was also placed on record with the RBI. MFIN continues to closely monitor developments, pursue its representations with the State and the Central authorities, and keep the Reserve Bank of India duly apprised.

Tamil Nadu

The Tamil Nadu Money Lending Entities (Prevention of Coercive Actions) Act, 2025 was enacted during the year, with the corresponding Rules notified by the Government of Tamil Nadu on 19 November 2025. Section 2 of the Act exempts Banks, NBFCs registered with the Reserve Bank of India, Co-operative Banks and Co-operative societies from its operation, but, through a proviso, applies the provisions relating to 'coercive action' against the borrower to the NBFCs registered with the Reserve Bank of India, Co-operative Banks and Co-operative societies.

Thereby reintroducing for Regulated Entities a layer of State regulation in respect of recovery conduct that is already comprehensively governed by the RBI framework.

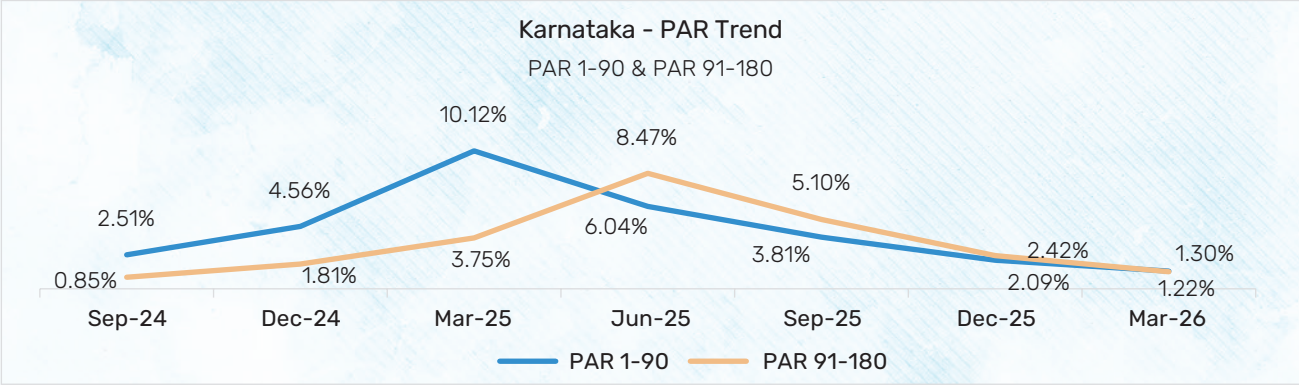
At the draft Rules stage, MFIN, vide its communication of 28 August 2025, submitted detailed suggestions to the Additional Chief Secretary (Home Department), Government of Tamil Nadu, on the draft titled "The Tamil Nadu Money Lending Entities (Prevention of Coercive Actions) Rules, 2025", drawing attention, *inter alia*, to the position that the conduct of Regulated Entities is comprehensively governed by the RBI framework, and seeking appropriate clarifications. The Reserve Bank of India was kept apprised of these developments at every stage. Operations of member entities in the State have since continued without significant impact, even as the vertical continues to monitor developments closely in the run up to the assembly elections in the State.



Source: MFIN Micrometer

Karnataka

In Karnataka, what had begun as the Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Ordinance, promulgated in February 2025, was subsequently formalised into the Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Act, 2025, with the Rules notified in the later part of the year. The Act exempted all Regulated Entities from its applicability in their entirety. At the draft Rules stage, MFIN, vide its communication of 18 August 2025, placed before the Secretary of the Finance Department (Fiscal Reforms), Government of Karnataka, its objections and suggestions on the draft titled "The Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Rules, 2025".



Source: MFIN Micrometer

The Government of Karnataka was receptive to the inputs of MFIN and duly accepted the three suggestions and notified the final Rules on 17 October 2025. While the legislation had had an initial impact on the field, the situation stabilized following the sustained engagement of MFIN with stakeholders and with borrowers in the affected districts, the narrative around it has since faded, and the asset quality of the new book has improved and is sustaining.

Borrower Outreach

Outreach to Borrowers during the year was driven primarily through the Microfinance Awareness Programmes, popularly referred to as MFAPs. MFAPs are structured awareness camps conducted on the ground in borrower habitations, where MFIN, along with member entities, sensitises borrowers on responsible borrowing, on the grievance redressal channels available to them, on the risks of dealing with non-state actors and unregulated lenders, and on the protections available to them under the RBI regulatory framework. Building on the encouraging outcomes of the pilot programmes initiated during the previous year in Eastern Uttar Pradesh to restore normalcy and to control the vandalism by non – state actors, MFAPs were institutionalized across priority geographies in FY 2025-26, and a record 139 MFAPs were organized during the year. Member Regulated Entities anchored the programmes as Lead MFIs, ensuring seamless logistics on the ground.

> *वित्तीय साक्षरता किसी भी व्यक्ति के जीवन का एक महत्वपूर्ण पहलू है। इस इलाके में अनधिकृत लोग भ्रामक प्रचार कर रहे हैं। इससे भ्रमित होने की जरूरत बिल्कुल नहीं है।*
>
> ***- Ms. Deepti Pant, DDM, NABARD, Gorakhpur, UP, 17 April, 2025***

> *I caution borrowers against fraudulent middlemen who spread misinformation, such as false claims about institutions shutting down or encouraging loan defaults for personal gain. In contrast, microfinance institutions operate under RBI-prescribed norms with a strong focus on customer welfare. Avoid illegal moneylenders who charge exorbitant interest and demand collateral and ensure timely repayment of loans to maintain a healthy financial cycle that supports both your personal and business growth.*
>
> ***- Mr. Rajarshi Shah, DC, Adilabad, Telangana, 6 June 2025***

> *Borrow responsibly, only when genuinely required, repay loans regularly to maintain a good credit history and avoid unregulated lenders who operate outside the ambit of legal financial systems, often trapping borrowers in exploitative debt cycles*
>
> ***- Mr. Mohan Kumar, Tahsildar G-2, Hassan, Karnataka, 16 July, 2025***

> *Microfinance loans should be taken as per need and repaying capacity and timely repayment of it. On timely repayment of loan amount will improve your credit score this will increase your chance of further loan amount in future needs*
>
> ***- Ms. Jyothsana Krishna, Sr. DC, Purnia, Bihar, 16 July, 2025***

A distinctive feature of the MFAPs during the year was the active presence of the district administration. District Officials, including District collectors, Superintendents of Police, Sub Divisional Magistrates, District Development Managers of NABARD, Lead District Managers of Banks, as well as officers from the Cyber Security Cell and the Economic Offences Wing, among others, addressed the borrowers at the programs, reinforcing the message that microfinance is a regulated activity and that borrowers should engage only with MFIN. The programmes witnessed an average turnout of about 80 borrowers at each venue, with several participants sharing success stories of livelihood transformation. Wide coverage in the local print and electronic media was secured for each program, amplifying the messaging well beyond the immediate audience at the venue and creating a visible first line of defense against misinformation and disruption.

Glimpses of Microfinance Awareness programmes (MFAPs)







Detail of MFAPs conducted during the FY 2025-26.

State	No of MFAPs Conducted
Karnataka	21
Bihar	18
Tamil Nadu & Puducherry	16
Madhya Pradesh	14
Maharashtra & Goa	12
West Bengal	11
Andhra Pradesh & Telangana	9
Gujarat & UTs	9
Uttar Pradesh	8
Kerala	5
Odisha	5
Jharkhand	4
Chhattisgarh	2
Haryana	2
Assam	1
Punjab	1
Rajasthan	1
Total	**139**

Source: MFIN Data Hub

Stakeholder Engagements

Sustained engagement with key government stakeholders remained a cornerstone of the vertical's work during the year. The Team held structured meetings with Chief Secretaries of Bihar, Tamil Nadu and Karnataka; Regional Directors of RBI at Patna, Chennai and Bengaluru; Finance Secretaries of states of Gujarat, Bihar and Karnataka; as well as with District Collectors, Superintendents of Police, Lead District Managers and District Development Managers of NABARD across priority districts, spread throughout the year. In aggregate, the vertical reached out to around 150 District Collectors, Superintendents of Police and Lead District Managers during the year, using these engagements to explain the differentiation between Regulated Entities and Non – Regulated Entities, the regulatory supervision by the Reserve Bank of India and the oversight exercised by MFIN as the recognized Self – Regulatory Organisation, and to seek the support and the cooperation of the administration where required.

Field Outreach

Engagement with members on the field was strengthened through State Chapter Meetings and District Forum Meetings convened through the year. State Chapter Meetings brought together senior representatives of member entities at the State Level to align on regulatory developments, emerging risks in the field, and on coordinated responses, while District Forum Meetings served as a grassroot platform for branch and field officers to share the realties on the ground, to escalate concerns, and to plan joint action in coordination with the local authorities. During the year, the vertical organized 44 physical State Chapter Meetings, 408 District Forum Meetings, and 27 online State Chapter Meetings.

Details of meetings conducted during the FY 2025-26



Northern Region

States	State Chapter Meetings	State Coordination Committee Meetings	District Forum Meetings	Special Meetings	Radar Workshops	Microfinance Awareness Programmes (MFAPs)
UP	4	2	18	2	18	8
PB, HR & DL	4	3	36	6	36	3
JK& HP	-	-	4	-	4	-
RJ	3	2	24	2	24	1
UK	1	-	4	-	4	-
Total	**12**	**7**	**86**	**10**	**86**	**12**

Southern Region

States & UTs	State Chapter Meetings	State Coordination Committee Meetings	District Forum Meetings	Special Meetings	Radar Workshops	Microfinance Awareness Programmes (MFAPs)
AP & TG	5	4	22	-	12	9
TN & PY	5	4	26	-	12	16
KA	8	4	32	9	32	21
KL	6	2	20	1	20	5
Total	24	14	100	10	76	51

East & Northeast Region

States	State Chapter Meetings	State Coordination Committee Meetings	District Forum Meetings	Special Meetings	Radar Workshops	Microfinance Awareness Programmes (MFAPs)
OD	4	3	18	-	24	5
WB	3	3	20	-	20	11
AS & NE	4	3	24	-	26	1
Total	11	9	62	-	70	17

Western Region

States & UTs	State Chapter Meetings	State Coordination Committee Meetings	District Forum Meetings	Special Meetings	Radar Workshops	Microfinance Awareness Programmes (MFAPs)
MH & GA	4	3	40	3	20	12
GJ & DD + DN	4	1	33	1	21	9
Total	8	4	73	4	41	21

Central Region

States	State Chapter Meetings	State Coordination Committee Meetings	District Forum Meetings	Special Meetings	Radar Workshops	Microfinance Awareness Programmes (MFAPs)
MP	3	3	8	-	88	14
CJ	3	2	11	1	47	2
Total	6	5	19	1	135	16

Bihar and Jharkhand

States	State Chapter Meetings	State Coordination Committee Meetings	District Forum Meetings	Special Meetings	Radar Workshops	Microfinance Awareness Programmes (MFAPs)
BH	5	5	40	4	40	18
JH	5	4	28	3	28	4
Total	10	9	68	7	68	22

Glimpses from State Chapter Meetings









State Elections

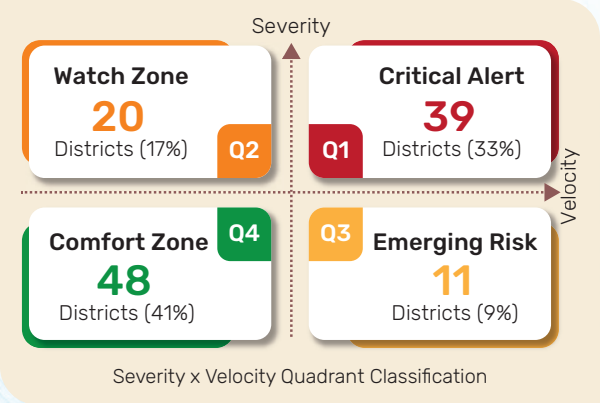
With Several States having elections during the year, the vertical undertook a focused preparedness exercise to insulate microfinance operations from disruptions. Subsequent to the notification of elections and bye-elections to the respective legislative assemblies, MFIN reached out to all the State Election Commissioners concerned, apprising them of the operations of member Regulated Entities and of the associated cash movements forming part of the routine operations, and sought their support in the respective states. The formal acknowledgments and the communications received from the State Election Commission were promptly circulated to all the State and Zonal Heads of Members for ready reference in the field.

In parallel, the State and Zonal Heads of members were sensitized through virtual State Chapter meetings and field officers through District Forum Meetings, supported by a clearly articulated set of do's and don'ts and Standard Operating Procedures to be followed during the election period, and by a short video with a voice-over depicting the expected conduct of field officers in the event of their being stopped by election officials during transit. A dedicated online meeting of all state and zonal heads of election bound states was convened by the Head of the State Initiatives on 31 March 2026.

Election Bound States - District Risk Index (EBS- DRI)

As a further tool of risk management, the vertical developed the Election Bound States District Risk Index (EBS-DRI), covering 118 districts of the election bound and by-election bound states namely Assam, Gujarat, Karnataka, Kerala, Maharashtra, Puducherry, Tamil Nadu and West Bengal, the report was circulated to members for their review and for the deployment of additional resources, wherever required.

The index was based on three dimensions viz., operational risk severity, velocity, and direction across seven pillars (viz Political Environment, Reported Fraud Incidents, Complaints made to District Authorities and MFIN CGRM, Portfolio Stress - DPD, GLP, Recovery, Negative Media Incidents, Portfolio Concentration and Legislative Interference) and classified each district into one of four risk quadrants: Critical Alert, Watch Zone, Emerging Risk, and Comfort Zone.



Severity x Velocity Quadrant Classification

SI Tracker Mobile App: A New Initiative

A significant new initiative of the vertical during the year was the launch of the SI Tracker Mobile App, designed to take the real time activity tracker and the dashboard of the vertical out of the office and onto the field. In-house versions of the App were released on both the Android and the iOS platforms, enabling the team to capture activity data on the move, directly from the field, and to retrieve information from the dashboard in the course of field visits, including during meetings with the district administration, with member entities and with borrowers. The roll out of the App has materially shortened the cycle time between an event on the ground and its reflection on the dashboard, reduced the dependence on the office workstation for routine reporting, and has positioned the vertical for a more responsive and evidence led mode of working through the year.

Second Meeting of CBOs and COOs of Member REs

On 25 April 2025, MFIN convened the Second Meeting of Chief Business Officers and Chief Operating Officers of Member Regulated Entities in Mumbai, with 48 CBOs and COOs in attendance.

The discussions were led by Dr. Alok Misra, CEO and Director, MFIN, Mr. Vineet Chattree, Vice-Chairperson, MFIN and Managing Director, Svatantra Microfin Pvt. Ltd. and by Mr. Rama Kamaraju, Head - State Initiatives, MFIN.

The forum reviewed field operations and the significant incidents reported during the closing quarter of FY 2024-25 and aligned on the approach of MFIN to their resolution.





Critical Interventions during the year

Through the year, the vertical handled several high stakes situations through swift, evidence-based intervention on the ground. The episodes summarised below are illustrative of the breadth of the work and of the manner in which MFIN responded with verified facts, engaged the relevant authorities, and supported continuity of operations on the ground.

Action against Unauthorised Loan Waiver Campaigns: Bihar

Pursuant to the engagement of MFIN with the Reserve Bank of India and with the Government of Bihar on the unauthorised loan waiver campaign run under the aegis of "Janta Sarkar Morcha" across the districts of Gaya, Supaul, Madhubani and Madhepura, the Government of Bihar, on the advice of the Reserve Bank of India, instructed all District Magistrates, Collectors and Senior Superintendents of Police across the State to initiate immediate investigation and to take appropriate legal action against the campaigners.

