



MICROFINANCE INSTITUTIONS NETWORK

Consolidated Media Visibility Report for the Month of April

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Leadership Interview/Interactions

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

Earning capacity has gone, say micro lenders

TIMES NEWS NETWORK

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



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

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

EFFECT OF LOCKDOWN

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

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

Since March 2018, about 2.1 crore unique borrowers have been added. As on December 31, 2019, the industry served 5.6 crore unique borrowers through 10.1 crore loan accounts. As of December end, micro-lenders were managing 19 lakh loan accounts with an aggregate loan portfolio of Rs 3,735 crore and an average loan outstanding per account of Rs 20,132. This represents a year-on-year growth of 36% in the portfolio and 26% in loan accounts.

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

Micro lenders feel credit squeeze

Mamtha.A@timesgroup.com

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

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

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

This is to help the banking regulator to understand

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

SEEKS 2-MONTH MORATORIUM

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

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

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

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

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

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

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

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

Hope to resume operations with skeletal staff

SURABHI

Mumbai, April 13

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

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

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



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

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

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

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

Collections of MFIs have

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

customers without the moratorium.

Burden of own expenses

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

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

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

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

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

Banks start offering loan moratorium to NBFC-MFIs

SHRITAMA BOSE
Mumbai, April 15

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

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

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

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

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

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

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

DEPENDENCE ON CASH; AMBIGUITY OVER MORATORIUM

Microfinance firms in turmoil as collections come to a grinding halt

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

RADHIKA MERWIN
 III, Research Bureau

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

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

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

"June will be a critical month and it can be good, if normalcy returns by mid-May. If the lockdown or restrictions are extended then it could take longer for collections to recover," adds Nambiar.

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

Liquidity Issues

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

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

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

RBI's liquidity measures

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

What's in store post-lockdown?



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

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

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

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

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

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

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

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

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

Investment in MFI bonds

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

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

Publication	The Times of India
Edition	Online
Date	3 rd April, 2020

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

Earning capacity has gone, say micro lenders

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



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The image shows the logo of The Times of India (TOI). It consists of the letters "TOI" in a large, white, serif font, centered on a solid red rectangular background.

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

MFIN CEO Harsh Shrivastava said the current situation is in

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

Publication	The Times of India
Edition	Online
Date	8 th April,2020

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

Micro lenders feel credit squeeze

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



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

Association for the microfinance sector - Microfinance Institutions Network (MFIN) - has requested RBI for a two-month

moratorium (April and May) as most MFIs have already extended similar relief to end-borrowers which include kirana stores, vegetable and fruit vendors, and agribusiness.

Publication	The Hindu Business Line
Edition	Online
Date	13 th April,2020

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

Money & Banking

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

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



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

Hope to resume partial operations soon

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

to include them in the three-month moratorium and also

Publication	Financial Express
Edition	Online
Date	16 th April, 2020

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

The screenshot shows the Financial Express website interface. At the top is a dark blue navigation bar with the site's logo and various menu items like HOME, MARKETS, STOCKS, etc. Below the navigation bar, on the left, is a vertical sidebar with a 'MAX LIFE' advertisement and a news snippet about a 'Now claims settlement ratio is 98.74%'. The main content area features a large headline 'Banks start offering loan moratorium to NBFC-MFIs' by Shikha Bose, published on April 16, 2020. A sub-headline states: 'Private banks are also understood to be entertaining requests for a moratorium as some of them have exposure to microfinance borrowers themselves and have a good sense of the market.' Below the text is a large image of a blue sign with the word 'BANK' in white. To the right of the article is a blue advertisement for 'dgoro.io' and a dark blue sidebar with social media links and a 'Biz News & Updates' section.

Publication	Live Mint
Edition	Online
Date	19 th April,2020

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

live**mint**

MFIN CEO Harsh Srivastava.

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

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

Deborshi Chaki

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



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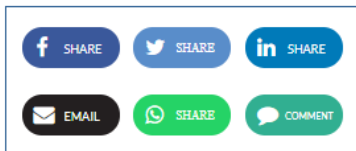
Publication	The Hindu Business Line
Edition	Online
Date	20 th April, 2020

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

Premium

Microfinance firms in turmoil as collections come to a grinding halt

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



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

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

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Opinion Articles

Publication	Business Standard
Edition	All Editions
Date	5 th April, 2020
Page No.	07

Microcredit crucial to deal with Covid blow

Over 90 per cent of low-income households are employed in the informal sector, and they will be the hardest hit by the pandemic

SUGANDH SAXENA

We are confronted with unprecedented challenges and uncertainty posed by the Covid-19 pandemic and its impact on our lives — or deaths, for many. Besides the public health emergency, this is the economic tsunami of the highest order, with no end-date in sight yet. Surely, demands from large and visible sectors would be most vociferous, impact more quantifiable and redressal relatively easier to deliver. However, it is the invisible low-income households (LIHs), who would be hardest hit and deserve most support. Given the demands on the already stretched resources, our immediate policy response should be to prioritise the needs of LIHs.

Over 90 per cent LIHs are self-employed or employed in the informal sector, earn less in absolute terms, have volatile cash-flows and lack the safety nets to deal with adversity. Majority seek income outside the traditional agriculture — in farms, livestock, services, construction, manufacturing, trade and depend on daily-weekly earnings to meet the basic needs. Like us, confronted with requirement of lumpsum amount, typically in the range of ₹30,000 to ₹1 lakh, they access credit. For over a decade, micro-credit has been a key channel for LIHs and today nearly 5.6 crore LIHs have micro-credit worth ₹2.11 trillion.

These are still early days, but undoubtedly Covid-19 is going to shock the demand (customers) and the supply (lenders and funders/investors) of micro-credit. Absorbing and reversing the shock would require coordinated approach in the ecosystem amongst governments, regulator and the business.

Let's begin with the demand. Cash-flows of LIH, across sectors would be affected due to loss of work, restriction on mobility, delays in payments, demand-supply shocks, pricing distortions and so on. Duration of impact would determine its severity. Even those, who may not be adversely impacted, would find it hard to repay their loans or access fresh loans as cash transactions get restricted, mobility restrained, and financial services disrupted. LIHs



Unorganised workers would need short-term loans to tide over the disruptive cash-flows as well as larger loans to restart their livelihoods

use micro-credit for multiple financial needs — credit, liquidity, emergency funds, investment and so on. If suitable micro-credit is unable to pitch at this critical juncture, it would have very serious ramifications on their ability to meet the exigencies arising out of Covid-19 and recovery. Cash transfers by the government for illness coverage or basic consumption are necessary but can only support as much. LIHs would need adaptive micro-credit.

On the supply side, micro-credit lenders face colossal challenges. The micro-credit model relies in meeting customers in groups, at their doorstep for sourcing, disbursements and repayment. Business has come to a halt in the times of "social distancing" and "lockdowns". Forthcoming disruption in repayments would put enormous pressure on the cashflows, impairing lenders ability to manage liquidity and honour their commitments to funders and employees. While industry has been swift to take proactive measures, not all functions can be instantly moved remotely and not without loss of productivity. Given the history, no one can guarantee that miscreants would not exploit the situation to manipulate customers not to pay, spoiling credit culture.

While the impact would fully manifest in the coming days, it is important to take a few of urgent steps.

First, the Reserve Bank of India is rightly allowed back to back moratorium on loans to customers and lender, which would give immediate relief to customer who are unable to repay now and maintain liquidity at household level. However, interest cost of deferment to three-months moratorium is not insignificant for LIHs and would put further strain their finances. The government should consider absorbing this additional debt burden for the LIHs. This would give direct and targeted cash benefit to customers and provide immediate liquidity to lenders. In the situation of deep financial constraints, where customers are not affected and can repay on time or even prepay, they should be incentivised to do so through discounts. This is also important to maintain the credit discipline now and in future.

Second, LIHs would need short-term loans to tide over the disruptive cash-flows as well larger loans to restart their livelihoods as they recover from this onslaught. Due to uncertainty and increasing delinquencies, lenders ability and confidence to lend would be shaken. In order to ensure that lenders can resume lending, government agencies such as SIDBI, NABARD, MUDRA would need to be incentive and supportive through guarantees, refinancing, low-cost financing, subsidies, subventions etc. Lenders would also need support with equity to maintain capital adequacy.

Thirdly, micro-credit industry with a network of 40,000 branches and workforce of 300,000 people have enormous connect with over 5.6 million LIHs, that is 300 million people across India. They are closest to the LIHs to understand what the impact is, how are they coping and what they need most! The government must use this infrastructure to efficiently target their support.

As of now, there is no clarity as to how worse the situation can get and how long it would last. It is equally unclear what would it take to recover the situation and how long. Everyone — customers, lenders, regulators/government, investors/funders must constantly review the situation and make decisions and adjustment as it evolves. In addition to whole-hearted actions, there is need for utmost trust, solidarity and risk-sharing between all to avert backsliding of LIHs to destitution. The choice is ours.

Views are personal. The writer is head, SRO of MPIN, industry organisation and RBI recognised self-regulatory organisation (SRO) of the NBFC-MFI sector

Publication	Business Standard
Edition	Online
Date	4 th April,2020

URL: https://www.business-standard.com/article/economy-policy/microcredit-crucial-for-low-income-households-dealing-with-covid-19-blow-120040401138_1.html

Microcredit crucial for low income households dealing with Covid-19 blow

Over 90 per cent of low-income households are employed in the informal sector, and they will be the hardest hit by the pandemic

Sugandh Saxena

Last Updated at April 4, 2020 20:53 IST



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Publication	Live Mint
Edition	Online
Date	16 th April,2020

URL: <https://www.livemint.com/opinion/online-views/opinion-microfinance-to-the-rescue-of-have-nots-11586947391986.html>



Despite naysayers, the BoP families have demonstrated almost perfect repayment record

Opinion | Microfinance to the rescue of have-nots

4 min read . Updated: 15 Apr 2020, 04:20 PM IST

Alok Misra

- As the covid crisis kicks in, this sector could alleviate the distress of India's most vulnerable—but it urgently needs regulatory back-up
- It is noteworthy that Indian MFIs have the lowest operational cost globally; they retail money more efficiently than their global peers



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Globally, it is proven that a balance is a necessary condition for sustaining livelihoods and raising incomes. This is

Quote on RBI providing additional liquidity support to MFIs

Publication	The Hindu Business Line
Edition	All Editions
Date	18 th April, 2020
Page No.	5

RBI's move on liquidity welcome, but questions on moratorium remain

Banks to take call on extension to NBFCs, HFCs

SURABHI

Mumbai, April 17

The slew of announcements by the Reserve Bank of India on Friday seem to have addressed a majority of concerns of non-banking finance companies and micro finance players on getting liquidity for further credit flow although it did not resolve the issue of extending a moratorium to them.

Sources close to the development said banks may take a call on whether or not to extend the moratorium to NBFCs and MFIs. The Indian Banks' Association may discuss the issue in the coming days.

Formal directive

Bankers said they too have been awaiting clarity from the RBI on the issue. "We are not averse to extending the moratorium but we were hoping for a formal directive from the regulator," said a banker.

"The RBI announcements on liquidity have taken care of about 60 per cent to 70 per cent of concerns of NBFCs. We are also working to get a better understanding," said Mahesh Thakkar, Director General, Finance Industry Development Council.

FIDC has written to IBA asking them to advise banks on allowing moratorium on payment of interest and principal due between March and May 2020 for NBFCs which apply for it. It has also sought guidance on providing liquidity

support under TLTRO and various schemes like term loans for on-lending for priority sector, as has been permitted by the RBI.

CARE Ratings said many NBFCs and housing finance companies are in talks with their banks to avail the moratorium, however, it is not an automatic decision from the banks and there may be a differential behaviour by banks.

The real challenge comes post the moratorium period, when the lockdowns end by May and businesses start to operate, it may take some time for collection efficiencies to reach normal levels, it noted.

Krishnan Sitaraman, Senior Director, Credit Ratings, said the fact that no formal announcement was made on applicability of bank loan moratorium to NBFCs is a dampener for them.

"The twin funding measures announced by RBI will definitely provide some relief to NBFCs, HFCs and MFIs who have been providing moratorium on their loans to borrowers but were facing uncertainty in obtaining moratorium on their bank loans," he said, noting that the TLTRO as well as the ₹50,000 crore refinancing window will help them access funds.

Harsh Shrivastava, CEO, MFN, said it will help the small and medium NBFC MFIs to support the bottom of the pyramid customers. VP Nandakumar, Managing Director and CEO of Manaparam Finance, said the size of the TLTRO may have to be increased going forward.

Publication	Statesman
Edition	Delhi
Date	18 th April, 2020
Page No.	8

Industry hails RBI measures

STATESMAN NEWS SERVICE
 KOLKATA/NEW DELHI, 17 APRIL

The calibrated steps announced by the Reserve Bank of India today will strengthen India's financial system, especially the operations of NBFCs and MSMEs, and refuel economic growth sooner than later, the PHD Chamber of Commerce and Industry said.

"The reverse repo rate, cut by 25 bps from 4 per cent to 3.75 per cent under LAF, is appreciable as it will make it unattractive for banks to passively deposit funds with the RBI and instead lend it to productive sectors," PHDC-CI president DK Aggarwal said in a Press statement.

Indian Chamber of Commerce while welcoming RBI's 25 bps reverse repo cut, said: "Making the reverse repo rate at 3.75 per cent while the repo rate remains at 4.4 per cent, further increases the symmetry between the two

and nudged more and more banks to increase lending and investment."

The chamber highly appreciates the new lifeline to NBFCs by way of a TLTRO (targeted long term repo operations) of Rs 50,000 crore, which would help them to lend to the micro segments of each sector in the economy, it said.

Commenting on fresh RBI measures, EEPIC India chairman Ravi Sehgal said relaxations and forbearance given by the RBI on loans would help the industry and the exporting units, particularly in the small and medium enterprises (SME) segments.

However, RBI Governor Shaktikanta Das has cited the report of the World Trade Organisation - the global trade is expected to decline up to 32 per cent in 2020 in the face of coronavirus forcing major economies to lock down. Under these circumstances, the merchandise exporters face the gravest of

threats and would need a special package from the RBI and government, he said.

CII director-general Chandrajit Banerjee said the RBI's continued resolve to ensure that the availability of liquidity, especially for the stressed sectors, remains adequate is commendable.

Ficci president Sangita Reddy said relaxation in regulatory requirements further will help banks in dealing with the Covid-19 impact. Ficci would request the RBI that additional working capital should be mandated rather than depending on the discretion of the banks.

MFIN CEO Harsh Shrivastava stated: "The microfinance sector is highly appreciative of the RBI for acknowledging the industry concerns and for infusing liquidity of Rs 50,000 crore, a substantial part of which will help the small & medium NBFC MFIs to support the bottom of the pyramid customers."

Publication	Telangana Today
Edition	Hyderabad
Date	18 th April, 2020
Page No.	9

Telangana Today

'India to see V-shaped recovery'

RBI Governor hopes the country will record a sharp turnaround by growing at 7.9% in 2021-22; says Telangana leading in sowing activity despite lockdown

PTI
MUMBAI

The Reserve Bank Governor Shaktikanta Das on Friday said there are a few slivers of brightness amidst the encircling gloom and hoped that India will stage a sharp V-shaped recovery in 2020-22 as projected by the International Monetary Fund (IMF).

Suffering inflation, Das said would make available more policy space to the central bank to address risks to the growth going forward. The IMF has projected a V-shaped recovery for 2020, close to 7 per cent growth for global GDP. It expects India to record a sharp turnaround and resume its pre-Covid pre-slowdown trajectory by growing at 7.4 per cent in 2021-22.

The RBI Governor said, over the last three weeks, there have been a few data releases on domestic developments (including on factory output), but they are too disjointed to allow a comprehensive assessment of the state of the economy.

"Yet, there are a few slivers of brightness amidst the encircling gloom," he said, and cited his March 27 statement on continuing resilience of agriculture and allied activities on the back of all-time highs in the production of food grains and horticulture, with hope for bumper stocks of rice and wheat for in excess of the buffer norms.

In a V-shaped recovery, the economy suffers a sharp but brief period of economic decline followed by a strong recovery. It takes its name from the approximate shape an economic data make in graphs during recessions.

He further said that, by April 30, gross value added in manufacturing had begun strongly, with a screen of paddy—the principal kharif crop—up by 37 per cent in comparison with the last season. States such as West Bengal, Telangana, Odisha, Assam, Karnataka and Chhattisgarh are leading in sowing activity despite the lockdown. On April 15, the IMD forecast a normal south-west monsoon for the 2020 season, with rainfall expected to be 100 per cent of the long period average.

The robust growth of 31.3 per cent in tractor sales up to February 2020 may provide an offset to farm labour shortages on account of the lockdown, he added. He, however, noted the index of industrial production (IIP) for February showing that industrial output accelerated to its highest rate in seven months, actually does not capture the impact of Covid-19.

Latest data on reports too has turned out to be much more severe than during the global financial crisis. In its February bi-monthly monetary policy, the RBI had projected the GDP growth for 2020-21 at 4 per cent. Released in late March, the RBI said the implied real GDP growth of 4.7 per cent for fourth quarter of 2019-20 in the second advance estimates of the NSO within the annual estimate of 5 per cent for the year as a whole "is now at risk from the pandemic's impact on the economy".



Labourers carry sacks filled with wheat grain at a market during the nationwide lockdown in Devar, Rajasthan on Friday. — PTI

ATMs, BCs working at full capacity

MUMBAI: Automated teller machines and business correspondence centres, who take banking services to far flung areas, are working at full capacity levels to ensure financial services reach everywhere, said RBI Governor Shaktikanta Das. The comments on currency come amid media reports of a Rs 85,000 crore jump in currency circulation in March and also a greater tendency among people to withdraw to hand cash amid the lockdown. "Regional offices of the RBI have supplied fresh currency of Rs 1.7 lakh crore from March 1 to April 14 to meet increased demand," Das said.