Action against Unauthorised Loan Waiver Campaigns: Gujarat

On the re-emergence of the "Karz Mukti Abhiyan" in Gujarat late 2025, with reports of pamphlet distribution, of borrower registration designed to mislead and of a planned public meeting at Ahmedabad on 31 October 2025, the vertical engaged proactively with the Chief Secretary and with the Additional Chief Secretaries (Finance) and (Home) of the Government of Gujarat, drawing on its experience of similar campaigns reported earlier from Uttar Pradesh, Bihar and Punjab. When the campaign spread to Rajkot in February 2026, an MFIN delegation met the District Collector, the Commissioner of Police and the Lead District Manager of Rajkot to apprise them of the conduct of the activists. The district administration subsequently declined permission for a proposed public meeting on 26 February 2026. No material disruption to the business operations or to the recovery cycles of members in the affected geographies has been reported.

Fact Check and Rebuttal: Mysuru Child Welfare Case, Karnataka

On 20 June 2025, sections of the Karnataka media carried a report from Mysuru district alleging coercive conduct by the staff of a microfinance company. The vertical conducted a field investigation the following day, recorded statements from the parties and the law enforcement authorities concerned and obtained the on-record observation of the Chairman of the Child Welfare Committee that no impropriety on the part of the field staff had been established. The findings were placed before the Chief Secretary, Government of Karnataka and the Regional Director, Reserve Bank of India, Karnataka.

Fact Check and Rebuttal: Times of India Online, Karnataka

On 30 June 2025, the online edition of The Times of India carried a story attributing the suicide of a client in Karnataka to microfinance. The vertical carried out a field investigation, verified the First Information Report lodged with the Police, and established that no Regulated Entity was involved. On the strength of these findings being placed before the publication, The Times of India modified the headline on 2 July 2025, replacing the reference to microfinance with a reference to moneylenders.

Fact Check and Rebuttal: Muzaffarpur Suicide Episode, Bihar

On 15 December 2025, the print and electronic media widely reported an unfortunate incident from a village in Muzaffarpur district of Bihar, attributing it, *prima facie*, to the microfinance sector. On receipt of the reports, MFIN made simultaneous enquiries with member Regulated Entities and established that no loan had been extended to the household by any member Regulated Entity for several past years. The factual position was placed on record with the Director General of Police, Bihar and with the Regional Director of the Reserve Bank of India, Patna, on 19 December 2025.

West Champaran Loan Pipelining Incident, Bihar

On 11 February 2026, in response to a loan pipelining fraud reported from Bagaha in West Champaran district of Bihar, the vertical convened a Special Virtual Meeting at the level of State Heads. Preliminary findings indicated that around 900 to 1,000 borrowers across villages were affected, with an estimated amount of 2 to 3 crore rupees and the involvement of multiple member entities. Members were advised to engage with affected clients with empathy and to scan adjoining areas for similar patterns, and the District Administration was kept duly informed.

Chhattisgarh Chit Fund Escalation

On 19 March 2026, the MFIN escalated suspicious transactions involving chit fund companies operating in Sarangarh and Balod to the Department of Supervision, Reserve Bank of India, Chhattisgarh. Regional Office RBI, in turn, directed the district administration to undertake a detailed investigation, designating the local Sub Divisional Officer of Police to lead the process. Members operating in the affected geographies were advised to extend their full cooperation to the district administration.

Pre-emptive Borrower Communication: Punjab Loan Waiver

On 3 June 2025, the Government of Punjab announced loan waivers for Scheduled Caste families who had availed loans before 1995 from the Punjab Scheduled Caste Land Development and Finance Corporation. To equip member field teams to address any potential confusion at the level of borrowers, MFIN prepared a clarification pamphlet in Hindi and in Punjabi, which was disseminated to the field staff of members for ready use during their interactions with borrowers.



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MICROFINANCE INDUSTRY NETWORK

माइक्रोफाइनेंस इंडस्ट्री नेटवर्क

आरबीआई द्वारा मान्यता प्राप्त एक स्व-नियामक संगठन (SRO)

पंजाब राज्य में माइक्रोफाइनेंस उधारकर्ताओं के लिए जानकारी

3 जून, 2025 को पंजाब सरकार द्वारा घोषित ऋण माफी केवल उन अनुसूचित जाति (SC) परिवारों के लिए है जिन्होंने वर्ष 1995 से पहले पंजाब अनुसूचित जाति भूमि विकास एवं वित्त निगम (PSCFC) से ऋण लिया था।

उस समय सरकार द्वारा SC परिवारों को आजीविका शुरू करने के लिए ऋण प्रदान किए गए थे, ताकि वे डेयरी फार्मिंग, किराना दुकान, सिलाई, बुटीक, शिक्षा ऋण, या रेस्तरां जैसे छोटे व्यवसाय शुरू कर सकें।

विभिन्न कारणों से ये परिवार वर्ष 1995 से पहले लिए गए ऋणों को चुका नहीं सके। सरकार ने विचार-विमर्श के बाद आज यानी 3 जून, 2025 को इन ऋणों को माफ कर दिया है।

पंजाब राज्य में RBI द्वारा विनियमित संस्थाओं (जैसे NBFC-MFIs, बैंक, स्मॉल फाइनेंस बैंक, NBFCs) से माइक्रोफाइनेंस ऋण लेने वाले उधारकर्ताओं को यह स्पष्ट रूप से सूचित किया जाता है कि इस ऋण माफी का माइक्रोफाइनेंस ऋणों से कोई संबंध नहीं है। कृपया किसी भी अफवाह पर विश्वास न करें।

MFIN उधारकर्ताओं से अपील करता है कि समय पर भुगतान करें और अच्छा क्रेडिट स्कोर बनाए रखें, ताकि भविष्य में वित्तीय सेवाओं और ऋणों का लाभ उठा सकें।

पंजाब में संचालित रेगुलेटेड माइक्रो फाइनेंस संस्थान

MFIN कस्टमर केयर टोल फ्री नंबर
1800 102 1080

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ਮਾਈਕ੍ਰੋਫਾਈਨੈਂਸ ਉਦਯੋਗ ਨੈਟਵਰਕ

ਆਰਬੀਆਈ ਦੁਆਰਾ ਮਾਨਤਾ ਪ੍ਰਾਪਤ ਇੱਕ ਸਵੈ-ਨਿਯਮਿਤ ਸੰਸਥਾ (SRO)

ਪੰਜਾਬ ਰਾਜ ਵਿੱਚ ਮਾਈਕ੍ਰੋਫਾਇਨੈਂਸ ਉਧਾਰਕਰਤਿਆਂ ਲਈ ਜਾਣਕਾਰੀ

3 ਜੂਨ, 2025 ਨੂੰ ਪੰਜਾਬ ਸਰਕਾਰ ਦੁਆਰਾ ਘੋਸ਼ਿਤ ਰਿਣ ਮਾਫੀ ਕੇਵਲ ਉਹਨਾਂ ਅਨੁਸੂਚਿਤ ਜਾਤੀ (SC) ਪਰਿਵਾਰਾਂ ਲਈ ਹੈ ਜਿਨ੍ਹਾਂ ਨੇ ਸਾਲ 1995 ਤੋਂ ਪਹਿਲਾਂ ਪੰਜਾਬ ਅਨੁਸੂਚਿਤ ਜਾਤੀ ਭੂਮੀ ਵਿਕਾਸ ਅਤੇ ਵਿੱਤ ਨਿਗਮ (PSCFC) ਤੋਂ ਰਿਣ ਲਿਆ ਸੀ।

ਉਸ ਸਮੇਂ ਸਰਕਾਰ ਦੁਆਰਾ SC ਪਰਿਵਾਰਾਂ ਨੂੰ ਆਜੀਵਿਕਾ ਸ਼ੁਰੂ ਕਰਨ ਲਈ ਰਿਣ ਪ੍ਰਦਾਨ ਕੀਤੇ ਗਏ ਸਨ, ਤਾਂ ਕਿ ਉਹ ਡੇਅਰੀ ਫਾਰਮਿੰਗ, ਕਿਰਾਣਾ ਦੁਕਾਨ, ਸਿਲਾਈ, ਬੁਟੀਕ, ਸਿੱਖਿਆ ਰਿਣ, ਜਾਂ ਰੈਸਟੋਰੈਂਟ ਵਰਗੇ ਛੋਟੇ ਵਪਾਰ ਸ਼ੁਰੂ ਕਰ ਸਕਣ।

ਵਿਭਿੰਨ ਕਾਰਨਾਂ ਕਰਕੇ ਇਹ ਪਰਿਵਾਰ ਸਾਲ 1995 ਤੋਂ ਪਹਿਲਾਂ ਲਏ ਗਏ ਰਿਣਾਂ ਨੂੰ ਚੁਕਾ ਨਹੀਂ ਸਕੇ। ਸਰਕਾਰ ਨੇ ਵਿਚਾਰ-ਵਿਮਰਸ਼ ਦੇ ਬਾਅਦ ਅੱਜ ਯਾਨੀ 3 ਜੂਨ, 2025 ਨੂੰ ਇਨ੍ਹਾਂ ਰਿਣਾਂ ਨੂੰ ਮਾਫ ਕਰ ਦਿੱਤਾ ਹੈ।

ਪੰਜਾਬ ਰਾਜ ਵਿੱਚ RBI ਦੁਆਰਾ ਵਿਨਿਯਮਿਤ ਸੰਸਥਾਵਾਂ (ਜਿਵੇਂ ਕਿ NBFC-MFIs, ਬੈਂਕ, ਸਮਾਲ ਫਾਇਨੈਂਸ ਬੈਂਕ, NBFCs) ਤੋਂ ਮਾਈਕ੍ਰੋਫਾਇਨੈਂਸ ਰਿਣ ਲੈਣ ਵਾਲੇ ਉਧਾਰਕਰਤਿਆਂ ਨੂੰ ਇਹ ਸਾਫ਼ ਤੌਰ 'ਤੇ ਸੂਚਿਤ ਕੀਤਾ ਜਾਂਦਾ ਹੈ ਕਿ ਇਸ ਰਿਣ ਮਾਫੀ ਦਾ ਮਾਈਕ੍ਰੋਫਾਇਨੈਂਸ ਰਿਣਾਂ ਨਾਲ ਕੋਈ ਸੰਬੰਧ ਨਹੀਂ ਹੈ। ਕਿਰਪਾ ਕਰਕੇ ਕਿਸੇ ਵੀ ਅਫਵਾਹ 'ਤੇ ਵਿਸ਼ਵਾਸ ਨਾ ਕਰੋ।

MFIN ਉਧਾਰਕਰਤੀਆਂ ਨੂੰ ਅਪੀਲ ਕਰਦਾ ਹੈ ਕਿ ਸਮੇਂ 'ਤੇ ਭੁਗਤਾਨ ਕਰੋ ਅਤੇ ਚੰਗਾ ਕਰੇਡਿਟ ਸਕੋਰ ਬਣਾਈ ਰੱਖੋ, ਤਾਂ ਕਿ ਭਵਿੱਖ ਵਿੱਚ ਵਿੱਤੀ ਸੇਵਾਵਾਂ ਅਤੇ ਰਿਣਾਂ ਦਾ ਲਾਭ ਉਠਾ ਸਕੋ।

ਪੰਜਾਬ ਵਿੱਚ ਚੱਲ ਰਹੀਆਂ ਰੈਗੂਲੇਟਡ ਮਾਈਕ੍ਰੋ ਫਾਇਨੈਂਸ ਸੰਸਥਾਵਾਂ

MFIN ਕਸਟਮਰ ਕੇਅਰ ਟੋਲ ਫਰੀ ਨੰਬਰ
1800 102 1080

Poster on Borrower Awareness - Punjab

Arrest of Investment Fraudster, Jalpaiguri

The sustained engagement of MFIN with the Superintendent of Police, Jalpaiguri, secured the arrest, on 22 June 2025, of Jay Chik Baraik, who had defrauded nearly 800 customers to the tune of approximately 3 crore rupees by floating dubious investment schemes in the name of “Jay Laxmi Agro Farming”.

RADAR Update - as of 31 March 2026

The "RADAR" application is designed to provide detailed, field-level intelligence to enhance member RE's understanding of negative areas, risky areas, ring leaders and external inciters. By systematizing this data, RADAR provides traceable and integrated insights to support stronger decision–making by the MFIs. With its unique ability to pinpoint data at the pin code level and provide precise geotagging, RADAR is a valuable tool for effective on-ground operations.

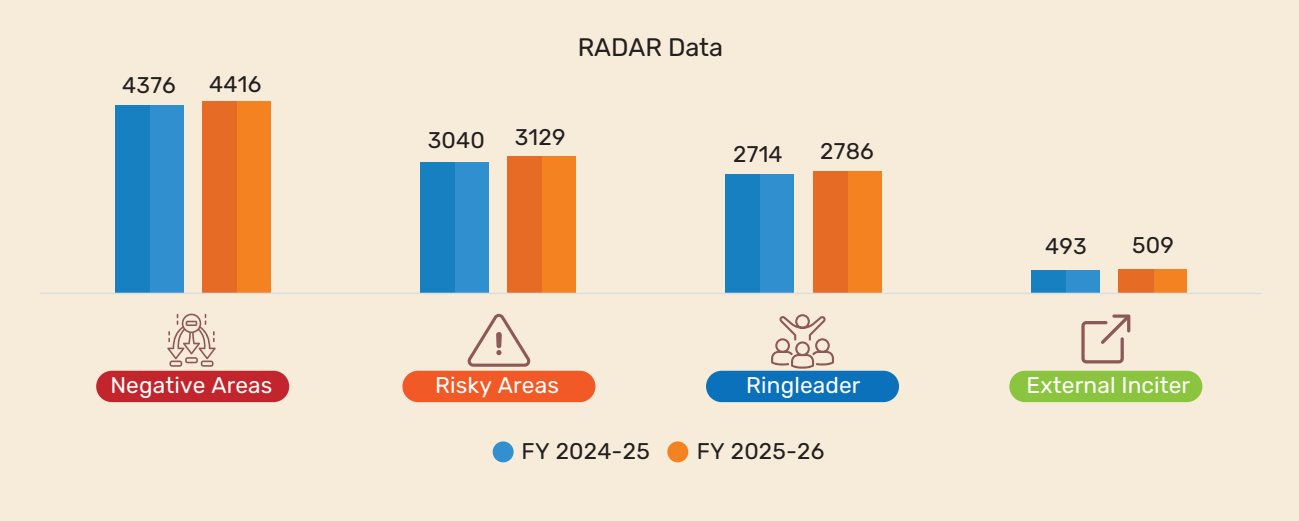
Negative Areas: Radar Participatory Institutions (RPIs) have reported 4416 problematic areas, encompassing 2.95 Lakh delinquent loan accounts with a combined worth of Rs 827 Crore.

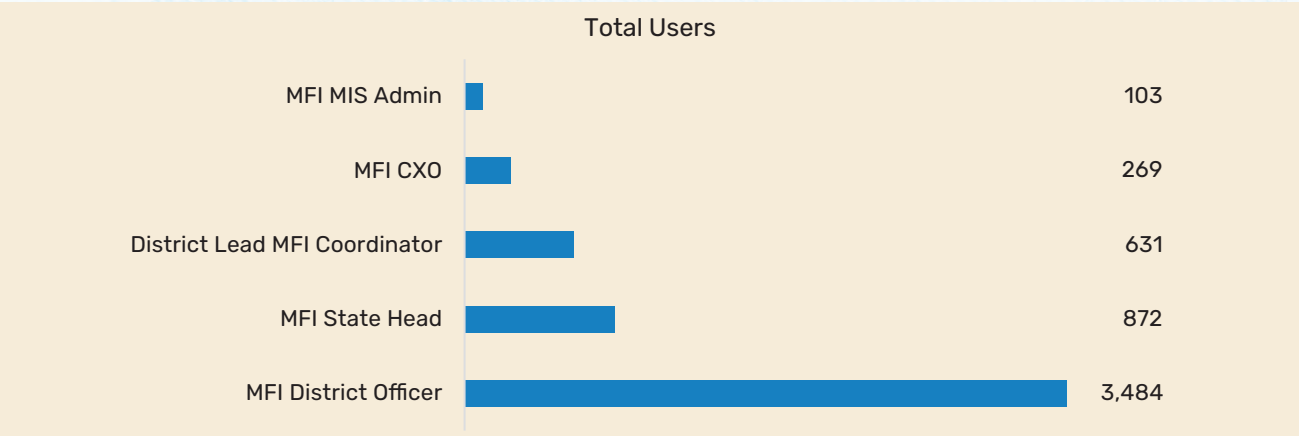
Risky Areas: RPIs have identified 3129 high-risk areas, involving 1.07 Lakh troubled loan accounts with a total value of Rs. 274 Crore.