BANKS BARRED FROM PAYING DIVIDENDS

MUMBAI: The Reserve Bank of India has barred all commercial and cooperative banks from paying dividends to shareholders and promoter groups as the regular form that the Covid-19 economic shock would continue longer and may put the health of the financial system at risk. The decision will hit the already on a downward slide of the banks, given the already falling growth rates which has brought down demand for loans and thus the profitability of banks.

BANKERS WELCOME RBI'S MEASURES

MUMBAI: The second set of measures announced by RBI got a thumbs up from bankers who welcomed the steps taken as per the evolving market conditions. SBI chairman Rajnish Kumar, who also heads industry lobby grouping BA, called the measures as "rightful response to the evolving market conditions". "Overall, the second set of package by RBI is an excellent reflection of combining the policy response and regulatory responses in the most optimal manner," he said in a statement.



RBI's measures move the ball in liquidity infusion and confidence building for financial intermediaries

— SANDHYA REDDY, PRESIDENT, FEDERATION

Sensex soars over 980 points

MUMBAI: The BSE Sensex soared over 980 points on Friday after RBI's second batch of stimulus measures lifted sentiment amid the coronavirus gloom. After starting over 1,316 points higher, the 30-share BSE Sensex posted some early gains to end 986.31 points or 3.22 per cent higher at 31,588.72. Similarly, the NSE Nifty zoomed 273.55 points, or 3.03 per cent, to finish at 9,266.75. Axis Bank was the top gainer in the Sensex pack, surging 13.45 per cent, followed by ICICI Bank (5.89 per cent), Industrial Bank (3.13 per cent), Maruti (7.35 per cent), TCS (5.33 per cent), Kotak Bank (4.96 per cent) and HDFC (4.86 per cent). On the other hand, Hestia India, HUL, Tech Mahindra and Sun Pharma ended in the red.

RBI TO LONG-TERM INFLATION TARGET SET AT 4 PER CENT

MUMBAI: The Reserve Bank of India, that governs consumer price index (CPI), based most inflation to make decisions on its bi-monthly monetary policy decisions, has set a mid to long term inflation target at 4 per cent with a bias of 2 per cent on either side. Citing the National Statistical Office (NSO) data released on April 13, that

showed that CPI inflation in March hit 3.8 per cent, Das said even as it was based on data available only till March 15, it reflected that there was softening of food inflation by around 35 basis points on account of the easing of prices of vegetables, eggs, meat, fish, pulses, oilseed, etc., fruits and sugar.

RUPEE REBOUNDS 48 PAISE TO SETTLE AT 76.39 AGAINST US DOLLAR

MUMBAI: The Indian rupee rebounded by 48 paise to settle at 76.39 (previously 76.87) against the US dollar on Friday, buoyed by RBI measures to prop up the economy reeling under the Covid-19 impact. At the inter-bank foreign exchange, the rupee opened at 76.58, and then gained further and touched a high of 76.35 against the dollar.

Meanwhile, RBI said the country's foreign exchange reserves have risen by nearly \$2 billion to \$415.5 billion as of April 15. The figure was up from \$413.5 billion as of April 10. The reserves had stood at \$414.6 billion for the week ended April 3, as per the last published data from RBI.

RBI's moves give breather to realty

Y V PHANG RAJ
Kolkata

Real estate research and consultancy companies said the steps undertaken by the RBI to ease the liquidity concerns of banks, NBFCs and other financial intermediaries is an acknowledgement of the liquidity issues faced by the financial system of the country as well as the industry. The decisions will help cash-starved developers. The reverse repo rate cut is another major step as it will definitely send out positive signals in the current times and will enable banks to lend even more.

Supporting the RBI's move, Ramesh Nair, CEO, JLL India, said, "RBI's announcement will give an initial fillip to the real estate sector. The Central Bank's focus to provide credit flow to NBFCs is a key step. This will provide a boost to various real estate activities."

"As per the latest data by RBI, NBFCs' outstanding credit to the commercial real estate stood at Rs 1.28,359 crore as of September 2019. The relaxation of and loan classification norms and extension of one-year for commencement of projects to real estate developers by NBFCs will provide much needed relief. The refinancing facility to the extent of Rs 10,000 crore to National Housing Bank is a welcome move to provide needed liquidity to housing finance companies."

The reverse repo rate cut from 4 per cent to 3.25 per cent should further push banks to lend to the productive sectors of the economy. In addition to this, RBI has

also announced that loans given by NBFCs to real estate companies to get similar benefits as given by scheduled commercial banks, noted Anshuman Magazine, chairman, India, South East Asia, Middle East & Africa, CBRE.

Anil Puri, chairman, Anarock Property Consultants said, "These measures will help accelerate the economy and facilitate bank credit flows. The reverse repo rate cut is another major step as it will definitely send out positive signals in the current times and will enable banks to lend even more."

The Central Bank's decision to ease liquidity concern of banks, NBFCs will help the cash-starved developers

Stating that the sector has not a reassurance with the RBI taking cognizance of specific problems faced by developers, Shashir Bajaj, CMD, Knight Frank India said, considering the lockdown and the impact on migrant labour workforce, there will be an inevitable delay in construction activity in real estate projects. Taking note of this, the RBI has provided one-year project completion extension for NBFC loans to commercial real estate segment.

The funds made available to Nabard, SIDBI and NHB will be available for refinancing and in turn to States.

KUTUMBHAKH RAO,
CONVENEROR, INDIA
FORUM FOR RURAL

Raising of Ways and Means Advances limit will enable TS draw more liquidity of Rs 10,000 crore. Reduction of reverse repo rate leaves banks with more liquidity.

KARAMEENDRA S JASTI,
PRESIDENT, FTCEI



The measures will help inject liquidity, incentivise credit flow and provide flexibility on regulatory forbearance.

— MOTILAL GOWAL,
MANAGING DIRECTOR, MOTILAL GOWAL
FINANCIAL SERVICES

The recognition of efforts by business correspondents will ensure that low income rural communities are supported effectively in this difficult time.

SADASHAN THIRUNELLY,
MD & CEO,
SUNSHINE SOLUTIONS LTD



The microfinance sector is appreciative of RBI for infusing liquidity, which will help the small & medium NBFC, MFIs.

NABIN SHIVASTAVA,
CEO, MFIA

Publication	Business Standard
Edition	Online
Date	17 th April,2020

URL: https://www.business-standard.com/article/pti-stories/nbfcs-hail-rbi-s-additional-liquidity-support-move-to-tide-through-covid-crisis-120041701384_1.html

NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

Press Trust of India | Mumbai
Last Updated at April 17, 2020 20:08 IST



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MONEY-MARKET-OPERATIONS

Non-bank financial players have welcomed the Reserve Bank of India's decision to provide Rs 50,000 crore of additional liquidity support to the sector by conducting targeted long term repo operations (TLTRO 2.0).

Shadow banking players also hope to get more liquidity support from banks after the RBI reduced the reverse repo rate by 25 basis points to 3.75 per cent from 4 per cent.



Publication	Outlook
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Outlook

THE NEWS SCROLL

17 April 2020 | Last Updated at 8:08 Pm | Source: PTI

NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

Mumbai, Apr 17 (PTI) Non-bank financial players have welcomed the Reserve Bank of India's decision to provide Rs 50,000 crore of additional liquidity support to the sector by conducting targeted long term repo operations (TLTRO 2.0).

Shadow banking players also hope to get more liquidity support from banks after the RBI reduced the reverse repo rate by 25 basis points to 3.75 per cent from 4 per cent.

The RBI on Friday said it will conduct (TLTRO 2.0) for an aggregate amount of Rs 50,000 crore, to begin with, in tranches of appropriate sizes.

The funds availed by banks under TLTRO 2.0 should be invested in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, with at least 50 per cent of the total amount availed going to small and mid-sized non-banking financial companies (NBFCs) and micro-finance institutions (MFIs).

"It (TLTRO) is a very-very favourable decision. Now, they (RBI) have specifically allotted (liquidity through TLTRO) to NBFCs, of which 50 per

Publication	India TV News
Edition	Online
Date	17 th April,2020

URL: <https://www.indiatvnews.com/news/india/coronavirus-crisis-covid-19-nbfc-hail-rbi-additional-liquidity-608666>


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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

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PTI
Mumbai
Published on: April 17, 2020 21:26 IST







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Have Covid-19 symptoms? 10

Publication	Deccan Herald
Edition	Online
Date	17 th April, 2020

URL: <https://www.deccanherald.com/business/business-news/nbfc-hail-rbis-additional-liquidity-support-move-to-tide-through-coronavirus-crisis-826671.html>

NBFCs hail RBI's additional liquidity support move to tide through coronavirus crisis



PTI, Mumbai, APR 17 2020, 21:10 IST | UPDATED: APR 17 2020, 21:10 IST



DH PICKS

Publication	Business Insider
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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

PTI | APR 17, 2020, 20:10 IST







COVID-19

COVID-19

WORLD

USA

Cases	2.25m	Cases	49k
Deaths	153k	Deaths	3k
Recovered	617k	Recovered	7k

BUSINESS INSIDER INDIA

Publication	News 8 Plus
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Date	17 th April,2020

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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

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TRENDING NEWS



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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

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Telangana Today

Monday, April 20, 2020



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RBI Governor hopes India will stage sharp V-shaped recovery in 2021-22

Softening inflation, Das said would make available more policy space to the central bank to address risks to the growth going forward

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By PTI | Published: 17th Apr 2020 9:18 pm Updated: 18th Apr 2020 12:41 am



Leadership Quoted in Various Industry Stories

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Edition	Kolkata
Date	1 st April, 2020
Page No.	08

LENDING IN THE TIME OF A PESTILENCE

Microfin Gets Another Blow

Poor are the most lucrative to lend in good times, but when the tide turns, they submerge and hurt their lenders too. While the moratorium on payments is the right way to overcome Covid 19 lockdown, micro lenders may face more challenges than the rest, says Atmadip Ray

Investors' rush to safety led to an erosion in the value of all lenders recently. But a few of them, just crashed because they were exposed to the more vulnerable borrowers than their peers. In short, they lend to the poor. In the latest carnage in the equity market, the worst hit among the financial services have been those which lend to joint liability groups, shopkeepers, vegetable vendors and carpenters.