Ringleaders: A total of 2786 individuals have been identified as ringleaders, with their Know Your Customer (KYC) information, contact details, and reasons for their designation as ringleaders recorded in RADAR.

External Inciters: There are 509 external inciters whose KYC details, contact information, and reasons for being flagged as such have been documented in the RADAR Application.

Till the last financial year (FY 2024-25), a total of 10,623 data points had been uploaded since RADAR was launched. As of FY 2025-26, the cumulative number of data points stands at 10,840, reflecting an increase of 217 data points. The RADAR application continues to be a crucial tool for improving on-ground operations by providing granular, actionable intelligence.

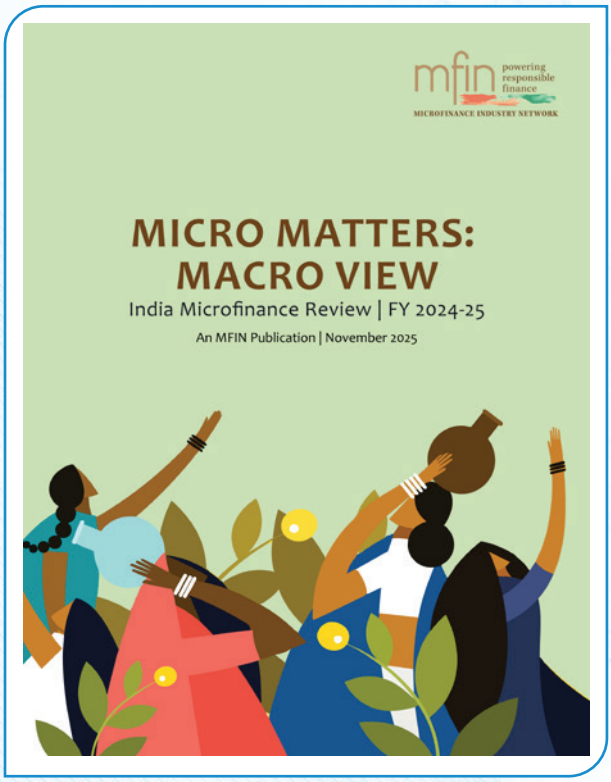




Publications

Micro Matters: Macro View - India Microfinance Review

This annual publication, conceived in 2021, aims to provide a 360-degree view of the microfinance sector, drawing insights from interactions with policymakers, the regulator, industry players, funders, and analysts, while maintaining an unbiased perspective. The report covers the macroeconomic environment in the context of microfinance, presents an overview of financial inclusion in India, offers a performance review of the industry, outlines key initiatives undertaken during the year, and highlights the sector's challenges along with emerging opportunities.



During the year, MFIN launched the 5th edition of its annual publication, Micro Matters: Macro View – India Microfinance Review FY 2024-25, on 14 November 2025 in Mumbai.

The publication was unveiled by MFIN Board Members, while CEO & Director, MFIN, presented the key findings and emerging sectoral trends shaping India's microfinance and financial inclusion landscape.



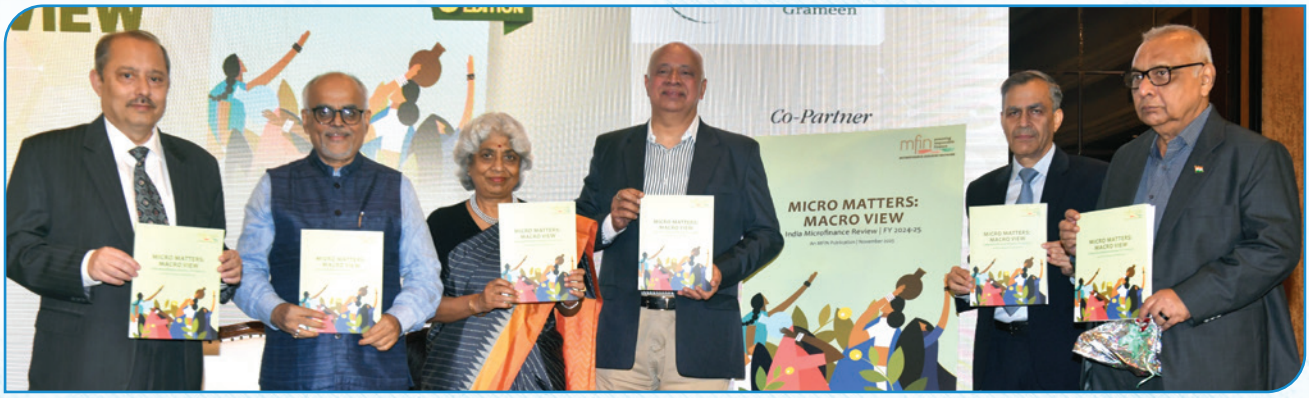
The Chief Guest, Shri Swaminathan J., Deputy Governor, Reserve Bank of India, delivered the Keynote Address, underscoring the importance of a strong, resilient, and responsible microfinance ecosystem in advancing financial inclusion and supporting India's long-term development aspirations, including the vision of Viksit Bharat 2047.

> *When microfinance is delivered responsibly, it does not remain micro; it becomes macro progress. It turns access into livelihoods, borrowers into business owners and informal activity into measurable economic output.*
>
> *- Shri Swaminathan J.*
> *Deputy Governor, RBI*

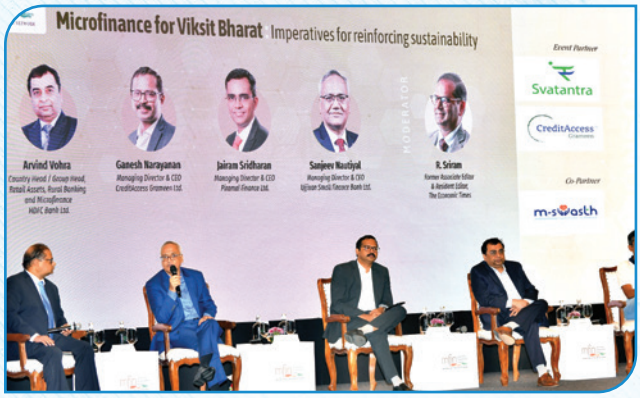
A panel discussion on "Microfinance for Viksit Bharat: Imperatives for Reinforcing Sustainability" was held at the launch event. The session panellists included Shri Arvind Vohra (Country Head/Group Head, Retail Assets, Rural Banking and Microfinance, HDFC Bank Ltd.), Shri Ganesh Narayanan (MD & CEO, CreditAccess Grameen Ltd.), Shri Jairam Sridharan (MD & CEO, Piramal Finance Ltd.), and Shri Sanjeev Nautiyal (MD & CEO, Ujjivan Small Finance Bank Ltd.), and was moderated by Shri R. Sriram, Ex. Associate Editor & Resident Editor, The Economic Times.

During the programme, MFIN also recognised the top performers from the first ASCEND examination, who were felicitated by Dr. Nirupam Mehrotra, Director, BIRD, and Dr. Alok Misra.

The event witnessed participation from over 200 delegates, including representatives from RBI, NABARD, SIDBI, banks, investors, credit bureaus, rating agencies, and MFIN member institutions. The launch programme was supported by Event Partners - Svatantra Microfin Pvt. Ltd. and CreditAccess Grameen Ltd. - along with Co-Partner M-SWASTH Solutions Pvt. Ltd.









Micrometer

Micrometer, MFIN's flagship publication, is acclaimed for its robust data collection and analytics capability. The report provides quarterly trends of key operational and financial indices for the industry and MFIN has released 57 editions since its inception.



Micromirror

This is an internal publication for MFIN Members which analyses the district level outreach and progress of microfinance including the district risk index (a part of Online Datahub) to provide the required intelligence to Members for managing their district level presence. So far, 27 quarterly issues have been published since August 2019.



Events

MFIN Annual General Meeting

MFIN held its 16th Annual General Meeting (AGM) on 4 July 2025 in Gurugram, with participation from member and associate institutions. During the AGM, Dr. Alok Misra, CEO & Director, MFIN, presented the key activities and highlights of the year, noting that FY 2024-25 marked a significant milestone as MFIN completed 10 years of its journey as India's first Self-Regulatory Organisation (SRO) for the microfinance sector. The Annual Report themed "Reinforcing Foundations for a Sustainable Future" was also released during the meeting.

During the AGM, three new Board Members were elected. Mr Baskar Babu Ramachandran, MD & CEO, Suryoday Small Finance Bank, and Mr Krishnadas B. Nair, Group Head, Micro Finance (Retail & Wholesale) - Bharat Banking, Axis Bank Ltd., were elected as representatives of Other Regulated Entities (REs), while Mr Gyan Mohan, Director & CEO, Adi Chitragupta Finance Ltd., was elected as the representative of Small MFIs on the MFIN Board.

Following the AGM, the newly constituted Board unanimously elected Mr. Vineet Chattree, MD, Svatantra Microfin Pvt. Ltd., as Chairperson and Mr. Dibyajyoti Pattanaik, Director, Annapurna Microfinance Pvt. Ltd., as Vice-Chairperson of the MFIN Board for FY 2025-26.







Manthan - CEOs Conclave

The 3rd edition of Manthan – CEOs Conclave, themed "Reinforcing Foundations; Building Resilience", was organised on 3 May 2025 in Mumbai and attended by MDs, CEOs, and senior leaders from more than 65 MFIN member institutions. The day-long conclave served as a platform for strategic deliberations on the evolving macroeconomic environment and the operational and regulatory challenges facing the microfinance sector. Discussions focused on measures required to strengthen sector sustainability, adherence to the Guardrails and Code of Conduct (CoC), issues relating to CIC data submission, and the need for greater alignment on responsible lending and customer protection practices.

Key action points emerging from the conclave included PAN seeding of microfinance borrowers to improve de-duplication in Credit Information Reports (CIRs), adoption of uniform data parameters by Regulated Entities (REs) for extraction of CIRs prior to loan disbursement, and monitoring and escalation of Guardrail implementation violations in accordance with the SRO Enforcement Framework, while keeping the regulator appropriately informed.

The conclave also witnessed the launch of "ASCEND – The Education and Advancement Program in Microfinance", an online certification initiative aimed at strengthening professional capability, promoting responsible lending, and enhancing customer protection standards in the sector. The programme was launched by Dr. Alok Misra, CEO & Director, MFIN, along with Dr. Nirupam Mehrotra, Director, Bankers Institute of Rural Development (BIRD), and Mr. Ramamurthy Krishnan, President & CEO, NSEIT, in the presence of Mr. Manoj Kumar Nambiar, Mr. Vineet Chattree, and Mr. Gyan Mohan.







Regional Press Meets

MFIN organized press roundtables in Mumbai, Maharashtra on 12 August 2025 and in Patna, Bihar on 26 August 2025. The primary objective of these interactions was to present fact-based insights and data to help shape balanced media narratives on the microfinance sector, while also sharing updates on its contribution to the economy and its broader social impact. Both briefings received extensive coverage across print and digital media.

In Mumbai, the roundtable was addressed by Dr. Alok Misra, CEO & Director, MFIN, and Mr. Vineet Chattree, Chairperson, MFIN & MD, Svatantra Microfin Pvt. Ltd. The event witnessed participation from 12 leading news outlets including Economic Times, The Hindu Businessline, Mint, ET BFSI, Business Standard, NDTV Profit, PTI, The Times of India, Zee Business, and Amar Ujala, among others, and coverage in 33 newspapers and online platforms.



In Patna, the roundtable was addressed by Dr. Alok Misra alongside Mr. Gyan Mohan, Board Member, MFIN and Director & CEO, Adi Chitragupta Finance Ltd. This event drew participation from 15 prominent regional media houses such as Aaj, India Today, Rashtriya Sahara, Hamara Samaj, Chauthivaani, Vaishali Express, Swaran Bhaskar, Nai Soch Express, Sanmarg, Bihar Din Raat, Rashtriya Sagar, Farooqui Tanzeem, Navshakti, and Prabhat Khabar, and coverage in 16 newspapers and online platforms.





MFIN's Presence Across Various Forums

On Air

April 2025

Dr. Alok Misra, CEO & Director, MFIN spoke to CNBC-TV18 on the improving credit quality trends in the microfinance sector, the industry's strong adoption of MFIN Guardrails and their positive impact on lending practices, as well as borrower overleveraging.





May 2025

CEO & Director, MFIN spoke with Mr. Vikas Kumar, Principal Correspondent at The Economic Times (ET BFSI), on wide ranging issues - FY-25 performance, client level situation, retail/fintech overlap, digital Microfinance and role in Inclusive growth.

June 2025

Dr Alok Misra, CEO & Director, MFIN spoke to ET Now on the revision of the Qualifying Assets (QA) threshold by the RBI, and its impact on the industry.



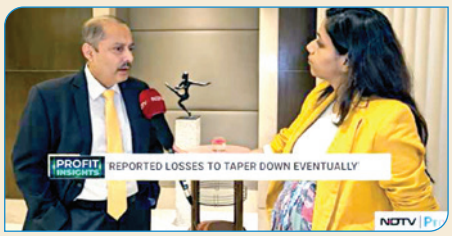


The CEO & Director, MFIN spoke to BBC India on how Microfinance organizations operate within the RBI & MFIN guidelines.

July 2025

CEO & Director, MFIN spoke to CNBC-TV18 regarding interest rates. He clarified the situation with facts leading the interviewer to summarize it as – range bound and waiting for banks to pass on rate cut.





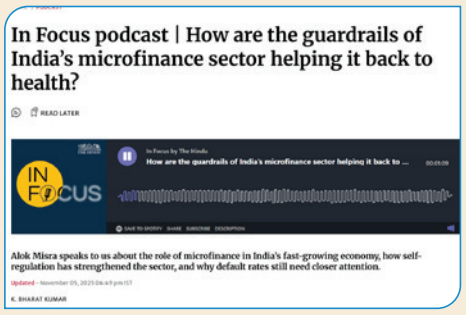
August 2025

Dr. Alok Misra, CEO & Director, MFIN, spoke to NDTV Profit on how the microfinance sector is moving back towards normalcy and showing signs of recovery despite a liquidity crunch, supported by strong rural demand and buoyant consumer confidence that signal resilience.

October 2025

Dr. Alok Misra spoke to CNBC about the state of the sector, highlighting that the portfolio quality and underwriting have improved and the only constraint now is liquidity.




In Focus podcast | How are the guardrails of India's microfinance sector helping it back to health?

READ LATER

IN FOCUS

Alok Misra speaks to us about the role of microfinance in India's fast-growing economy, how self-regulation has strengthened the sector, and why default rates still need closer attention.

K. BHARAT KUMAR

November 2025

Dr Alok Misra spoke to The Hindu's 'In Focus' podcast titled 'How are the guardrails of India's microfinance sector helping it back to health?', where he spoke about the role of microfinance in India's fast-growing economy, how self-regulation has strengthened the sector, and why default rates still need closer attention.

January 2026

Dr Alok Misra, CEO & Director, spoke to ET Today, where he highlighted the sectoral improvements and flagged issues of liquidity and KYC.