The fear is that as the nation shuts down for three weeks to battle the coronavirus outbreak, these vulnerable sections of the society would not only be without income, but many of those who lent to them probably may not have the capital buffer to take the hit.

The Reserve Bank of India's three-month moratorium would provide them relief till May 31, but the perils of non-repayment of loans loom large when they resume business.

"We now have an ecosystem where borrowers understand their responsibility better. They realise the importance of repaying loans on time and keep their credit history clean," says Chandra Shekhar Ghosh, founder CEO of Bandhan Bank, that specialised in lending to the poor. "Microfinance borrowers still fall prey to rumours and social activism, creating issues like non-repayment every now and then. The only way to address it is to improve financial literacy."

Going by past experience, there could well be further stress due to loan write-offs. Industry estimates suggest that during demonetisation — when the lenders had to defer payment collections like they are doing now — the NBFC-MFIs had written off anything between ₹5,000 crore and ₹7,000 crore during April-September 2017. The loan outstanding then was about half of its current size of ₹2.1 lakh crore.

THE LURE

While the poor have been untouchable for big lenders because of their economic status, and the risk associated with unsecured lending, many new entrants looked at them as a big opportunity with high profit margins.



Microfinance Universe

Types of Lenders	No	Active Loans	Outstanding Loans
Banks	12	3.56 cr	₹83,876 cr
NBFC-MFIs	85	3.64 cr	₹66,159 cr
SFBs	8	1.74 cr	₹37,282 cr
NBFCs	46	1.03 cr	₹21,591 cr
Other MFIs	18	0.13 cr	₹2,395 cr
Total	169	10.11 cr	₹2,11,303 cr

Microfinance took off in a small form with entities such as Bandhan — beginning operations in 2001 as a micro lender — and SKS Microfinance building a good, bankable business model.

Once people like Bandhan's Ghosh and SKS' disgraced promoter Vikram Akula proved to the world that the poor can be good business, others flocked in. SKS Microfinance, when it became public in July 2010, commanded a valuation premium over lenders such as State Bank of India or ICICI Bank.

In 2014, Nobel laureates Abhijit Banerjee and Esther Duflo showed

that micro credit plays a role only where access is limited for both credit and savings opportunities. This lack of access always remained a strength for the microfinance sector, even at a time when chips are down.

Investors began to give additional premium to micro lenders because the poor paid higher interest because of the risk associated with them. But that boosted the profitability of lenders during the good times.

For instance, net interest margin of Bandhan Bank for the December quarter was 7.9% and for Ujjivan Small Finance Bank, it was 10.8%.

But the same metric for ICICI Bank was at 3.77%, and the best-managed HDFC Bank was at 4.2%.

"New equity interests in the financial services industry might slow down in the immediate future," says Kshama Fernandes, managing director at Northern Arc Capital, an arranger of capital for these smaller lenders. "However, we believe that incumbent equity investors will come forward to support their portfolio companies like they have done in the past."

WHIPPING BOYS

Microfinance is now recognised as being the vehicle to achieve the country's financial inclusion goal. While the going is good, everyone appreciates the contribution, but political actions by vested interests often trigger upheaval that puts the entire industry in jeopardy.

In many cases, the point of contention is the high interest rates charged by them, although it is often lower than what the moneylenders would have.

When SKS Microfinance, now merged into IndusInd Bank as Bharat Financial Inclusion, was roaring in 2010, an Andhra Pradesh government ordinance provoked non-repayment of loans, leading to a liquidity crisis for MFIs across the country. That was where the company had the maximum exposure. Subsequently, RBI had to intervene to save the situation.

If the Andhra Pradesh crisis in 2010 helped getting regulator's attention and later, recognition,

demonetisation in 2016-17 taught them to do business with little capital. Then came the Assam crisis last year, when overleveraged borrowers began to renege on their repayments. Many local lenders were criticised for adhering to prudent lending practices.

Microfinance firms reinvent themselves every time a crisis hits them. Furthermore, the Indian credit information system is far superior than what it was a few years ago. Every borrower realises that if he doesn't maintain the credit score, he would be forced to live at the mercy of the usurious

moneylender.

"This time will be better than what it was during the demonetisation time," says R Baskar Babu, founder and CEO of Suryoday Small Finance Bank. "Even the SMFs in smaller towns are looking at conserving cash using the moratorium rather than not paying at all."

SURVIVAL OF THE FITTEST

Can they stomach yet another repayment trouble? The coronavirus epidemic has thrown life and economy out of gear.

"The microfinance business is getting involved with the need for continuous capital raising, leveraging that with debt, IT investments, risk management, capable management team, etc. in light of the challenges posed by the nature of our end clients and our high touch interaction with them," says Manoj Nambiar, chairman of Microfinance Institutions Network, a lobby group. "Ones which are unable to do the above successfully on a continuous basis will need to think of the way forward — alliances, mergers."

To be sure, the private sector banks together account for the largest share of microloans with ₹83,676 crore outstanding at the end of 2019, constituting about 40% of the sector. NBFC-MFIs are the second largest provider of micro credit with about 31% share. Small finance banks, NBFCs and other MFIs account for the balance.

While the fickle equity investor may have panicked to save his skin, institutions with a longer-term view see micro as a business worth expanding.

"We will go into the rural areas now, it is our new frontier," says Sumant Kathpalia, chief executive at IndusInd Bank, that bought micro lender Bharat Financial. From a very low contribution to our profits, it will account for 25% in the next three years. In Bharat Financial, we have got a new distribution capability. A very different business model is emerging in rural India."

Just like the industry resurrected after three previous blows, this shall also pass.

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Edition	Kolkata
Date	7 th April, 2020
Page No.	10

C1000

https://www.financialexpress.com/

C1000

Lockdown: MFIs are apprehensive about growth, likely to shelve expansion plans

PRESS TRUST OF INDIA
Kolkata, April 6

THE MICROFINANCE INSTITUTIONS (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said. Speaking on the outlook for the industry, he told *PTI*: "Performance of the MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how quickly the governments, both the Centre and the states, arrest the pandemic. The first quarter will certainly get affected as collections will fall in April and May because many borrowers will opt for the moratorium package."

Disbursements to existing customers will continue but micro-lenders will be cautious to extend credit to the new ones dur-



ing this crisis period, Nambiar further said. The short-to-medium-term impact of the coronavirus outbreak and the subsequent measure of the lockdown seems to be more on the urban in-formal sector compared to agriculture-based rural activities, another self-regulatory organisation of the sector, Sa-Dhan executive director P Satish said. "MFIs with more exposure to urban informal sectors will face more difficulties than a lending institution having a large number of rural sector borrowers," he said.

The Association of Microfinance Institutions West Bengal member and Village Financial Services MD Kuldip Maity said it will take at least six months for non-agro portfolios to get into normalcy and the overall industry growth for FY21 may slip to 15%. Ruling out any possibility of retrench-

ment in the sector amid a threat that the economic growth will be adversely impacted due to Covid-19 crisis, Nambiar said: "The industry will need to retain their staff so that the collection and the recovery activities can start once the lockdown is over."

However, "expansion plan of many institutions will either be put on hold for the time being or required to be tweaked as the MFIs will try to protect their existing portfolio and concentrate more on the steadying the ships," he said. "Certainly, they do not want to expand into new geographies at this point of time."

Despite the disruption in the second half of March due to the coronavirus pandemic, Satish is optimistic that the microfinance industry will clock a growth of about 20% in FY20 over the previous year, but apprehensive about the same in the current fiscal.

"Microfinance is basically a group-based lending approach. Since there are restrictions on movement, neither members of small borrowers' groups, nor loan officers of microfinance institutions are able to meet. Almost everything becomes standstill. Loan disbursement as well as collections from borrowers came to a halt during the lockdown," Satish said.

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Mint - Delhi, Tue, 07 Apr-20, Size : 54.96 sq.cm, Page : 3



Hit by lockdown, microlenders likely to shelve expansion plans

Kolkata: The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday. The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said. "Performance of MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how quickly the governments arrest the pandemic," he added. **PTI**

Publication	Samay Paribartan
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Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

SP Bureau

The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said.

Speaking on the outlook for the industry, he told reporters, "Performance of the MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how

quickly the governments, both the Centre and the states, arrest the pandemic. "The first quarter will certainly get affected as collections will fall in April and May because many borrowers will opt for the moratorium package."

Nambiar, further said, disbursements to existing customers will continue but micro-lenders will be cautious to extend credit to the new ones during this crisis period.

The short-to-medium-term impact of the coronavirus outbreak and the subsequent measure of the lockdown to combat the pandemic seems to be more on the urban informal sector as compared to agriculture-based rural activities, another self-regulatory organisation of the sector, Sa-Dhan executive director P Satish told media.

"MFIs with more exposure in urban informal sectors will face more difficulties than a lending institution having a large number



of rural sector borrowers," he said. The Association of Microfinance Institutions, West Bengal member and Village Financial services managing director Kuldip Maity said it will take at least six months for non-agro portfolios to get into normalcy and the overall industry growth for the FY21 may slip to 15 per cent. Ruling out any possibility of retrenchment in the sector amid the threat that the economic growth will be adversely impacted due to COVID-19 crisis, Nambiar said, "The industry will need to retain their staff so that the collection and the recovery activities can start once the lockdown is over."

However, he said, "expansion plan of many institutions will either be put on hold for the time being or required to be tweaked as

the MFIs will try to protect their existing portfolio and concentrate more on the steadyship the ships."

Despite the disruption in the second half of March, the last month for a financial year, due to the coronavirus pandemic, Satish is, however, optimistic that the microfinance industry will clock an growth of about 20 per cent in FY20 over the previous year, but apprehensive about the same in the current fiscal. During the lockdown period, the operations of the MFIs have been mostly suspended. Branches are closed and no field-work is going on. Staff of the institutions are currently working from home and engaging with the customers over phone, Nambiar said. "Microfinance is basically a group-based lending ap-

proach. Since there are restrictions on movement, neither members of small borrowers' groups, nor loan officers of microfinance institutions are able to meet.

A few organisations are disbursing advances through online arrangement, which accounts for not even 10 per cent of the business, he said. The disbursements as well as collections were adversely impacted due to the coronavirus outbreak and the ongoing nationwide lockdown, the officials said.

Usually, the disbursements reach its peak before closing of a business year, and last week of March is always hectic, Nambiar, who is also managing director of Arohan Financial Services, said.

"A rough estimate suggests that Rs 500 crore of money is usually

disbursed to micro borrowers by the MFIs on a day in the last week March. Owing to the lockdown, around Rs 3,500 crore could not be disbursed to borrowers by 75-80 entities in the last seven days of FY20," he told reporters.

He said the first half of April is, however, considered to be a "slow period" in terms of disbursement.

Collections from borrowers have also been affected during the 21-day lockdown imposed to contain the COVID-19 pandemic, he said. "The loan portfolio of the microfinance industry by end of December 2019, was about Rs 2.12 lakh crore and the collections per month typically stands at an average 9-10 per cent of that.

"Again, a rough estimate indicates that around 5,000 crore of money could not be collected during the last week of March," Nambiar said. "The scheme is about extending the loan tenure by three months. There is a cost implication in the form of interest rates, if one opts for the moratorium package. But no borrowers will be penalised for delay in payments for March, April and May," he said.

MFIs also started seeking the 3-month moratorium on loan repayment from their lenders such as banks and other financial institutions, Satish said. "The MFIs expect a back-to-back moratorium from their lenders who are banks and financial institutions. This is very important as without that the micro lenders would not be able to extend loans to their end clients who need it the most in this difficult period," Nambiar said. Satish predicted the micro credit demand will hopefully pick up with the progress of the current financial year, as small borrowers will need fund to reorganise their businesses as and when the normalcy in the economy is restored.

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Page No.	05

MFIs turn to RBI for 3-month moratorium

RBI seeks data on drawdowns, bank loans, exposure to NCDs and CPs

HAMSINI KARTHIK
Mumbai, 7 April

Non-banking financial companies operating as microfinance institutions (NBFC-MFIs) have sought clarity from the Reserve Bank of India (RBI) on whether they are eligible for the three-month moratorium on loan repayments announced by the central bank on March 27.

"There is still confusion among banks on whether they should extend the moratorium to NBFCs. We have asked the RBI to clarify the position on this matter," said Manoj Nambiar, chairman, Microfinance Institutions Network (MFIN), a self-regulatory organisation of the sector.

Senior MFI executives contend that while they have extended the moratorium to their customers, the same hasn't been extended to them by some of their lenders. Instead,

FINER DETAILS

NBFC-MFIs account for 35% of microfinance loans

NBFC-MFIs depend on bank loans to meet 50-80% of funding needs; 100% in case of regional MFIs

Collections and disbursements halted since March 23

Large MFIs haven't defaulted on their repayment obligations to banks yet

Because of rating constraints, MFIs cannot tap TLTRO

they were directed to meet their short-term liquidity needs through the targeted long-term repo operations (TLTRO) route.

On March 27, the RBI opened up the TLTRO option

for NBFCs in addition to allowing well-rated corporates to tap bank funding through market instruments, such as commercial papers (CPs) and non-convertible debentures (NCDs). However, this option is primarily available to top-rated companies, with AAA and above rating. "There are hardly four-five MFIs with even A rating," said a source.

MFIs haven't had access to funds since March 23, and this has been communicated to the RBI. "In the last 10 days, we have not had any disbursements. We haven't received money through collections or bank loans, but we have had to meet our repayment obligations," said Padmaja Reddy, managing director, Spandana Sphoorty Financial.

In response to these representations, the RBI reached out to MFIs last Sunday, asking them to furnish information on their bank-wise loan outstanding, amounts drawn down and unutilised lines of credit, and share of CPs and NCDs issued by banks to MFIs. Sources say these data points have been furnished to the RBI and a clarification is awaited.

Publication	The Economic Times
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Page No.	05

DATA MINING RBI has collated size of borrowing, liquidity position & credit rating profile to get to bottom of the issue

RBI may Act as Microfin Institutions Press Panic Button

Atmadip.Ray@timesgroup.com

Kolkata: The Reserve Bank of India appears to have swung into action as microfinance firms pressed the panic button over liquidity mismatches after several banks refused to pass on the moratorium benefit to them. Besides, about 90% of the MFIs with below investment grade ratings don't have access to money markets to meet the liquidity gaps as suggested by the regulator. Borrowing from the market to pay back loans is any way not an ideal situation, captains of the industry said.

RBI has collated business details, size of borrowing, liquidity position and credit rating profile from NBFC-MFIs via a series of communications since Sunday, apparently to get to the bottom of the issue.

Confusion reigned on whether NBFC-MFIs are eligible to get moratorium support from their lenders. Many believe that RBI's announcement on moratorium only covers retail loans, in contrast to what the

ministry of finance said in its frequently asked questions: "It (rescheduling of payments) is applicable for all term loans in all the segments, irrespective of the segment and the tenor of the term loans." NBFC-MFIs raise term loans from banks for on-lending to micro borrowers.

"Situation is much worse now. Most banks are not giving back-to-back moratorium to MFIs, citing confusion prevailing in the market," said Harsh Shrivastava, chief executive at the Microfinance Institutions Network (MFIN), a self-regulator for the sector. MFIN and Sa Dhan, another lobby group for MFIs, have jointly pitched for a clarification from the regulator on the issue.

"MFIs' own cash flows would be precarious as they are not collecting any money, even for their own operating costs, leave aside being in position to service their debt," they said in a letter to Governor Shaktikanta Das dated April 4, requesting him to remove the doubts on the matter.

They also argued that MFIs raise



loans from banks and financial institutions and repayments are made after collection from borrowers. Out of ₹16,500 crore outstanding borrowing as on March 31, 2020, merely 0.5% is raised through commercial papers (CPs) and about 11.5% through non-convertible debentures (NCDs).

RBI did not respond to ET's mail seeking its comment on the issue.

On March 27, the regulator created an enabling provision for lenders to

provide a three-month moratorium on term loans for the borrowers under stress. The regulator also announced a targeted long-term repo operations and told banks to deploy liquidity availed through this in investment grade corporate bonds, CPs and NCDs.

"In steady state, no NBFC maintains liquid cash, to pay their obligations to lenders, and open beyond a few months," said Kshama Fer-

nandes, chief executive at Northern Arc Capital, which arranges capital for smaller firms. "If the flow of moratorium/debt to NBFCs isn't restored, with all the best intentions, this isn't going to work, and the NBFC tap will soon run dry and they will not be able to service their clients for long," she said.

MFIN and Sa Dhan argued in their joint letter that moratorium would also be required for direct assignment deals where banks have purchased MFI loans, as also for the business correspondence arrangements where MFIs source and collect on behalf of banks — since in all these cases, underprivileged women who have taken microfinance loans will not be repaying for next three months. "On one hand, each of our client knows that they don't have to repay loans till the end of May leading to zero cash flow; and on the other hand, our lenders are refusing moratorium support. How can we pay the lenders?" asked Manoj Nambiar, MD, Arohan Financial Services and chairman of MFIN.