February 2026

Dr Alok Misra, CEO & Director, MFIN spoke to ET NOW as well as ET Swadesh on 27 February 2026 on MFIN's position on the adoption of "The Bihar Micro Finance Institutions (Regulations of Money Lending and Prevention of Coercive Actions) Bill, 2026" by the Bihar Legislative Assembly. In his interaction, he stressed that the Bill passed by the Legislative Assembly was not applicable to RBI-regulated Microfinance Institutions, including Banks and NBFC-MFIs as per Section 2(2) of the Bill.

Dr. Alok Misra, CEO & Director, MFIN, spoke to CNBC-TV18 on 23 March 2026 on the launch of the 'Credit Guarantee Scheme for Microfinance Institutions – 2.0 (CGSMFI 2.0)', along with other key issues such as credit quality and developments in Bihar.



Across Forums

Dr Alok Misra, CEO & Director, MFIN delivered an insightful address at the National Bank Staff College (NBDC), Lucknow, engaging with the faculty and the officers.





Mr. Gaurav Dixit, Head-SRO, MFIN participated as a panellist at 'NBFC Connect '25', in the session titled 'Chronicles of Lending to Small & Micro Businesses' in Chennai, where he highlighted MFIN's role as an SRO in promoting responsible lending, borrower protection, and regulatory discipline across the microfinance sector.



May 2025

Dr Alok Misra, CEO, MFIN as part of the Committee on Insurance Reforms led by Former SBI chairman Mr Dinesh Khara presented its report to the Insurance Regulatory and Development Authority of India (IRDAI) in Hyderabad.



Dr. Alok Misra, CEO & Director, MFIN spoke at Conference on 'Banking for 2047', organized by the Department of Financial Services (DFS) and Centre for Financial Inclusion, Management Development Institute, Gurgaon. Other panelists were Mr. Manoj Mittal, CMD, SIDBI; Mr. Pankaj Sharma, Joint Secretary, DFS; and Mr. Debadatta Chand, MD & CEO, Bank of Baroda.

June 2025

The CEO & Director, MFIN interacted with the Board and senior team of CreditAccess Grameen Limited at Bangalore, Karnataka



July 2025



Dr Alok Misra, CEO & Director, MFIN, along with Chairman, Vice Chair and select member CEOs interacted with Smt Nirmala Sitharaman, Hon'ble Union Minister for Finance and Corporate Affairs, GoI, during the NBFC Symposium 2025 organised by the Department of Financial Services (DFS) on 9 July 2025 in New Delhi, Also present were Shri Pankaj Chaudhary, Hon'ble Union Minister of State for Finance, Shri M. Nagaraju, Secretary, DFS.



CEO & Director, MFIN, addressed the leadership team of L&T Finance's Rural Business Finance (RBF) at their Strategy Meet held in Goa on 23 July 2025. He spoke about the current industry landscape, regulatory and policy perspectives, responsible practices, and the road ahead. He also felicitated outstanding RBF team members from across India.

August 2025

Dr. Alok Misra, CEO & Director, MFIN met Mr Swaminathan Janakiraman, Deputy Governor, Reserve Bank of India, Government of India on 13 August 2025 to discuss SRO related issues and invite him to the release of 'Micro Matter Macro View – India Microfinance Review for FY 2024-25' report.



CEO & Director, MFIN spoke at the 'Emkay Confluence 2025', organized by Emkay Global Financial Services Ltd. in Mumbai, briefing the delegates on macroeconomic indicators, sectoral trends, and the microfinance sector's contribution to the Indian economy.

Dr. Alok Misra, CEO & Director, MFIN, addressed NABARD officials in Patna, discussing macroeconomic issues relevant to development and the microfinance landscape.





Ms. Sheetal Jain, VP-SRO, represented MFIN at an international conference titled 'Global Economic and Technological Landscape: Strengthening Growth, Ensuring Stability and Embracing Innovation', organised by the Banking, Finance & Insurance Institute of Nepal Ltd. (BFIN) in Kathmandu, Nepal, where she delivered a presentation on 'Rethinking the Future of Microfinance: Navigating Reform for Long-Term Sustainability' as part of the session on 'Macroeconomic Outlook 2025 – Navigating Growth amid Uncertainty'.

Dr. Misra, CEO & Director, MFIN, addressed investors in webinars hosted by Elara Capital (India) Pvt. Ltd. and Kotak Securities Ltd., briefing about the current macroeconomic indicators along with sectoral trends.

September 2025

The CEO, MFIN, engaged with senior executives and board members from diverse sectors at a meeting organised by the Institute of Directors, where he shared insights on the Board's role and effectiveness.



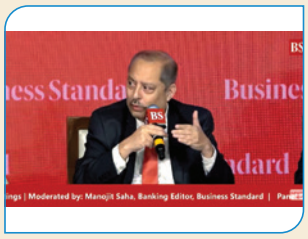


The CEO, MFIN interacted with a diverse group of 24 investors in Mumbai on 15 September during investor meetings organised by Yes Securities.



Mr. Gaurav Dixit, Head-SRO, MFIN, participated in a Workshop on Regulatory Compliance organised by the Uttar Pradesh Microfinance Association (UPMA) in Lucknow, where he highlighted MFIN's initiatives towards strengthening regulatory compliance and fostering a robust and responsible microfinance sector.





October 2025

Dr. Alok Misra, CEO and Director, MFIN, spoke at the Business Standard BFSI Summit, as part of a panel discussion on "Is the Worst Over for Microfinance Institutions in the Current Cycle?". He emphasized that liquidity is crucial to sustain the sector's momentum and shared that MFIN is in discussions with the Government to create a credit guarantee mechanism to boost confidence.

November 2025

Dr. Alok Misra met Shri S.C. Murmu, newly appointed Deputy Governor, RBI, to congratulate him on his elevation and deliberated on key sectoral issues, including MFIN's role as an SRO, CIC-related concerns, and the prevailing situation in Gujarat.

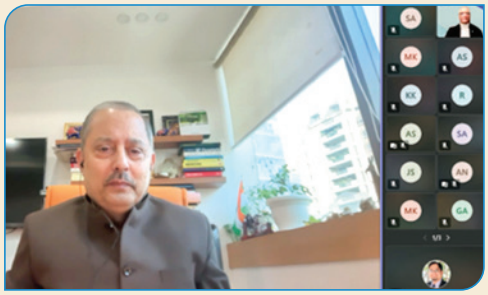




Dr Alok Misra attended the Pre-Budget consultation meeting for the BFSI sector on 19 November 2025, chaired by the Smt Nirmala Sitharaman, Hon'ble Union Minister for Finance and Corporate Affairs, GoI, along with Shri Pankaj Chaudhary, Hon'ble Minister of State for Finance and Mr V. Anantha Nageswaran, Chief Economic Advisor to the Government of India and other senior officials from DEA and DFS. The FM responded positively to all the issues raised by MFIN, which had been detailed in the note uploaded earlier to the meeting.

Dr Alok Misra, CEO & Director, MFIN addressed the delegates at 'Samvaad: Annual Lender's Meet 2025' organised by Svatantra Microfin Pvt. Ltd. on 28 November 2025 in Mumbai.





December 2025

Dr Alok Misra addressed the webinar on "Crisis to Clarity: Strategic Leadership in Uncertain Times", which was organized by Global Alliance for Financial Inclusion (GAFI). Other speakers included Dr. Rashid Bajwa, Chief Executive Officer at National Rural Support Program (NRSP) and was moderated by Mr Pranav Prashad, Senior Technical Officer, Social Finance and Impact Insurance Facility, International Labour Organisation.

January 2026

Dr Alok Misra, along with heads of select private and public sector NBFCs, Housing Finance Companies (HFCs) and Microfinance Institutions met with Shri Sanjay Malhotra, Governor, Reserve Bank of India (RBI) to discuss the sectoral issues.



February 2026

Dr Alok Misra, CEO & Director, MFIN was a speaker at the Banking & Economy Summit, organized by Business Today in Mumbai, where he spoke at the session titled 'New Model for Microfinance'.

March 2026

Dr Alok Misra attended a meeting chaired by the Secretary, Department of Financial Services (DFS), Ministry of Finance on 12 March 2026 to discuss targeted points pertaining to the sector. The meeting was also attended by senior officials and CEOs of NBFCs along with representatives from RBI, DoR, UIDAI and DFS.



Opinion Pieces & MFIN in the News

Why microfinance still matters: Debunking myths and highlighting progress

https://economictimes.indiatimes.com/opinion/et-commentary/why-microfinance-still-matters-debunking-myths-and-highlighting-progress/articleshow/123049586.cms

The Economic Times



There's Also Good of Small Things

Alok Misra

In the last year, there has been an avalanche of negative news on microfinance. Much of it is either inaccurate or overstated. Most of the coverage focuses on over-indebtedness, recovery practices, credit quality and interest rates. Before delving into these issues, it's important to highlight the size of the sector.

Excluding SHG-bank linkages, microfinance reached 75 mn low-income clients across 720 districts, including 112 aspirational districts, as of June 30. The credit outstanding stands at ₹3.56 lakh cr, just 2% of India's total banking sector credit flow.

A 2021 NCAER study, 'Present and Potential Contribution of Microfinance to India's Economy', found that the sector contributes 2.03% to India's GVA and generates employment for 130 lakh people. Since the study was based on 2018-19 data, these figures are likely to have increased. Importantly, microfinance also promotes women's empowerment, builds digital capabilities and helps curb urban migration. Not many know that microfinance client data (disbursement and recovery) is updated daily with credit information companies (CIC), though the regulatory requirement is 15 days.

RBI's regulations prudently mandate that repayment obligations for microfinance loans should not exceed 50% of a borrower's household income. This ensures that at least half of the income remains available for expenses, reducing the risk of financial distress. In addition to this safeguard, Microfinance Industry Network (MFIN) has set further protective measures: no more than three regulated entities (REs) are allowed to lend to a single borrower; and the combined loan amount from all sources must not exceed ₹2 lakh. These guardrails are designed to promote responsible lending and prevent over-indebtedness among low-income borrowers.

A double check on the repayment-to-income ratio and a cap on the number of lenders help ensure sustainable debt levels. Those aren't just paper norms — MFIN conducts quarterly reviews of CIC data to monitor compliance.

As of March, 19.6% of microfinance borrowers had fewer than three lenders, and 84% had an outstanding loan of less than ₹1.2 lakh, a far cry from the alarming picture often portrayed. Still, a valid question remains: why don't all borrowers have fewer than three lenders? The answer lies in KYC gaps. Following the Supreme Court's 2017 judgment, REs are not allowed to store or report Aadhaar numbers to CICs. e-KYC hasn't solved the issue either, as the inability to report Aadhaar defeats its purpose. Currently, voter ID is used as an alternative, but it is not foolproof. The industry has been requesting permission to use Aadhaar — if not in full, then at least the last four digits. Allowing Aadhaar usage with proper safeguards could help resolve the remaining issues in approximately 5% of cases.

There have been questions on credit quality and recovery practices. Several factors contributed to the dip in credit quality last year — extreme heat, wrongful incitement by non-state actors, and state-specific incidents. Acknowledging the challenge, RBI issued an advisory urging the public not to fall prey to fake assurances by non-state elements.

Portfolio quality, as measured by Portfolio at Risk (1-90 days), is gradually returning to normal, standing at 4% as of June. The recovery could have been stronger but for a sharp decline in liquidity — bank funding to NBFC-MFIs has dropped by 54%. The industry has urged GoI to review the guarantee scheme for wholesale lending by banks to MFIs, as was done in 2021. Ironically, even as banking system liquidity is at an all-time high, microfinance faces a severe funding crunch, pushing nearly 70 lakh clients out of the formal financial system.

Loan recovery by RBI's REs follows the apex bank's Fair Practices Code, and the industry's code of conduct. A three-tier grievance redressal system is in place, with MFIN operating a 26×7 second-level helpline. Most news reports, when verified by MFIN, show no microfinance involvement. Robust calls are issued, but the perception damage is done. While sporadic issues may arise among 8 cr clients, the sector's strong systems and strict enforcement of norms deserve emphasis.

Finally, on pricing — despite operating on thin margins, offering collateral-free loans and navigating periodic credit quality dips, even a 10-bps rate hike by one institution makes headlines. Yet, the sector maintains transparency, publicly disclosing institution-wise minimum, maximum and weighted average interest rates. Reports on pricing often ignore broader sector comparisons, the cost of doorstep service, and that rates reflect the cost of funds, operational expenses and credit risk.

Informal finance continues to hold a significant share — accounting for 38% of rural loans. There's is no substitute for well-regulated microfinance. The facts bear repeating; sensationalism and exaggeration must not be allowed to overshadow the sector's vital role in India's economic journey.

Micro, not just chips

The writer is CEO-Director, Microfinance Industry Network (MFIN)

विचार: मुख्यधारा के विकास से जुड़तीं महिलाएं, माइक्रोफाइनेंस ने शिक्षा, स्वास्थ्य और बचत को भी बढ़ावा दिया

https://www.jagran.com/editorial/apnibaat-microfinance-empowers-indian-women-drives-economic-growth-40116220.html

Jagran



मुख्यधारा के विकास से जुड़तीं महिलाएं

Microfinance sector recovering as tighter rules improve credit quality: MFIN

https://www.cnbctv18.com/business/microfinance-sector-recovering-as-tighter-rules-improve-credit-quality-mfin-19587939.htm

CNBC-TV18

MFIN rolls out online certification program to empower microfinance workforce

https://government.economictimes.indiatimes.com/news/mfin-rolls-out-online-certification-program-to-empower-microfinance-workforce/120897928

ET Government

Microfinance sector sees equity, borrowing and loan book shrink in FY25

https://economictimes.indiatimes.com/markets/stocks/news/microfinance-sector-sees-equity-borrowing-and-loan-book-shrink-in-fy25/articleshow/121779149.cms

The Economic Times

MFIN seeks Rs 20,000-cr credit guarantee from govt to boost NBFC-MFIs

https://www.business-standard.com/finance/news/mfin-seeks-credit-guarantee-support-to-boost-nbfc-mfi-funding-125081201756_1.html

Business Standard

Microfinance sector poised for revival as credit quality improves, says MFIN

https://bfsi.economictimes.indiatimes.com/articles/microfinance-sector-on-the-brink-of-revival-as-credit-quality-improves-mfin-reports/123725037

ET BFSI

Liquidity crunch threatens Indian microfinance recovery, says industry leaders

https://www.cnbctv18.com/economy/microfinance-industry-liquidity-crunch-recovery-mfin-industry-leaders-alpha-article-19706750.htm

CNBC-TV18

Funding squeeze pushes 5 million out of formal finance: MFIN

https://www.financialexpress.com/business/banking-finance/funding-squeeze-pushes-5-million-out-of-formal-finance-mfin/4059630/

Financial Express

Microfinance Sector Calls for Robust KYC, Stable Funding to Boost Financial Inclusion

https://www.cnbctv18.com/business/microfinance-sector-recovering-as-tighter-rules-improve-credit-quality-mfin-19587939.htm

Business News This Week

India's microfinance portfolio shrinks 18.3% YoY; NBFC-MFIs hold 42.1% market share: Report

https://bfsi.economictimes.indiatimes.com/amp/articles/indias-microfinance-portfolio-shrinks-18-3-yoy-nbfc-mfis-hold-42-1-market-share-report/129155986

ET BFSI

RBI's revised QA norms to boost compliance, broaden microfinance reach

https://www.business-standard.com/finance/news/rbi-revised-qa-norms-to-boost-microfinance-compliance-reach-mfin-125060901204_1.html

Business Standard

Bihar MFI Bill unlikely to hit RBI-regulated lenders, say experts

https://www.business-standard.com/economy/news/bihar-mfi-bill-seen-having-limited-impact-on-rbi-regulated-lenders-126022701049_1.html

Business Standard

Government unveils Rs 20000 crore credit guarantee plan for MFIs

https://m.economictimes.com/news/economy/finance/government-unveils-rs-20000-crore-credit-guarantee-plan-for-mfis/articleshow/129700478.cms

The Economic Times

Weaving a Story

Customer Stories* of Resilience from Across India

Among the sector's most valued customers are women who demonstrate exceptional resilience and long-term thinking. They arrive with goals clearly in mind; what has historically held them back is limited access to financial information and institutional support. This section documents the stories of several such women - from different regions of India who made modest beginnings and have gone on to serve as examples for others in their communities.