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Page No.	9

CF005

Source: The Economic Times (8th April 2020)

CF005

RBI May Look at Microfin Firms' Liquidity Woes

Collates info on their size of borrowing, liquidity position, credit rating profiles via series of communications following distress call

Atmadip.Ray @timesgroup.com

Kolkata: The Reserve Bank of India (RBI) appears to have swung into action as microfinance firms pressed the panic button over liquidity mismatches after several banks refused to pass on the moratorium benefit to them.

Besides, about 90% of the MFIs with below investment grade ratings don't have access to money markets to meet the liquidity gaps as suggested by the regulator. Borrowing from the market to pay back loans is anyway not an ideal situation, captains of the industry said.

RBI has collated business details, size of borrowing, liquidity position and credit rating profile from NBFC-MFIs via a series of communications since Sunday apparently to get to the bottom of the issue.

Confusion reigned on whether NBFC-MFIs are eligible to get moratorium support from their lenders. Many belie-

ve that RBI's announcement on moratorium only covers retail loans, in contrast to what the ministry of finance said in its frequently asked questions: "It (rescheduling of payments) is applicable for all term loans in all the segments, irrespective of the segment and the tenor of the term loans." NBFC-MFIs raise term loans from banks for on-lending to micro borrowers.

"Situation is much worse now. Most banks are not giving back-to-back moratorium to MFIs, citing confusion prevailing in the market," said Harsh Shrivastava, chief executive of the Microfinance Institutions Network (MFIN), a self-regulator for the sector. MFIN and Sa-Dhan, another lobby group for MFIs, have jointly pitched for a clarification from the regulator on the issue.

"MFIs' own cash flows would be precarious as they are not collecting any money, even for their own operating costs, leave aside being in position to service their debt," they said in a letter to Governor Shaktikanta



FINDING A WAY

- **Confusion reigned** on whether NBFC-MFIs are eligible to get the moratorium support from their lenders.
- **MFIs raise funding** mostly in the form of term loans from banks and financial institutions.
- **NBFC-MFIs raise term loans** from banks for on-lending to micro borrowers.

Dns dated April 4, requesting him to remove the doubts on the matter.

They also argued that MFIs raise funding mostly in the form of term loans from banks and financial institutions and repayments are made after collection from borrowers. Out of ₹55,873 crore outstanding borrowing as on March 31, 2020, merely 0.5% was raised through commercial papers (CPs) and about 11.6% through non-

convertible debentures (NCDs).

RBI did not respond to ET's mail seeking its comment on the issue.

On March 27, the regulator created an enabling provision for lenders to provide a three-month moratorium on term loans for the borrowers under stress. The regulator also announced a targeted long-term repo operations (LTRO) and told banks to deploy liquidity availed through this

in investment-grade corporate bonds, CPs and NCDs.

"In steady state, as NBFC maintains liquid cash, to pay their obligations to lenders, and open beyond a few months," said Kshama Fernandes, chief executive at Northern Arc Capital, which arranges capital for smaller firms. "If the flow of moratorium/debt to NBFCs isn't restored, with all the best intentions, this isn't going to work, and the NBFC trap will soon run dry and they will not be able to service their clients for long," she said.

MFIN and Sa-Dhan argued in their joint letter that moratorium would also be required for direct assignment deals where banks have purchased MFI loans, as also for the business correspondence arrangements where MFIs source and collect on behalf of banks—since in all these cases, underprivileged women who have taken microfinance loans will not be repaying for the next three months.

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RBI may announce separate credit line to rescue MFIs

Gopika Gopikumar
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MUMBAI

The Reserve Bank of India (RBI) is exploring steps to aid struggling micro-finance institutions (MFIs) through a separate credit line, said a senior RBI official, requesting anonymity. While the health of MFIs has been a cause for concern with collections dropping to near-zero due to the nationwide lockdown, the sector suffered yet another jolt when banks refused to offer moratoriums.

The central bank is closely examining the data received from MFIs, including their credit ratings, liquidity positions and cash in hand.

According to the official, 31 out of 90 MFIs have floated their own investment grade papers and are therefore eligible to avail funding under the targeted long-term repo operations (TLTRO). With limited liquidity available under the TLTRO window, and large number of firms queuing up,



Once the lockdown norms are eased, MFIs would require additional credit from NABARD, SIDBI, Mudra or bigger banks.

MFIs are unlikely to get any liquidity support from banks.

MFIs, like other financial institutions, are in a fix over whether they can avail of the moratorium benefit on term-loan repayments given to all borrowers.

Banks, such as State Bank of India, have adopted different rules by deciding not to offer moratorium to MFIs. However, the FAQs brought out by Indian Banks' Association explicitly mentions that the

moratorium is available to all borrowers, including financial institutions. The RBI rules, on the other hand, has left it to the discretion of banks to allow a deferment of three months on payment of instalments on all term loans.

"Since small businesses and economic activities of borrowers of MFIs have come to a standstill and operations of MFIs also have come to a standstill, there is no way borrowers can repay to MFIs and

MFI can repay to lending institutions. Back to back moratorium to clients and from lending banks and financial institutions are therefore needed. Once the lockdown norms are eased, MFIs will need to restart business operations, for which they would require additional credit from SIDBI, NABARD, Mudra or bigger banks," said P. Satish, executive director at Sa-Dhan, an association MFIs.

Sidbi is Small Industrial Development Bank of India, and Nabard is National Bank for Agriculture and Rural Development.

According to the data collated by Micro Finance Institutions Network (MFIN) as on 31 March, total borrowings of MFIs stood at ₹53,853 crore. Of this ₹35,288 crore is from banks and ₹18,565 crore from non-banks including MUDRA, Sidbi, Nabard and other non-banking financial companies (NBFCs), who lend to small and medium MFIs. At the end of January, total MFI credit to borrowers stood at ₹95,000 crore to ₹1 trillion.

However, MFIs are not convinced that giving a separate credit line will help solve the problem.

"Authorising banks, DFIs, NBFCs to give a back-back moratorium to NBFC-MFIs is the only, immediate solution to the liquidity challenge, since all MFIs have stopped collections from their borrowers. Earlier, many banks had offered this moratorium, but they have withdrawn it, citing confusion in the RBI guidelines. We hope that the RBI will respond to the industry's plea. All other proposed solutions will take time (especially when everyone is working from home) and will require MFIs to borrow more simply to repay another lender," said Harsh Srivastava, chief executive of MFIN.

With collections coming to a standstill following the lockdown, analysts say MFIs will be the worst affected. The impact on MFIs will continue even after the lockdown is lifted as the economy will take time to recover.

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Page No.	05

Why are microfinance institutions denied a moratorium on loans?

ANALYSIS

PRITHVIRAJAN RAO
CHENNAI, INDIA

The Managing Director of a reasonably large microfinance institution (MFI) has enough reasons to be irritated. His collection have come to a grinding halt since March 25 due to the lockdown.

On March 27, the RBI allowed a three-month moratorium on bank payments for both retail and cor-

porate loans. But borrowers, led by the State Bank of India, are demanding instalments from MFIs. Categorized as NBFCs by the central bank, microfinance institutions take term loans from banks for lending to the poor women in rural areas. In financial parlance, such term loans is referred to as "on-lending". The reference was missing in the March 27 circular of the RBI.

Industry associations such as Sahakar and NFIV decided against yielding to pressure

from lenders and stopped paying. An appeal was made to the RBI Governor on April 5. It failed to yield any response yet. Loan leaders such as KISH and NIFIRA bank, created to serve rural entrepreneurs, have been sending out harsh reminders, over the phone.

"The term loans treated as overdrafts, citizens in India's financial sector Covid-19 made it apparent," said another dejected MFI chief.

But RBI is barely deserv-



Mis-treatment. A rural bank in rural liquidity, they accounted for 21 per cent of the 12,00,000 crore pumped into the micro credit sector as on

September 2019. Their grassroots network of 20,000 branches and three lakh employees directly connect nearly 20 crore loans through electronic borrower accounts.

The huge deployment of employees, which reaches villages at the doorstep of the poor in the remotest corners of the country, has become the cost of loan delivery, thereby pushing the interest rates above 20 per cent. The recovery rate is as high as 99 per cent.

The rural economies of in-

ternally less-developed states in the eastern and north-eastern regions are particularly dependent on micro credit for liquidity, but limited by rural India.

In 2019, when India was rocked by collapse of IIFIL, the rural economy didn't lose any liquidity crisis, thanks to micro credit.

Attracted by the potential of the sector, banks doubled their exposure in micro credit over the last year to corner 40 per cent of the market share. However, ex-

cept few few players - Sahakar Bank and some small finance banks - support of the banks were so far operating through the MFIs for micro credit operations. The competition is expected to hot up soon with SB preparing to enter the sector directly.

Banks to benefit?

Micro credit will witness huge significance in the post-Covid-19 period, particularly in April-September, when a robust rural recovery will be

India's best bet to keep the economy wheel turning. For banks, micro credit may be the biggest sector, as demand from other sectors is expected to remain low.

Bankers make one ask: Will banks benefit if MFIs find themselves in trouble? They are the leaders in MFI and are fast emerging as competitors in such ventures in the micro credit sector. It is questionable, though, if any such possibility will benefit the economy in this crucial period.