Sumitra Devi
Biswanath, Assam

Sumitra Devi from Biswanath, Assam, turned her aspiration for financial independence into a thriving tailoring business through microfinance support. With her husband's modest income insufficient to meet household needs, she availed a collateral-free loan of Rs 40,000 to start a home-based tailoring enterprise. Her business steadily gained recognition in the community, enabling her to build a stable customer base and reliable income. Subsequent loan cycles helped her expand inventory and improve productivity.

Today, Sumitra earns nearly Rs 1,100 per day and has developed both savings and financial confidence. Her journey highlights how timely access to credit can empower rural women to achieve self-reliance and improve household livelihoods.

Kamala Sahoo, a trained tailor from Bhubaneswar, Odisha, always had the skills to run a tailoring business but lacked the funds to grow it. A microfinance loan of Rs 40,000 enabled her to purchase materials and strengthen her tailoring unit. With improved cash flow and regular earnings, Kamala was able to support her household more consistently and plan for the future with greater confidence. What once started as a small tailoring activity has now become a dependable source of livelihood for her family.

Her journey reflects how timely financial support can help skilled women build stability, dignity, and self-reliance through enterprise.



Kamala Sahoo
Bhubaneswar, Odisha



Suganeswari
Dharmapuri, Tamil Nadu

Suganeswari from VP Patty village near Bommidi, Dharmapuri in the state of Tamil Nadu, created a stable livelihood for her family through a small dairy business supported by microfinance. In 2025, she availed a loan of Rs 70,000 to purchase two cows and begin milk production. Within months, she was supplying milk to local dairies and households, earning a steady income for her family. With guidance from group meetings and disciplined repayments, she gradually expanded her business from two cows to four within a year.

Her success not only strengthened her family's financial stability but also inspired several women in her village to consider dairy farming and other livelihood opportunities of their own.

Shabana Mohammad from Gohrapadar village in Gariyaband, in Chhattisgarh transformed her traditional mattress weaving skill into a thriving enterprise with support from microfinance. In 2021, she availed a Rs 50,000 loan to purchase raw materials and begin production. As demand for her handcrafted mattresses increased, she expanded the business through additional loan cycles and invested in an electric weaving machine to improve efficiency and quality.

Her enterprise now supplies nearly 300 mattresses every month to schools, colleges, and local markets across the state. The business has improved her family's financial security, supported her children's education, and encouraged other women in her village to explore entrepreneurship path to independence.



Shabana Mohammad
Gariyaband, Chhattisgarh


Anamika
Moradabad, Uttar Pradesh

At just 22 years of age, Anamika turned her tailoring skills into a source of hope and stability for her family. Faced with uncertainty due to her husband's irregular daily-wage income, she used a small microfinance loan to purchase a sewing machine and tailoring materials. Slowly, through hard work and persistence, she built a loyal customer base in her village and started earning a steady income. The additional earnings helped improve household finances and enabled her to enrol her son in a better school.

Encouraged by her progress, Anamika now shares her tailoring skills with other women and dreams of opening a tailoring shop and training centre in her community.

Rani H. M. from Mandya, Karnataka, began her entrepreneurial journey with a small loan that helped her purchase her first cow in 2019. In a household dependent on uncertain agricultural income, dairy farming became an important source of financial support for the family. Encouraged by steady progress, she accessed additional loan cycles to expand her dairy activities over the years.

Her enterprise has now grown to six cows, producing nearly 50 litres of milk every day and generating regular income for the household. Along with strengthening her family's financial resilience, Rani's disciplined repayments and use of digital payment methods reflect the growing confidence and financial awareness among rural women entrepreneurs.


Rani H. M.
Mandya, Karnataka

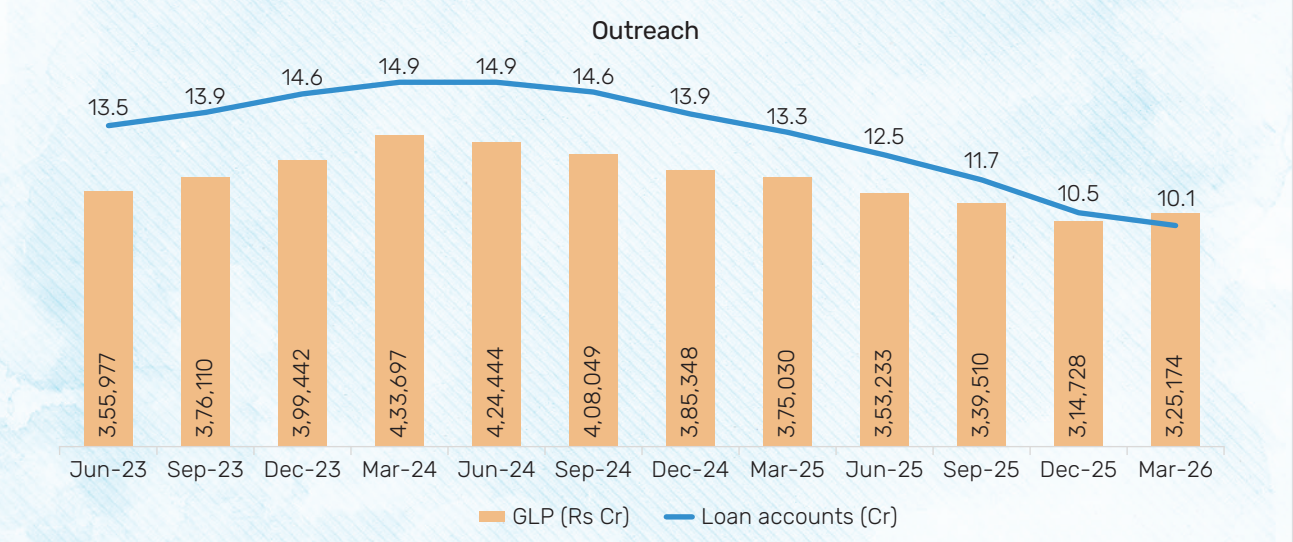
**Customers of MFIN Members*

Industry Trends

Industry Performance in FY 25-26

There are around 209 lenders in the microfinance segment. This group comprises NBFC-MFIs, Banks, Small Finance Banks (SFBs), and others, including non-profit entities. As on 31 March 2026, NBFC-MFIs are the largest provider of micro-credit with a loan amount outstanding of Rs 1,43,586 Cr, accounting for 44.2% to total industry portfolio. Banks hold the second largest share of portfolio in micro-credit with total loan outstanding of Rs 86,033 Cr, which is 26.5% of total micro-credit universe. SFBs have a total loan amount outstanding of Rs 51,238 Cr with total share of 15.8%. NBFCs account for another 12.3% and Other MFIs account for 1.3% of the universe.

Clients (Cr)	6.4
Loan Accounts (Cr)	13.0
Total Loan Portfolio (Rs Cr)	3,25,174
Loan Disbursed (during the year, Cr)	4.3
Loan Amount Disbursed (during the year, Rs Cr)	2,54,706



NBFC-MFIs: Industry Trends

Performance of NBFC-MFIs in FY 2025-26 is given below:

Indicator	31 March 2026
Branches	22,577
Employees	1,94,285
Clients~ (Cr)	3.4
Loan accounts (Cr)	4.0
Asset Under Management (Rs Cr)	1,47,331
Loans disbursed (during the year, Cr)	2.0
Loan amount disbursed (during the year, Rs Cr)	1,20,338

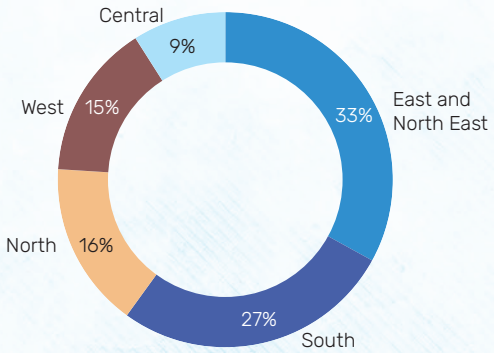
**The client's number here is the aggregate of clients of member MFIs. Given some degree of overlaps, it does not reflect the number of 'unique' clients.*

Pan India Presence of NBFC-MFIs

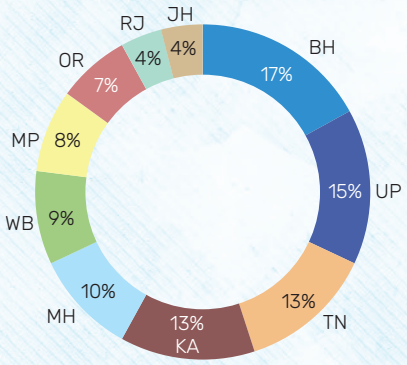
In terms of regional distribution of portfolio (AUM), East and Northeast account for 33% of the total NBFC MFI portfolio, South 27%, North 16%, West 15% and Central contributes 9%.

Top 5 states in terms of loan amount outstanding are Bihar, Uttar Pradesh, Tamil Nadu, Karnataka and Maharashtra. They account for 57.3% of AUM and the Top 10 states account for 84.0% of the total loan amount outstanding.

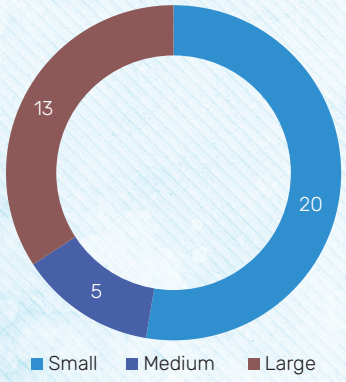
Regional distribution of AUM
31 March 2026



State wise distribution of disbursement
(during FY 2025-26)



Distribution of MFIs as per size



Lending Purpose	Share of total AUM
Agriculture and Allied Activities (total)	**66.6%**
Non-agriculture (total)	**25.6%**
Trade and services	17.5%
Manufacturing / production	8.1%
Household Finance (total)	**7.8%**
Education	0.1%
Medical	0.0%
Housing / home improvement	2.7%
Other household finance	5.0%

Outreach

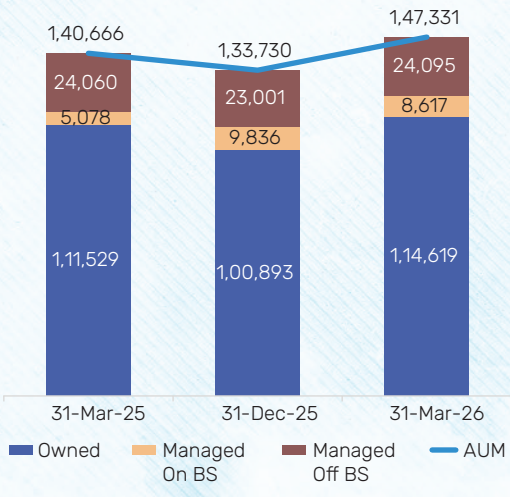
As on 31 March 2026, aggregated AUM (own + managed) of NBFC-MFIs stood at Rs 1,47,331 Cr, a growth of 4.7% compared to 31 March 2025 and increase of 10.2% compared to 31 December 2025.

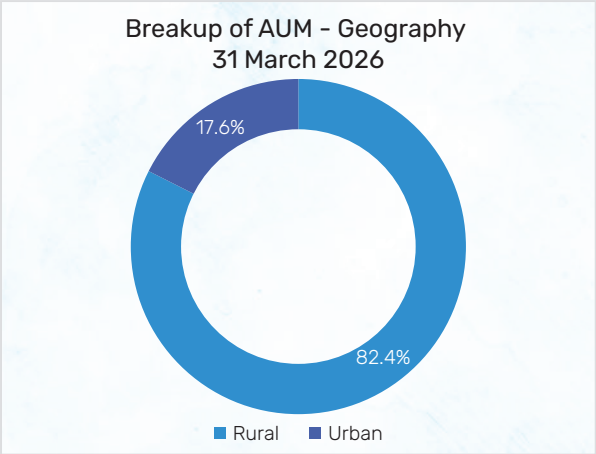
Managed portfolio is Rs 32,713 Cr, which includes Rs 8,617 Cr of On-balance sheet managed portfolio (due to IndAS) and Rs 24,095 Cr of Off-balance sheet managed portfolio.

Within the managed portfolio, portfolio created under Business Correspondent (BC) partnership has 15.6% share amounting to Rs 5,100 Cr. PTC & DA contribute 28.9% and 55.5% of total managed portfolio, respectively.

As on 31 March 2026, the Top 10 MFIs accounted for 85.4% of the industry portfolio.

Loan portfolio (Rs Cr)





Portfolio Quality

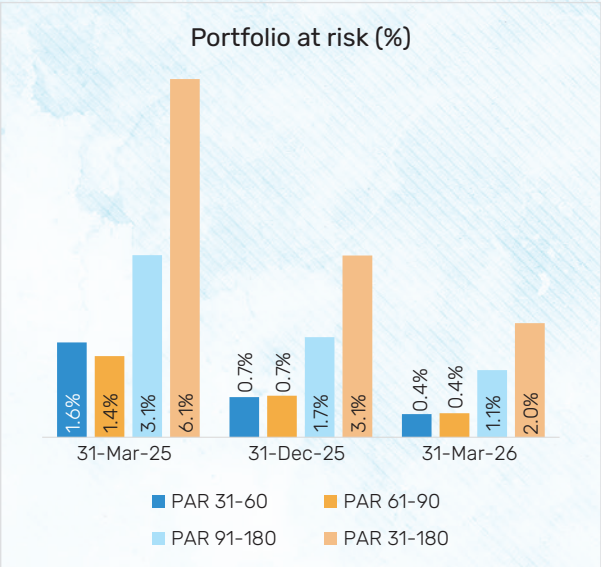
Portfolio at Risk (PAR) 31-180 as on 31 March 2026 has improved to 2.0% as compared to 6.1% as on 31 March 2025.

Overall, around 63.1% of total asset (~81.7% of the owned portfolio) is qualifying in nature, as defined in Master Directions for NBFC-MFIs.

In terms of geographic spread, 82.4% of the portfolio is rural and 17.6% is urban.

In terms of purpose, agriculture and allied loans account for 66.6% of the AUM. Non-agriculture (trade/services and manufacturing) loans account for 25.6% and household finance loans account for 7.8% of the AUM.

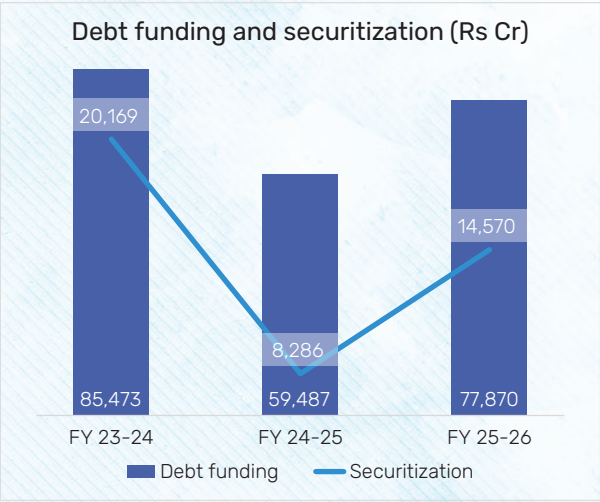
Based on data from 38 NBFC-MFIs, quality (PAR 31-180) of managed portfolio appears better than the owned portfolio.