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MORATORIUM ON OUTSTANDINGS TO BANKS

MFIs Seek PM's Intervention After Failing to Convince Lenders

Industry facing liquidity squeeze, while some have defaulted; call for directions to RBI

Atmadip.Ray@timesgroup.com

Kolkata: Microfinance industry groups have sought Prime Minister Narendra Modi's help to secure repayment moratoriums on term loans, having failed earlier to convince their lenders with their request for a grace period.

They said that a couple of smaller MFIs have already defaulted their loan repayments last week, while others are facing a liquidity squeeze, since most banks and financial institutions have refrained from extending the moratorium benefit

despite despite the Reserve Bank of India's (RBI) advisory advisory on the issue.

"Time is running out. This is a situation when urgent action is required. As RBI did not communicate anything to clarify the issue of moratorium so far, we wrote to the PM for his intervention," Sa-Dhan executive director P Satish told ET.

Both Sa-dhan, India's largest microfinance industry body with 212 members, and Microfinance Institutions Network (MFIN), the industry grouping for NBFC-MFIs, have separately urged the prime minister to take action.

"We request you to direct the RBI to instruct all banks and other lenders to kindly pass on the same moratorium (benefit) to us, as all of us are giving to others. This simple step will go a long way to support

the aspirations and livelihoods of millions of enterprising women across our nation," MFIN said in its letter dated April 13.

MFIs borrow from banks, development financial institutions (DFIs) and other non-bank lenders for on-lending to support small entrepreneurial activities like tailoring, cattle rearing, running tea stalls etc.

MFIs have passed on the moratorium benefit to the vast swathe of their borrowers after the central bank came out with the regulatory package to fight the economic impact of the coronavirus outbreak.

Without any repayment collection, there are facing liquidity mismatches, they said.

They have ₹53,853 crore of outstanding borrowing at the end of March. About two-third of it was from banks while the balance was from non-bank lenders, including institutions such as Small Industries Development Bank of India (SIDBI).



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Page No.	3

MFIs want to secure repayment moratorium

SP Bureau

Microfinance institutions have requested Prime Minister Narendra Modi to ensure that they are able to avail the loan repayment moratorium offer announced in the wake of the coronavirus outbreak, alleging that some of their lenders have not been extending the benefit to them.

Sa-Dhan, an association of community development finance institutions, and Microfinance Institutions Network (MFIN), a self-regulatory organisation of the industry, have separately written to the prime minister, urging him to direct banks and other lenders to extend the moratorium offer to their members.

Microfinance institutions borrow from banks and development financial institutions - NABARD, SIDBI and Mudra and lend to their clients. Since

MFIs have started offering a three-month moratorium to their customers, they are expecting similar benefit from their lenders, Sa-Dhan executive director P Satish said.

"Despite Reserve Bank of India's circular pertaining to the moratorium on retail loans, some financial institutions are refraining from extending the same benefits to microfinance institutions. We have requested the prime minister to address the issue. According to the RBI's circular, MFIs are eligible for back-to-back moratorium," Satish told reporters in an interview. Not extending the moratorium will cause MFIs to face significant cash flow issues, in the absence of any collection from their customers, he said.

The Reserve Bank of India had recently announced a three-month moratorium on loan repayments in the wake of

COVID-19 crisis for dues to be paid between March and May, 2020 and left it to the banks to implement the same.

"We have given the moratorium benefit to our clients till the end of May, according to the direction of the apex bank. If the lenders from whom we have borrowed money are asking payments from us, how will we make it? There are no collections amid the lockdown," MFIN chairperson Manoj Kumar Nambiar told reporters.

"We request you to direct the RBI to instruct all banks and other lenders to kindly pass on the same moratorium to us, as all of us are giving to others. This simple step will go a long way to support the aspirations and livelihoods of millions of enterprising women across our nation," the MFIN said in its letter to the prime minister.

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MFIs hope for loan moratorium decision at IBA meet today

MITHUN DASGUPTA
Kolkata, April 17

MICROFINANCE INDUSTRY BODIES expressed hope that a planned meeting of the Indian Banks' Association (IBA) on Saturday would lead to an 'in-principle decision' on offering the loan moratorium to microfinance institutions (MFIs) as the Reserve Bank of India (RBI) did not provide a clarity on NBFC-MFIs request on moratorium on loans from their lenders.

Commenting on RBI's measures on Friday, MFIN, a Self Regulatory Organisation (SRO) of NBFC-MFIs, said the microfinance sector was highly appreciative of the central bank for acknowledging the industry concerns and for infusing liquidity of ₹50,000 crore, a substantial part of which would help the small and medium NBFC-MFI's to support the bottom of the pyramid customers.

Talking to *FE*, Harsh Shrivastava, CEO, MFIN, said, "We were also looking forward for a moratorium on loans, which would have benefited small and medium MFIs. But that has not come. But, we hope that today's announcement will provide additional funds for the entities."

Shrivastava informed that 'some' banks were giving loan moratorium to 'some' of their NBFC-MFIs borrowers. "But not all the

banks are giving it, and small MFIs are not getting this moratorium facilities," he added. "Tomorrow is an IBA meet. And, we hope that the IBA will decide on the loan moratorium and at least the moratorium will be allowed in principle. Then it is up to the individual banks to offer the facility. It is a commercial call for each bank. IBA has to decide it," Shrivastava said.

Notably, following RBI's announcement on allowing a moratorium on term loans for March 1 to May 31, most of the MFIs have extended a moratorium to their borrowers till May 31. "However, the MFIs are yet to formally receive moratorium from their lenders and the absence of the same could severely impact their ability to serve their debt-servicing obligations," Icra said in a recent note. Stating that the TLTRO 2 of ₹50,000 crore would largely benefit big NBFC-MFIs, microfinance lenders' umbrella body Sa-Dhan's executive director P Satish said, "We will be pursuing all the banks to extend the moratorium because RBI's interpretation is quite positive on that."

Satish said Sa-Dhan and MFIN had already taken up the matter with the Indian Banks' Association and he expressed hope that in Saturday's planned meeting all IBA member banks would take a decision on the loan moratorium.



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BELOW INVESTMENT GRADE FIRMS AND MFIs TO BENEFIT

Small NBFCs May Pool their Bonds to Get TLTRO Funds

Atmadip Ray and Saikat Das

Kolkata | Mumbai: Social distancing is the prescribed norm to beat the viral chain, but in the complex world of financing, it pays to stick together. That's what many small non-bank lenders plan to do: Come together and sell bonds that make the cut for bank financing.

As things stand now, the majority of the NBFCs can't sell bonds that make the grade to draw in the banks, which are using funds raised through the targeted long-term repo operation (TLTRO) mechanism to finance corporate and other lenders.

The pooled issues will help many NBFCs including microfinance firms, especially those below investment grade to access the TLTRO liquidity tap since their credit rating will likely head north, lowering borrowing costs.

RBI has planned a ₹50,000-crore liquidity infusion through TLTRO 2.0 with a direction to banks to invest at least half of it into "investment-grade" commercial papers or bonds issued by smaller non-bank lenders, including microfinance firms.

ICRA said that out of 250 rated non-bank lenders, about 40 are below investment grade, while data from Microfinance Institutions Network (MFIN) showed that 25% of their members fall in the junk category.

MFIN has already got in touch with fund arrangers such as Northern Arc

Capital and Vivriti Capital for pooled bond issues, two people familiar with the development said.

"We are in discussions and working on a structure," said Northern Arc chief executive Kshama Fernandes. "We will include all firms — small and mid-sized, including unrated and non-investment grade. This is what we had done during the liquidity crisis in 2018."

"We are in the process of getting feedback from investors. It may require some policy amendments at their end to enable taking exposure to unrated or non-investment grade entities even through a structure," Fernandes said.

About 6,500 NBFCs, less than ₹500 crore in asset size, have already reached out to banks seeking credit lines. Others would seek funds from bigger NBFCs. "While some small NBFCs would access TLTRO money from banks, others will get it from large NBFCs, flush with cash now," said Shreyans Kasliwal, director at Kamal Auto Finance, a Jaipur-based NBFC which is rated BBB.

"More than three-fourths of total NBFCs will obtain a new lifeline," said Raman Agarwal, chairman FIDC. "While some of them may not qualify under investment grade, they can still avail refinancing facility from SIDBI or NABARD."

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Resumption of services depends on local authorities, say NBFCs

SUBRATA PANDA & NAMRATA ACHARYA
Mumbai/Kolkata, 19 March

While the government has allowed non-banking financial companies (NBFCs), including mortgage lenders and micro-finance institutions (MFIs), to start operations, albeit with bare minimum staff, resumption of services by them will depend on permissions from state governments and local authorities.

The shadow lenders are holding discussions and formulating plans on how to make things work.

"It depends on the local government what they are allowing and what they are not. The Delhi government has said it will not permit any relaxation in the lockdown measures. Similarly each state may have its own views. We are prepared to start operations but in how many areas operations will start we cannot say as of now," said Umesh Revankar, managing director and chief executive officer (MD & CEO), Shriram Transport Finance.