Debt Funding

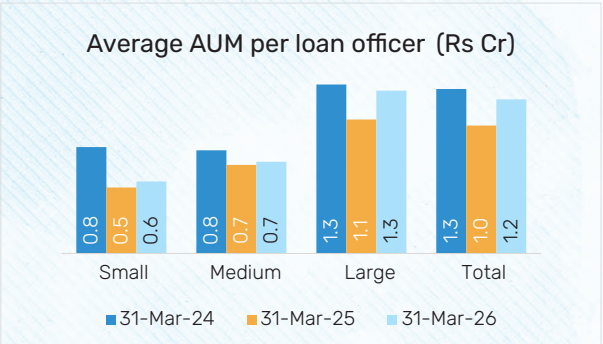
During FY 2025-26, NBFC-MFIs received a total of Rs 77,867 Cr in debt funding (from Banks and other Financial Institutions) which is an increase of 30.9% as compared to FY 2024-25.

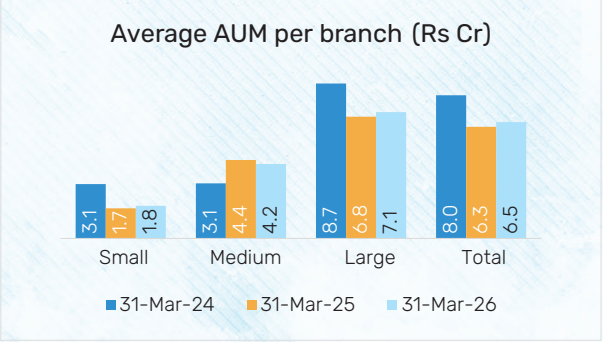
80% of debt funding for Large MFIs was from Banks. Medium and Small MFIs received 30% and 47% of their debt funding from Banks, respectively.



Productivity Ratios

On an average, a loan officer caters to 280 clients with a portfolio of Rs 1.2 Cr. Similarly, on an average a branch caters to 1,487 clients with a portfolio of Rs 6.5 Cr.





Financial Statements



RAY & RAY
CHARTERED ACCOUNTANTS

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16, Kasturba Gandhi Marg, New Delhi – 110001
T +91 11 23705415, 23705416, 41525215
E admin@raynray.in W www.raynray.net

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of MICRO FINANCE INDUSTRY NETWORK [MFIN]
(A Society registered under the Telangana Societies Registration Act, 2001)

Opinion

We have audited the accompanying financial statements of **Micro Finance Industry Network (MFIN)** (herein after "the Society"), which comprise the Balance Sheet as at March 31, 2026 and the Statement of Income & Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at March 31, 2026, and of its surplus for the year then ended in accordance with the Accounting standards issued by the Institute of the Chartered Accountants of India (ICAI), to the extent applicable.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financials Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Accounting Standards, and for such Internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RAY & RAY
CHARTERED ACCOUNTANTS

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We also report as under:

a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
b) In our opinion, proper books of account as required by law have been kept by the Society so far as appears from our examination of those books,
c) The Balance Sheet and the Statement of Income & Expenditure dealt with by this report are in agreement with the books of account.

For Ray & Ray
Chartered accountants
Firm Registration No. 301072E

sd/-
(Samir Manocha)
Partner
Membership No. 091479
UDIN- 26091479BSFPQF4178

Place: New Delhi
Date: 15.06.2026

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Audited Financial Statements

Balance Sheet as at 31st March 2026 — **Amount in ₹**

	Note No.	As at 31/03/2026	As at 31/03/2025
I. SOURCES OF FUNDS			
UNRESTRICTED FUNDS			
General Funds	1	25,65,47,533	25,39,90,716
Designated Funds	2	11,26,20,493	11,29,08,214
RESTRICTED FUNDS			
Fund for Specific Projects/Activities	3	18,25,799	10,09,508
CURRENT LIABILITIES			
Payables & Other Current Liabilities	4	1,49,50,386	1,12,73,446
Short Term Provisions	5	1,68,63,047	1,36,69,148
Total		**40,28,07,258**	**39,28,51,032**
II. APPLICATION OF FUNDS			
NON-CURRENT ASSETS			
PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	6		
Property, Plant & Equipment		20,15,548	22,25,712
Intangible assets		42,79,205	13,43,086
Capital Work-In-Progress		3,78,000	30,05,000
		66,72,753	**65,73,798**
NON-CURRENT INVESTMENTS	7	**14,34,35,520**	**20,79,50,690**
CURRENT ASSETS			
Current Investments	8	16,06,00,690	11,30,85,520
Short Term Loans & Advances	9	25,96,391	10,66,382
Cash & Bank Balances	10	6,34,22,333	4,52,15,003
Amount Receiveable	11	2,60,79,571	1,89,59,639
		25,26,98,985	**17,83,26,544**
Total		**40,28,07,258**	**39,28,51,032**
Significant Accounting Polices and Notes to Accounts	22		

The accompanying notes referred to above form an integral part of these financial statements.

In terms of our report of even date
For Ray & Ray
Chartered Accountants
Firm's Registration no. 301072E

sd/-
(Samir Manocha)
Partner
M. No.: 091479

Place: Gurugram / New Delhi
Date : 15th June 2026

For and on behalf of Board Members of
MICRO FINANCE INDUSTRY NETWORK

sd/-
Vineet Chattree
(Chairperson)

sd/-
Dr. Alok Misra
(CEO & Director)

sd/-
Dibyajyoti Pattanaik
(Vice Chairperson)

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Audited Financial Statements

Statement of Income and Expenditure for the year ended on 31st March 2026 — **Amount in ₹**

	Note No.	For Year Ended March 31, 2026	For Year Ended March 31, 2025
III. INCOME			
INCOME OUT OF RESTRICTED FUNDS			
Grants received from Projects (Refer Note 22 (C) 6)		2,81,47,924	4,38,08,477
INCOME OUT OF UNRESTRICTED FUNDS			
A. Fee for rendering of services			
Subscription from Members			
(i) Annual Subscription			
Members		17,12,68,629	17,48,48,407
Associates		1,04,07,600	91,72,969
(ii) Initial Subscription			
Members		-	4,04,000
Associates		-	2,55,000
B. Other Income	12	3,16,86,774	2,78,89,114
Total		**24,15,10,927**	**25,63,77,967**
IV. EXPENDITURES			
EXPENDITURE OUT OF RESTRICTED FUNDS			
Expenditure on Specific Projects (Refer Note 22 (C)(6))	13	2,81,47,924	4,38,08,477
EXPENDITURE OUT OF UNRESTRICTED FUNDS			
Employee Benefit Expenses	14	12,06,89,654	9,58,08,400
Professional and Consulting Charges	15	2,84,87,710	2,13,34,806
Travelling Expenses	16	83,15,887	87,52,860
Conference, Training and Meeting Expenses	17	1,15,36,044	90,65,550
Media and Publicity Expenses	18	1,94,12,204	80,19,116
Administration Expenses	19	1,39,54,060	1,18,28,733
Sponsorship paid by MFIN	20	8,25,000	6,50,000
Governance Expenditure	21	46,52,393	45,12,224
Depreciation & Amortization	6	28,85,263	15,49,429
Total		**23,89,06,140**	**20,53,29,595**
Surplus transferred to Reserve and Surplus		**26,04,787**	**5,10,48,372**
Significant Accounting Policies and Notes to Accounts	22		

The accompanying notes referred to above form an integral part of these financial statements.

In terms of our report of even date
For Ray & Ray
Chartered Accountants
Firm's Registration no. 301072E

sd/-
(Samir Manocha)
Partner
M. No.: 091479

Place: Gurugram / New Delhi
Date : 15th June 2026

For and on behalf of Board Members of
MICRO FINANCE INDUSTRY NETWORK

sd/-
Vineet Chattree
(Chairperson)

sd/-
Dr. Alok Misra
(CEO & Director)

sd/-
Dibyajyoti Pattanaik
(Vice Chairperson)

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Amount in ₹

Notes to Audited Financial Statements	As at 31/03/2026	As at 31/03/2025
NOTE 1: GENERAL FUNDS		
A. Statement of Reserves & Surplus		
Opening balance	25,39,90,716	20,24,57,436
Add: Surplus transferred from Statement of Income & Expenditure	26,04,787	5,10,48,372
Add/(Less): Cost of assets / CWIP less depreciation transferred to Capital Reserve (Refer Note 22 (B) (3(ii)))	2,87,721	4,84,908
Less: Interest earned on funds for specific project - transferred to PMU-AMFIRS Fund	3,15,932	-
Less: Interest earned on specific project - transferred to HSBC Project (FCRA) Fund.	19,759	-
Closing Balance	**25,65,47,533**	**25,39,90,716**
NOTE 2: DESIGNATED FUNDS		
A. Special Reserves		
Opening balance	5,21,86,211	5,21,86,211
Closing Balance	**5,21,86,211**	**5,21,86,211**
B. SRO Fund		
Opening balance	5,00,00,000	5,00,00,000
Closing Balance	**5,00,00,000**	**5,00,00,000**
C. Contingency Reserves		
Opening balance	1,00,00,000	1,00,00,000
Closing Balance	**1,00,00,000**	**1,00,00,000**
D. Capital Reserves		
Opening balance	7,22,003	12,06,911
Less: Cost of assets purchased (less Depreciation) transferred from income and expenditure ststemenmt (Note 22 (B)(3) (ii) and 22 (B) (6) (ii))	2,87,721	4,84,908
Closing Balance	**4,34,282**	**7,22,003**
Total (A+B+C+D)	**11,26,20,493**	**11,29,08,214**

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Amount in ₹

Notes to Audited Financial Statements	As at 31/03/2026	As at 31/03/2025
NOTE 3: FUND FOR SPECIFIC PROJECTS/ACTIVITIES (Refer Note 22 (C) 6)		
A. HSBC (FCRA)		
Opening balance	4,70,246	3,67,663
Add: Received during the year	-	2,29,19,600
Add: Interest Received	19,759	1,98,806
Less: Grant Utilised	-	2,30,15,823
Closing Balance	**4,90,005**	**4,70,246**
B. Reserve Bank of India		
Opening balance	18,97,202	4,53,052
Add: Received during the year	2,18,85,347	1,38,34,746
Add: Interest Received	-	14,762
Add: GST paid and available	3,83,129	2,18,042
Less: Grant Utilised	2,39,81,305	1,26,23,400
Closing Balance	**1,84,373**	**18,97,202**
C. PMU (AMFIRS)		
Opening balance	47,46,242	44,59,531
Add: Interest Received	3,15,932	3,20,369
Less: Grant Utilised	1,27,996	33,658
Closing Balance	**49,34,178**	**47,46,242**
D. Asian Development Bank (ADB)		
Opening balance	-61,04,182	20,31,414
Add: Received during the year	63,60,048	-
Less: Grant Utilised	40,38,623	81,35,596
Closing Balance	**-37,82,757**	**-61,04,182**
Total (A+B+C+D)	**18,25,799**	**10,09,508**
NOTE 4: PAYABLE AND OTHER CURRENT LIABILITIES		
Expenses payable	1,08,83,130	80,68,800
Gratuity Payable (Net of Fund Asset)	32,41,166	23,74,247
Employees Provident Fund	8,00,860	5,45,233
Tax Deduction at sources	-	2,61,060
Advance recd. From Members	16,356	16,356
Labour Welfare Fund	8,874	7,750
Total	**1,49,50,386**	**1,12,73,446**
NOTE 5: SHORT TERM PROVISIONS		
Employee Benefit Expenses	1,68,63,047	1,36,69,148
Total	**1,68,63,047**	**1,36,69,148**

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Notes to Audited Financial Statements as at 31st March 2026

NOTE 6: PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Amount in ₹

Name of Assets	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As on 1st April 2025	Additions upto 30th Sept 2025	Additions after 30th Sept 2025	Deductions	As on 31st Mar 2026	As on 1st April 2025	For the Year	Adjustment	As on 31st March 2026	As on 31st March 2026	As on 31st March 2025
A. Property Plant & Equipments											
Furnitures and Fixtures	7,20,092	-	-	-	7,20,092	2,91,082	42,901	-	3,33,983	3,86,109	4,29,010
Computers	31,07,808	2,97,446	1,54,660	4,50,300	31,09,614	23,32,684	4,46,633	4,16,982	23,62,335	7,47,279	7,75,124
Computers -FCRA	1,45,102	-	-	-	1,45,102	77,946	26,862	-	1,04,808	40,294	67,156
Computers -FCRA(HSBC)	3,89,004	-	-	-	3,89,004	2,89,192	39,925	-	3,29,117	59,887	99,812
Computers -PMU	55,805	-	-	-	55,805	46,162	3,857	-	50,019	5,786	9,643
Office Equipment	9,48,640	43,071	-	28,597	9,63,114	5,02,705	71,149	13,917	5,59,937	4,03,177	4,45,935
Office Equipment -FCRA(HSBC)	36,470	-	-	-	36,470	12,096	3,656	-	15,752	20,718	24,374
Leasehold Improvement	7,22,122	16,784	-	-	7,38,906	3,47,464	39,144	-	3,86,608	3,52,298	3,74,658
TOTAL [A]	**61,25,043**	**3,57,301**	**1,54,660**	**4,78,897**	**61,58,107**	**38,99,331**	**6,74,127**	**4,30,899**	**41,42,559**	**20,15,548**	**22,25,712**
B. Intangible assets											
Software	45,51,389	33,36,000	19,25,000	8,10,574	90,01,815	38,09,004	19,70,856	6,96,829	50,83,031	39,18,784	7,42,385
Software-FCRA(HSBC)	12,51,460	-	-	-	12,51,460	6,50,759	2,40,280	-	8,91,039	3,60,421	6,00,701
TOTAL [B]	**58,02,849**	**33,36,000**	**19,25,000**	**8,10,574**	**1,02,53,275**	**44,59,763**	**22,11,136**	**6,96,829**	**59,74,070**	**42,79,205**	**13,43,086**
C. Work-in-Progress											
Software	30,05,000		23,03,000	49,30,000	3,78,000		-	-	-	3,78,000	30,05,000
TOTAL [C]	**30,05,000**	**-**	**23,03,000**	**49,30,000**	**3,78,000**	**-**	**-**	**-**	**-**	**3,78,000**	**30,05,000**
TOTAL [A+B+C]	**1,49,32,892**	**36,93,301**	**43,82,660**	**62,19,471**	**1,67,89,382**	**83,59,094**	**28,85,263**	**11,27,728**	**1,01,16,629**	**66,72,753**	**65,73,798**
Previous Year	**1,24,14,026**	**5,77,180**	**22,12,401**	**2,70,715**	**1,49,32,892**	**70,53,594**	**15,49,429**	**2,43,928**	**83,59,094**	**65,73,798**	**53,60,432**

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Notes to Audited Financial Statements	As at 31/03/2026	Amount in ₹ As at 31/03/2025
NOTE 7: NON-CURRENT INVESTMENTS		
A. Fixed deposits with Banks		
- Special Reserves		
ICICI Bank	46,18,976	29,21,234
Axis Bank	-	1,79,457
State Bank of India	44,66,544	-
- SRO Fund		
State Bank of India	2,50,00,000	3,75,00,000
ICICI Bank	-	1,25,00,000
- Contingency Reserves		
Axis Bank	-	1,00,00,000
- Operating Funds		
ICICI Bank	2,50,00,000	6,99,99,999
IDFC Bank	3,00,00,000	-
Kotak Mahindra Bank	1,82,00,000	3,87,00,000
State Bank of India	1,11,50,000	1,11,50,000
B. Mutual Funds		
(Market Value current year - ₹ 3,94,82,416, previous year ₹ 3,73,99,442)	2,50,00,000	2,50,00,000
Total	**14,34,35,520**	**20,79,50,690**
NOTE 8: CURRENT INVESTMENTS		
A. Fixed deposits with Banks		
- Special Reserves		
ICICI Bank	1,79,21,234	1,96,18,976
Axis Bank	1,79,457	
State Bank of India	-	44,66,544
- SRO Fund		
State Bank of India	1,25,00,000	-
ICICI Bank	1,25,00,000	-
- Contingency Reserves		
Axis Bank	1,00,00,000	-
- Operating Funds		
IDFC Bank	-	6,00,00,000
ICICI Bank	6,99,99,999	2,50,00,000
Kotak Mahindra Bank	3,75,00,000	40,00,000
Total	**16,06,00,690**	**11,30,85,520**
NOTE 9: SHORT TERM LOANS & ADVANCES		
Advance given to Vendors / employees	20,35,280	7,58,044
Salary Advance	5,61,111	3,08,338
Total	**25,96,391**	**10,66,382**

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Amount in ₹

Notes to Audited Financial Statements	As at 31/03/2026	As at 31/03/2025
NOTE 10: CASH AND BANK BALANCES		
Cash in Hand (In Indian Currency)	11,603	9,833
Balance with Scheduled banks		
-IDFC First Bank	5,55,23,460	3,91,90,439
-ICICI Bank	14,31,053	2,39,317
-Kotak Mahindra Bank	6,32,117	2,03,299
-Axis Bank	1,76,718	1,94,935
-State Bank of India	1,01,478	88,080
Balance with Banks (Specific Funds)		
- IDFC First Bank - PMU (AMFIRS)	50,34,179	47,46,245
- RBL Bank - HSBC (FCRA)	3,95,744	3,75,985
- SBI Bank - HSBC (FCRA)	1,15,981	1,66,870
Total	**6,34,22,333**	**4,52,15,003**

Notes to Audited Financial Statements	As at 31/03/2026	As at 31/03/2025
NOTE 11: AMOUNT RECEIVEABLE		
A. From Members		
Annual subscriptions receivable		
Due from Member	38,58,559	53,76,288
Due from Ex-Member	42,06,942	17,98,562
Due from Associates	13,976	-
Due from Ex-Associates	23,15,537	23,15,537
Sub-Total	**1,03,95,014**	**94,90,387**
Less: Provision for doubtful debts (refer note 22 C 4 (ii))	77,07,158	48,10,993
Net Amount Receiveable from Members	**26,87,856**	**46,79,394**
B. From others		
Income Tax Recoverable*	78,06,185	49,40,080
Accrued Interest on FD's	51,19,515	36,25,441
GST Input Credit	78,50,382	30,22,201
Security deposit against Rent	18,36,028	18,36,028
Prepaid expenses	7,56,401	8,56,495
Others	23,204	-
Net Amount Receiveable from others	**2,33,91,715**	**1,42,80,245**
Total	**2,60,79,571**	**1,89,59,639**

*The recoverable from tax authorities represents tax deducted at source for the current year and also for earlier years. The society is registered under section 12 AB of the Income tax Act, 1961 and is not liable to pay tax. During the year, the society's application for renewal of registration u/s 12 AB has been rejected by the department . The society has made necessary appeal / submission before the appropriate authorities which is under active consideration. In view of this, the management maintains that the amount of tax deducted are fully recoverable and no provision is required against such recoverable.

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Amount in ₹

Notes to Audited Financial Statements	For the period ended on 31/03/2026	For the period ended on 31/03/2025
NOTE 12: OTHER INCOME		
Training Programme Fees	14,44,910	26,38,560
Online Certification course	6,95,000	-
Sponsorship Fee	26,00,000	6,00,000
Sale of Publications	93,000	1,12,000
Interest -		
- from Fixed Deposits	1,99,78,727	1,94,70,393
- from Saving Bank	68,06,683	40,59,621
- from Income Tax Refund	-	4,58,761
- from Others	23,315	39,823
Other Income	45,139	5,09,956
Total	**3,16,86,774**	**2,78,89,114**
NOTE 13: EXPENDITURE ON SPECIFIC PROJECTS		
1. Project Expenses		
1.1 Conferences & Meetings	1,50,62,210	87,97,400
1.2 Staff Salaries	37,85,943	98,99,295
1.3 Training Material	31,81,695	12,82,889
1.4 Professional Fees	24,59,759	1,98,37,665
1.5 Training of Trainers	16,34,219	2,90,545
1.6 Travel	6,57,108	4,60,559
2. Administrative Expenses	13,66,989	32,40,124
Total	**2,81,47,924**	**4,38,08,477**
NOTE 14: EMPLOYEE BENEFIT EXPENSES		
Salaries, Bonus and Allowance to employees	11,17,39,023	8,49,31,217
Employees Provident Fund - Employer's Contribution	46,41,583	40,00,451
Gratuity expenses	21,87,182	22,26,581
Staff Retreat	-	15,56,271
Recruitment Expenses	4,90,850	15,52,000
Mediclaim Insurance Premium	8,49,489	8,61,236
Leave encashment	5,95,201	4,84,535
Staff welfare	1,63,995	1,76,083
Labour Welfare Fund	22,332	20,026
Total	**12,06,89,654**	**9,58,08,400**
NOTE 15: PROFESSIONAL AND CONSULTING FEES		
Professional Charges - Data Requirement	73,99,815	65,52,918
Professional Charges - Research	33,31,802	60,23,603
Professional Charges - Surveillance	87,54,864	42,99,915
Professional Charges - Course Development	55,64,880	18,49,018
Professional charges - Software Maintenance	16,75,259	14,88,907
Professional Charges - Others	17,61,090	11,20,445
Professional Charges - Lawyers' Fees	-	-
Total	**2,84,87,710**	**2,13,34,806**

MICRO FINANCE INDUSTRY NETWORK [MFIN]

Amount in ₹

Notes to Audited Financial Statements	For the period ended on 31/03/2026	For the period ended on 31/03/2025
NOTE 16: TRAVELING EXPENSES		
Traveling Expenses	22,70,808	22,55,393
Boarding & Lodging Expenses	31,52,311	36,33,059
Local Conveyance (Cab charges)	23,58,833	23,33,116
Car Lease & Running Charges	5,33,935	5,31,292
Total	**83,15,887**	**87,52,860**
NOTE 17: CONFERENCE, TRAINING AND MEETING EXPENSES		
State Chapters Meeting Expenses	46,58,909	36,29,720
Other Meeting Expenses (Net of reimbursement)	68,77,135	54,35,830
Total	**1,15,36,044**	**90,65,550**
NOTE 18: MEDIA AND PUBLICITY EXPENSES		
Publicity Expenses	49,85,375	43,17,227
Public Relation (PR) Expenses	1,30,70,809	28,85,800
Printing & Designing Expenses	13,56,020	8,16,089
Total	**1,94,12,204**	**80,19,116**
NOTE 19: ADMINISTRATION EXPENSES		
Office Rent	46,13,049	31,49,931
Office Maintenance	34,13,226	27,92,418
Communication Expenses (Telephone/Internet expenses)	12,97,703	14,86,421
Website Maintenance Charges	6,84,471	7,02,027
Auditor's Remuneration (refer note 22 (C) 5)	5,65,000	5,32,500
Membership Fee	2,66,286	2,96,371
Miscellaneous Expenses	88,635	32,569
Loss on Sale / discard of Assets (net)	1,29,525	7,180
Provision/ Write off- Debts/ Advances	28,96,165	28,29,316
Total	**1,39,54,060**	**1,18,28,733**
NOTE 20: SPONSORSHIP PAID BY MFIN		
AMFI-WB	2,25,000	2,50,000
UPMA	2,00,000	2,00,000
AKMI	2,00,000	-
OSAFIIT	2,00,000	2,00,000
Total	**8,25,000**	**6,50,000**
NOTE 21: GOVERNANCE EXPENDITURE		
Governing Board/Committee Meeting Sitting Fee	21,60,000	17,00,000
AGM/ Board Meetings	16,03,844	17,46,353
Traveling Expenses	4,14,523	3,59,367
Boarding & Lodging Expenses	3,57,340	5,86,700
Local Conveyance (Cab charges)	1,16,686	1,19,804
Total	**46,52,393**	**45,12,224**

Note 22: Significant Accounting Policies and Notes to the Accounts:

A) GENERAL INFORMATION

Micro Finance Industry Network (MFIN), having its registered office in Hyderabad, Telangana and its head office in Gurugram, Haryana was established on December 14, 2009 as a Society under the Telangana Societies Registration Act 2001. The Society is also recognized as a "Self-Regulatory Organisation" (SRO) for NBFC-MFIs by the Reserve Bank of India since June 16, 2014. The primary activities and objectives of the Society are to liaise and work in unison with the relevant regulatory authorities regulating the business of microfinance, to promote microfinance and develop best practices, conduct research and training to strengthen the capacity of institutions engaged in microfinance in general, including those who are members of the Society.

All regulated institutions including Banks, Small Finance Banks, NBFCs, NBFC-MFIs, etc., which has microfinance portfolio in its balance sheet and registered with Reserve Bank of India (RBI), are eligible to be the members of the Society. The total number of members as on March 31, 2026, was 69. In addition, the Society includes 24 institutions as Associates as per its byelaws.

The Society is registered under section 12A of the Income Tax Act 1961 with effect from 1st April 2021. This registration expired on 31st March 2025 and is renewal under process.

B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) **Basis of preparation of financial statements:**

The financial statements that comprise the Balance Sheet, Statement of Income and Expenditure together with Notes, are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with applicable Accounting Standards issued by The Institute of Chartered Accountants of India. The financial statements are prepared under the historical cost convention on a going concern basis using the accrual method unless otherwise stated. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, unless otherwise stated.

2) **Use of estimates:**

(i) The preparation of financial statements is in conformity with Indian GAAP which requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

3) **Reserves:**

(i) The source of funds for the contribution to Special Reserve, Contingency Reserve and SRO fund is decided with the approval of the Board from time to time.

(ii) **Capital Reserve**

The Property, Plant & Equipment and Intangible Assets including capital work in progress purchased out of specific project funds are considered as part of utilisation during the year for the purpose of revenue recognition as per the revenue recognition policy of the Society in respect of those funds. The cost of these assets (net of depreciation thereon) is then transferred to this fund from the statement of the income and expenditure to reflect the depreciated value of assets procured out of specific project fund.

4) **Revenue recognition:**

The Revenue is recognized as follows:

(i) **Subscription from members**
Annual Subscription fee from members is accounted on the basis of invoices raised when they become due.

The registration and initial subscription fee are recognized as and when the application is received and the invoice is raised.

(ii) **Funds Received for specified projects/activities**

The Society receives funds from both local and foreign sources, which are restricted in nature with regard to its utilization as per fund provider's agreements. As such, the restricted funds received during the year are in the first instance credited directly under the "Fund for Specific project/activities" account in the Balance Sheet and are thereafter transferred to the Income & Expenditure Account to the extent of related expenditure (including payment for capital assets/capital work in progress) incurred during the year. The balance amount along with income generated out of restricted funds is carried forward for use in future periods.

(iii) Interest income from banks on fixed deposits is recognized on the basis of proportionate lapse of time as applied to the amount outstanding and at applicable rates. Other interest is recognized as and when received.

(iv) Income earned from investments in mutual funds is accounted for as & when the funds are redeemed.

(v) Other income is recognized as & when accrued.

5) **Property, Plant & Equipment and Intangible Assets:**

(i) All Property, Plant & Equipment and Intangible Assets are shown at cost less accumulated depreciation. The cost comprises of purchase price and all incidental costs related to acquisition and installation.

(ii) Property, Plant & Equipment and Intangible Assets including capital work in progress procured out of specific project funds, are considered as part of total fund utilization for those projects for the purpose of recognition of income for those specific projects. These are then also recognized as part of Property, Plant & Equipment and Intangible Assets with corresponding credit to the capital reserve.

6) **Depreciation:**

(i) Depreciation has been provided on all assets based on written down value method at the rates prescribed under the Income Tax Act 1961. Written Down Value as on 1st April 2025 has been considered to calculate the depreciation for the period from April 2025 to March 2026.

(ii) Depreciation on assets purchased out of specific project funds has been recognized as expenses during the year which is then adjusted against the balance of capital reserve to represent the depreciated cost of such assets.

7) **Valuation of Investments:**

All investments are held at cost. Any diminution in value of investments, other than those which are held to maturity or withdrawn before maturity, are provided for in the accounts, while appreciation is accounted for when realized.

8) **Employee Benefits:**

All employee' benefits are paid / provide for as per previous labour laws.

(i) Short Term Employee Benefit

(a) Salary and other short-term benefits are recognized as an expense in the Statement of Income & Expenditure in the year in which related service is rendered.

(b) Encashment of leave is done in the year of entitlement and no leave is carried forward for encashment in the future.

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(ii) Postemployment and other long-term employee benefits are provided for in the Accounts in the following manner:

(a) Provident Fund contribution: The Contributions are made with the Provident Fund Commissioner as per the provision of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

(b) Gratuity: Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India. Provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following the Projected Unit Credit Method.

9) **Leases:**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised as expense in the Statement of Income and Expenditure on a straight-line basis over the lease term.

10) **Impairment of fixed assets:**

The carrying value of assets at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated, and impairment recognised. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Income and Expenditure.

11) **Impairment of trade receivables:**

The carrying value of all receivables at the end of each financial year is reviewed for recoverability. Provisions for impairment allowance towards expected credit loss are recognised as under:

Receivables which are due for more than one year from the date of invoice	50% of the outstanding amount
Receivables which are due for more than 2 years from the date of invoice	100% of the outstanding amount

Additional provision for expected credit loss is recognised based on the assessment made and approved by the board.

12) **Taxes on Income:**

The Society was registered under section 12A(1)(ac)(iii) of the Income Tax Act 1961 vide registration number AACTM4934H22CD01 as a charitable organization with effect from 1st April 2021. This registration was valid till 31st March 2025 and the renewal/ revalidation of its registration is under process.

The activities of the Society are within the scope of its main objectives and are charitable in nature as defined in section 2(15) of the Act. As such, no taxes are payable by the Society.

13) **Foreign currency transactions:**

(i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences arising on the settlement of monetary items or on reporting society's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

14) **Prior period adjustments, extraordinary items and changes in Accounting Policies:**

Prior period adjustments, extraordinary items and changes in accounting policies having a material impact on the financial affairs of the Society are disclosed.

15) **Provision and contingent liabilities:**

Society creates a provision where there is a present obligation as a result of past event that probably require an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where the reliable estimate of the obligation cannot be made.

16) **Operating Cycle:**
Based on the nature of activities of the Society and the normal time between acquisition of assets and their realization in cash or cash equivalent, the Society has determined its operation cycle as 12 months for the purpose of its assets and liabilities as current and non-current.

17) **Events after the Balance Sheet:**

Events occurring after the date of the Balance Sheet, which affects the financial position to a material extent, are taken cognizance of.

C) NOTES TO ACCOUNTS:

1) The Society is a Level III enterprise as defined in the scheme for applicability of accounting standards to non-company entities announced by ICAI, which is effective for all accounting periods commencing on or after 1 April 2020. Accordingly, the Society has complied with the Accounting Standards, applicable to a Level III Entity- Micro, Small and Medium Sized Entities (MSME**)**.

2) **Transaction in Foreign Currency**

(i) **Earnings in Foreign Currency:**

Nature of Income	31-03-2026 (₹)	31-03-2025 (₹)
Sale of Publication (Online)	5,000	8,000
Funds recd. from HSBC (FCRA)	NIL	2,29,19,600
Funds recd. from Asian Development Bank	63,60,048	NIL

(ii) **Expenditure in Foreign Currency:**

Nature of Expenses	31-03-2026 (₹)	31-03-2025 (₹)
Membership Fee paid	NIL	2,96,371
Traveling Expenses	NIL	2,57,186

3) **Employee Benefits:**

(i) **Defined Contribution Plans:**

The Society makes a contribution towards the Provident Fund for each employee as per The Employees Provident Funds & Miscellaneous Provisions Act, 1952 (other than in the case of the CEO & Director for whom the contribution is made to another institute which has its primary PF account as he is an extraordinary leave and the same has been approved by the Board). The Provident Fund plan is operated by the regional Provident Fund Commissioner. Society is required to contribute a specified percentage of payroll cost to the retirement benefits schemes to fund the benefits under the said Act. The only obligation of Society with respect to their retirement benefit plan is to make specified contributions at specified rates.

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(ii) **Defined Benefit Plan**

Gratuity

The Society makes an annual contribution to the Employees Group Gratuity Scheme of the Life Insurance Corporation of India (funded). The scheme provides for lump sum payments of an amount equal to 15 days salary (last drawn) for each completed year of service to vested employees on departure. Vesting occurs on completion of 5 years of service. The valuation of liability has been carried out by a practicing actuary under Projected Unit Credit Method. Provisions have been made to bring gratuity liability in line with actuarial valuation. The funds are invested by LIC of India.

The disclosure relating to the defined benefit plan on 31st March 2026 as per Actuarial Valuation using Projected Unit Credit Method and recognized in the Financial Statements in respect of Employees Group Gratuity Scheme is as follows:

S. No.	Description	As at 31st March	
		2026 (₹)	2025 (₹)
1	**Expenses recognized in the statement of Income &Expenditure for the year ended 31st March**		
a)	Current Service cost	18,43,324	15,72,640
b)	Interest Cost	6,11,229	4,48,568
c)	Expected return on plan assets	(4,91,804)	(2,61,547)
d)	Net Actuarial (Gains) / Losses	2,24,433	4,66,920
e)	Past Service cost	----------	----------
f)	Total Expense	2,187,182	22,26,581
2	**Net Asset / (Liability) recognized in the balance sheet as on 31st March**		
a)	Present value of Defined Benefit Obligation as at 31st March	11,502,484	88,20,040
b)	Fair Value of plan assets as at 31st March	82,61,318	64,03,701
c)	Funded status {Surplus / (Deficit)}	(3,241,166)	(24,16,339)
d)	Net asset / (liability) as at 31st March	(3,241,166)	**(24,16,339)**
3	**Change in Defined Benefit Obligations during the year ended 31st March**		
a)	Present value of Defined Benefit Obligation at the beginning of the year	**88,20,040**	**62,04,260**
b)	Service Cost	16,29,095	15,72,640
c)	Interest Cost	6,11,229	4,48,568
d)	Past Service Cost	----------	----------
e)	Actuarial (Gains)/ Losses	227,891	5,94,572
f)	Benefit Paid	----------	----------
g)	Present value of Defined Benefit Obligation at the end of the year.	11,502,484	**88,20,040**
4	**Change in Assets during the year ended 31st March**		
a)	Plan assets at the beginning of the period	**64,03,701**	**36,02,576**
b)	Actual Return on Plan Assets	4,95,262	3,89,199
c)	Contributions by Employer	13,62,355	24,11,926
d)	Actual benefits paid	----------	----------
e)	Plan assets at the end of the Year	82,61,318	64,03,701
f)	Actuarial Gains/ (Losses) on Plan Assets	3,458	1,27,652
g)	Expected return on plan assets	4,91,804	2,61,547

5	**Major categories of plan assets as a percentage of total plan**	Invested with LIC in Group Gratuity Scheme	
6	**Actuarial Assumptions**		
a)	Discount rate (%)	7.70%	6.93%
b)	Expected rate of return on plan assets	Invested by LIC	
c)	Mortality rate	IALM (2012-14)	
d)	Future Salary increase (%)	10%	10%

(iii) With respect to leave accumulation and encashment, the Society encourages all employees to avail leaves and allows limited leaves for encashment during the year. Accordingly, a sum of Rs. 5,95,201 has been accounted for towards leave encashment during the year. No encashment leave can be accumulated.

4)

(i) In the opinion of the Board, the value on realization of current assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

(ii) Certain amounts due from current/erstwhile members & associates on account of annual subscription fees are pending recovery. Management is following up with the members for the recovery of the dues.

(iii) During the year, provisions aggregating to Rs. 77,07,158 (previous year: Rs. 48,10,993) have been made. This includes provision of Rs. 58,61,887 made against old dues as per policy and also an additional provision for a current subscription invoice of Rs. 18,45,271, which in the opinion of the management, is doubtful of recovery.

5) **Details of Auditor's Remuneration**

Name	31-03-2026 (₹)	31-03-2025 (₹)
Statutory Audit Fees	5,65,000	5,25,000
Tax Audit fee	60,000	NIL
Expenses Reimbursement	30,000	7,500
Total	**6,55,000**	**5,32,500**

Input credit has been availed with respect to GST on Auditor's Remuneration.

6) The details of income recognized towards the specific projects/ activities corresponding to the expenditure incurred are as under:

Particulars	Note No.	31-03-2026 (₹)	31-03-2025 (₹)
Revenue Expenditure	13	2,81,47,924	4,38,08,477
Capital Expenditure	6	NIL	NIL
Total Expenditure		**2,81,47,924**	**4,38,08,477**

7) **Contingent Liability**

(a) Income Tax:

The Society held a valid registration under Section 12A/12AA/12AB of the Income Tax Act, 1961, which was due for renewal/revalidation. The Trust filed an application for renewal on 20th Feb 2025. The Commissioner of Income Tax (Exemptions) ["CIT(E)"] rejected this application vide order dated 18th August 2025. In lieu of invalid registration in the records of Income Tax Department, it raised a demand of Rs. 11,12,24,980 representing tax payable on the surplus of income over expenditure including interest for the period ending on 31st March 2024.

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The Society filed an appeal before the Hon'ble Income Tax Appellate Tribunal (ITAT) on 22nd September 2025 against cancellation order. The Hon'ble ITAT allowed the appeal for statistical purposes vide its order dated 11th March, 2026 and has referred the case back to the CIT (E) for reconsideration of its order.

The Society also filed an appeal before the Hon'ble Commission of Income Tax (Appeals) on 22nd April 2026 against the income tax demand. The hearing under this Appeal is pending.

Management maintains that the possibility of such demand succeeding is remote and hence no provision for such liability is considered necessary.

As the matter is sub-judice, the Society continues to claim exemptions under Sections 11 and 12 of the Income Tax Act, 1961, treating the original registration as valid until a final decision is reached.

(b) Goods and Service Tax (GST)

During the year, demand notice of Rs. 49,94,315 for the year ended on 31st March, 2019 has been received from the GST Department which was revised to Rs. 7,40,106 vide order dated 24th December, 2025. The Society filed an appeal on 2nd February 2026 against this demand order which is pending for disposal.

The GST Department issued another demand notice on 29th July, 2025 of Rs. 2,07,346 for the year ended on 31st March, 2024. The reply to this notice has been submitted in time.

Management maintains that the possibility of such demands succeeding is remote and hence no provision for such liability is considered necessary.

8 New Labour code:

During the year, the Code on Wages, 2019, Industrial Relations Code, 2020, Code on Social Security, 2020, and Occupational Safety, Health and Working Conditions Code, 2020 (together referred as New Labour Codes) were made applicable to all organizations with effect from 21st November 2025.

While the Central Rules are in effect, the notification for republishing the draft rules for implementation by states are pending for some states including the State of Haryana. Accordingly, the employee benefits namely gratuity, provident fund, leave encashment etc. have been provided for as per various Labour laws existing during the year. The development in this regard is being monitored, and the effect will be recognized once final state-level notifications are issued.

9 Previous year figures are regrouped / recast to make them comparable with the current year.

In terms of our report of even date
For Ray & Ray
Chartered Accountants
Firm's Registration No. 301072E

sd/-
Samir Manocha
(Partner)
M. No. 091479

Place: Gurgaon / New Delhi
Date: 15th June 2026

For and on behalf of the Board of
MICRO FINANCE INDUSTRY NETWORK

sd/-
Vineet Chattree
(Chairperson)

sd/-
Dr. Alok Misra
(CEO & Director)

sd/-
Dibyajyoti Pattanaik
(Vice Chairperson)

Annexures

BOARD ATTENDANCE FOR FY 2025-26

Name of Board Member	Date of Joining	Date of Retirement or Resignation	25-Jun 2025	26-Sep 2025	23-Dec 2025	24-Mar 2026	Attendance
	Meeting No.		94	95	96	97	(%)
	Location		Online	Mumbai	Online	Online	
Mr Manoj Nambiar	28-Jun-23		1	1	1	1	100%
Mr Vineet Chattree	28-Jun-23		1	1	1	1	100%
Mr Abhisheka Kumar	04-Jul-22	04-Jul-25	1	NA	NA	NA	100%
Mr Ankush Golechha	04-Jul-22	04-Jul-25	1	NA	NA	NA	100%
Mr Devesh Sachdev	28-Jun-24	03-Oct-25	1	1	NA	NA	100%
Mr Dibyajyoti Pattanaik	28-Jun-24		1	1	1	1	100%
Mr George K John	04-Jul-22	04-Jul-25	1	NA	NA	NA	100%
Mr Krishnan Venkatesh	28-Jun-24	11-Nov-25	1	1	NA	NA	100%
Mr Baskar Babu Ramachandran	04-Jul-25		NA	1	1	1	100%
Mr Gyan Mohan	04-Jul-25		NA	1	1	A	67%
Mr Krishnadas Nair	04-Jul-25		NA	1	A	1	67%
Mr Deepak Singhal	03-Aug-23		1	1	1	1	100%
Dr Harsh Bhanwala	22-Sep-20		1	1	1	A	75%
Ms Veena Mankar	02-Jun-25		A	A	1	1	50%
Mr Saurav Sinha	01-Jul-25		NA	1	1	1	100%
Dr Alok Misra	01-Aug-20		1	1	1	1	100%

LIST OF NBFC-MFI MEMBERS

Total members = 69

Total associates = 24

SN	Type	Institution
1	NBFC-MFI	Adi Chitragupta Finance Ltd.
2	NBFC-MFI	Agora Microfinance India Pvt. Ltd.
3	NBFC-MFI	Annapurna Finance Pvt. Ltd.
4	NBFC-MFI	Arohan Financial Services Ltd.
5	NBFC-MFI	ASA International India Microfinance Ltd.
6	NBFC-MFI	Asirvad Microfinance Ltd.
7	NBFC-MFI	Avanti Finance Ltd.
8	NBFC-MFI	Aviral Finance Pvt. Ltd.
9	NBFC-MFI	Belstar Microfinance Ltd.
10	NBFC-MFI	BWDA Finance Ltd.
11	NBFC-MFI	CreditAccess Grameen Ltd.
12	NBFC-MFI	DJT Microfinance Pvt. Ltd.
13	NBFC-MFI	Fusion Finance Ltd.
14	NBFC-MFI	Hindusthan Microfinance Pvt. Ltd.
15	NBFC-MFI	Humana Financial Services Pvt. Ltd.
16	NBFC-MFI	IIFL Samasta Finance Ltd.
17	NBFC-MFI	Jagaran Microfin Pvt. Ltd.
18	NBFC-MFI	Janakalyan Financial Services Pvt. Ltd.
19	NBFC-MFI	Keshava Prabha Microfin Pvt. Ltd.
20	NBFC-MFI	Light Microfinance Pvt. Ltd.
21	NBFC-MFI	LOLC India Finance Pvt. Ltd.

SN	Type	Institution
22	NBFC-MFI	M Power Micro Finance Pvt. Ltd.
23	NBFC-MFI	Magenta Finance Services Pvt. Ltd.
24	NBFC-MFI	Midland Microfin Ltd.
25	NBFC-MFI	Mitrata Inclusive Financial Services Pvt. Ltd.
26	NBFC-MFI	Muthoot Microfin Ltd.
27	NBFC-MFI	Namra Finance Ltd.
28	NBFC-MFI	Nightingale Finvest Pvt. Ltd.
29	NBFC-MFI	Radhya Micro finance Pvt. Ltd.
30	NBFC-MFI	Samavesh Finserv Pvt. Ltd.
31	NBFC-MFI	Sarala Development & Microfinance Pvt. Ltd.
32	NBFC-MFI	Sarwadi Finance Pvt. Ltd.
33	NBFC-MFI	Satin Credit Care Network Ltd.
34	NBFC-MFI	Satya MicroCapital Ltd.
35	NBFC-MFI	SAVE Microfinance Pvt. Ltd.
36	NBFC-MFI	Share Microfin Ltd.
37	NBFC-MFI	South India Finvest Pvt. Ltd.
38	NBFC-MFI	Spandana Sphoorty Financial Ltd.
39	NBFC-MFI	Srifin Credit Pvt. Ltd.
40	NBFC-MFI	Svasti Microfinance Pvt. Ltd.
41	NBFC-MFI	Svatantra Microfin Pvt. Ltd.
42	NBFC-MFI	UFin Financial Services Ltd.
43	NBFC-MFI	Unacco Finance Pvt. Ltd.
44	NBFC-MFI	Vector Finance Pvt. Ltd.
45	NBFC-MFI	Vruksha Microfin Pvt. Ltd.

LIST OF OTHER RES

SN	Type	Institution
1	Bank	Axis Bank Ltd.
2	Bank	Bandhan Bank Ltd.
3	Bank	HDFC Bank Ltd.
4	Bank	ICICI Bank Ltd.
5	Bank	IDFC FIRST Bank Ltd.
6	Bank	IndusInd Bank Ltd.
7	Bank	Kotak Bank Ltd.
8	Bank	RBL Bank Ltd.
9	SFB	AU Small Finance Bank Ltd.
10	SFB	Equitas Small Finance Bank Ltd.
11	SFB	ESAF Small Finance Bank
12	SFB	Jana Small Finance Bank Ltd.
13	SFB	Suryoday Small Finance Bank Ltd.
14	SFB	Ujjivan Small Finance Bank Ltd.
15	SFB	Unity Small Finance Bank Ltd.
16	SFB	Utkarsh Small Finance Bank Ltd.
17	NBFC	Bajaj Finserv Ltd.
18	NBFC	Dvara Kshetriya Gramin Financial Services Pvt. Ltd.
19	NBFC	ITI Credit Ltd.
20	NBFC	L&T Finance Ltd.
21	NBFC	Northern Arc Capital Ltd.
22	NBFC	Piramal Capital & Housing Finance (Piramal Finance Ltd)
23	NBFC	SMFG India Credit Co. Ltd.
24	NBFC	Tata Capital Ltd.

LIST OF ASSOCIATES

Serial	Category	Institution
1	Bank	DBS Bank India Ltd.
2	Bank	HSBC Bank Ltd.
3	Banking Correspondent	Agrosperity Tech Solutions Pvt Ltd.
4	Banking Correspondent	Atyati Technologies pvt. Ltd.
5	Banking Correspondent	Bharat Financial Inclusion Limited
6	Banking Correspondent	Buldana Urban Management Services Pvt. Ltd.
7	Banking Correspondent	IDFC FIRST Bharat Ltd.
8	Banking Correspondent	Kamal Fincap Pvt. Ltd.
9	Banking Correspondent	New Opportunity Consultancy Pvt. Ltd.
10	Banking Correspondent	RBL FinServe Ltd.
11	Banking Correspondent	Sonata Finance Pvt. Ltd.
12	Credit Bureau	CRIF Highmark
13	Credit Bureau	Equifax Credit Information Services Pvt. Ltd.
14	Credit Bureau	Experian Credit Information Company of India
15	Credit Bureau	TransUnion CIBIL Ltd.
16	Fintech	Bahwan CyberTek
17	Fintech	Craft Silicon Pvt. Ltd.
18	Fintech	Indihood Pvt. Ltd.
19	Fintech	Kaleidofin Pvt. Ltd.
20	Fintech	Leegality (Grey Swift Pvt. Ltd.)
21	Foundation	Water.Org India Liaison office
22	Insurance Co.	Care Health Insurance Ltd.
23	Insurance Co.	M-Swasth Solutions Private Limited
24	NBFC - wholesaler	Hinduja Leyland Finance Ltd.



When women move forward, the family moves, the village moves, and the nation moves.

— Jawaharlal Nehru



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