"We still have to get permissions from the relevant local authorities. Collections will not happen at large scale. But areas which have not been categorised as 'hotspots', there probably some activities can start," said Deo Shankar Tripathi, MD & CEO of Aadhar Housing Finance.

Although the Centre has allowed shadow lenders to start operations, it has not allowed resumption of operations in hotspots and has not permitted field activities. This will affect the collection activities of the lenders.

"It is possible to disburse loans to the higher segment as those could be processed online. However, the informal segment, wherein people are not so tech savvy, physical presence is required to disburse loans. Lenders whose customer base is not so tech savvy, they won't be able to do much during this period. The bigger firms will be able to carry on disbursement activities," Tripathi added.

"As of now, the entire lending value chain is operating in the digital mode—end to end," said Abhony Banerjee, chief digital & marketing officer, Tata Capital. "We will be channelising critical functions with only essential numbers required to come to our offices or branches. This includes functions such as operations, finance, regulatory and select customer service teams. Team members will be rotated to ensure lean workforce management during this period. Offices and



THE ROAD AHEAD

- Lenders not sure in how many areas operations will start
- Collections will not happen at a large scale
- Operations will not start in hotspot areas
- Lenders will opt for online mode wherever possible; disbursements will be marginal
- Some lenders are disbursing Covid loans to existing customers

branches, or employees coming in, from known Covid-19 hotspots will be excluded," said Sachin Chaudhary, chief operating officer, Indiabulls Housing Finance.

Even though microfinance operations are expected to resume, collections and group meetings would remain suspended over the next few days. Microfinance Institutions Network (MFIN) is issuing a detailed set of guidelines for employees, branch set up, and also for client interactions.

"Operations in green zones will resume with skeletal staff (one-third of normal employee strength) to maintain social distancing, and proper arrangement of masks/gloves and sanitizers. Branches will be sanitized before starting work and employees will be sanitised on hygiene and do's and don'ts," said Manoj Kumar Nambiar, chairperson, MFIN.

In green zones, a limited number of field staff is expected to join work, even though disbursement would be marginal. The staff would mostly be deployed to sensitize the rural borrower about current situation and repayment schedule.

"We do see some payments being made by clients who may not want moratorium, and also loans to existing clients who will need credit. We will endeavour to get the opt-in and opt-out formalised by clients and then manage the process. Those who don't want moratorium will

repay on a one-to-one basis in the centre meeting place and rest will pay from June 1," Nambiar said.

The Reserve Bank of India (RBI) had asked all lenders to offer moratorium to borrowers on repayment of all term loans from March 1 to May 31.

The Finance Industry Development Council (FIDC), an industry body representing NBFCs, has issued advisory to NBFCs saying members may decide to open such of their branches/departments as are considered absolutely necessary and keep the branch open for minimum hours only, and they should ensure that there is no overcrowding in the offices.

Some of the banks, NBFCs, and big MFIs, which have enough liquidity support, are planning to extend fresh credit in the form of top-up loans to rural borrowers with good credit history. For example, Thrissur-based ESAF Small Finance Bank is planning to roll out special top-up loans called Covid loans, which would have a payment tenure of

about four months. While as a bank, ESAF was operational, over the next few days, field operations in green zones are expected to resume marginally.

"For the time being, we will extend Covid loans, only to existing customers, who have no NPAs (non-performing assets) as on March 1, 2020. These are pre-approved loans of ₹10,000 to 30,000 with no processing fee, and are payable after four months," said K Paul Thomas, MD & CEO of ESAF. Also, a large part of the disbursement would be through digital channels.

Gold loan lenders to open 90% of branches

Kerala-based gold loan lenders are planning to open 90 per cent of their branches from Monday and expect around 10-15 per cent growth despite Covid-19.

These companies are prepared to lend more to same customers as price of the gold they have mortgaged has gone up sharply and so has their eligibility for higher loan. The companies are also looking at giving moratorium to existing customers.

Muthoot Pappachan Group will start 90 per cent of the 4,200 branches across its four NBFCs. There has been good demand for small loans even before the lockdown, and there would be requirement of credit post lockdown to resume businesses, said its Chairman and Managing Director Thomas John Muthoot.

Agrees K R Bijimon, chief general manager of Muthoot Finance. It will open 90 per cent of its 5,000 branches (including 500 MFIs). The company, which got around ₹40,000 crore book, expects to grow around 10-15 per cent.

The average price of gold when they were mortgaged with these companies was much lower and now prices are above ₹45,000 per 10 gram. Many customers badly need cash after nearly a month of lockdown and no or lower income. All of them are expected to take higher loans against the same gold they have mortgaged and new customers are also expected to come.

V P Nandakumar, MD & CEO of Manappuram Finance, said his company's operations would resume at a moderate level, with fewer walk-in customers initially. However, many of the existing customers are using digital modes to transact.

(With inputs from TE Narasimhan)



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SMEs to gain max from ₹1L cr liquidity boost to NBFCs, HFCs

MUMBAI: Small businesses will benefit the most from the Rs 1 lakh-crore targeted liquidity boost to small and mid-sized non-banking lenders, housing financiers and micro-lenders, say the shadow banking industry leaders.

Non-banking financial companies (NBFCs), housing finance companies (HFCs) and micro-finance institutions (MFIs) — which have been starved of finances ever since IL&FS went belly up after large-scale fraud and mismanagement by top management came to light in September 2018 — have finally heaved a sigh of relief after the Reserve Bank on Friday opened two durable liquidity windows worth Rs 1 lakh crore for them.

The latest measure has come as two of its most innovative liquidity measures worth Rs 2 lakh crore since February 6 did not elicit the desired effect.

On Friday in the second Covid booster dose, the RBI announced a new TLTRO, under which it will pump in Rs

50,000 crore into the system and made it mandatory for banks to invest 50 percent of the money in lower-rated debt being issued by small and medium NBFCs, HFCs and MFIs.

Apart from the new TLTRO window, the RBI has also opened another Rs 50,000 crore in refinance window for Nabard, Sidbi and NHB.

While the Rs 1 lakh-crore LTRO announced on February 6 was not targeted at any particular segment, the similar amount of TLTRO announced on March 27 was targeted at the debt market with a similar mandate of investing 50 per cent of the funds in corporate bonds.

But where the objective failed to meet the regulatory purpose was that the risk-averse banks chose to pick only AAA-rated debt and unnecessarily benefitting deep pocket corporates.

The NBFC/HFC/MFI industry has wholeheartedly welcomed the move saying the TLTRO 2.0 will ensure broader liquidity transmission into the

NBFC sector, which ultimately will benefit SMEs/MSMEs the key segment of the economy that is the most fund-starved.

Siddhartha Mohanty of LIC Housing Finance said the 25 bps reverse rate cut to 3.75 per cent will minimise the epidemiological damages due to Coronavirus. Along with the 25 bps cut in the reverse repo rate, the NPA reclassification to exclude the lockdown period are a welcome measures, he added.

“These steps are a much-needed breathing space for the small borrowers and small shadow banks and help them tide over the unexpected financial and psychological jolt from the pandemic, Mohanty told PFI.

Harsh Shrivastava of MFIN also welcomed the move, saying the RBI has finally acknowledged our concerns as a substantial portion of the Rs 50,000 crore liquidity infusion will help small & medium players, which in turn will support the bottom of the pyramid customers .

PFI

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Microfinance players and banks see quick recovery of rural economy post lockdown

SURABHI

Mumbai, April 21

Banks and microfinance players are upbeat about the quick revival of the rural economy with the lifting of the lockdown, but the formal economy could take time to normalise. Reposing faith in their customers' ability to bounce back from the current disruption in business, most small finance banks and payments banks believe that self-employed persons will be able to normalise operations sooner, while it could take some more time for migrant workers to resume work.

Repayment capacity

Paul Thomas, MD and CEO, ESAF Small Finance Bank, stressed that micro-entrepreneurs are much more resilient than bigger companies. "The advantage of this lockdown is that they have lost business income and wages, but there is no asset loss. They can quickly come back," he said, adding that customers are asking for two weeks' time after the lockdown, after which they will start repayments.

On concerns in the microfinance sector, Nitin Chugh, Managing Director and CEO, Ujjivan Small Fin-



The formal economy is likely to take more time to normalise

ance Bank, said that though collections were stopped by the bank on March 22, many sectors in the rural economy have not been disrupted.

"Less than 50 per cent of our housing and business loan customers opted for the moratorium. So, this means they don't need it even now. Even in our microfinance portfolio, a lot of customers have said they can still pay and don't need the moratorium," he told *BusinessLine*.

Demand intact

"The segment of customers we deal with – unserved and underserved – will not be inactive for a long time. There will be demand in their local ecosystems. In the past, too, we have seen that microfin-

ance customers are not impacted during such macroeconomic changes," said Chugh, adding that the bank has not seen much stress in retail accounts.

"I don't subscribe to the idea that the entire microfinance sector is facing a problem," he stressed. "There are microfinance customers in villages that are dependent on the rural economy. A lot of our customers are in allied agricultural activities such as dairy, which have not got disrupted. Similarly, grocery stores are also still working," Chugh said, while noting that migrant workers have been impacted.

Thomas attributed his confidence to the experience in the 2018 Kerala floods. "At that time, about ₹1,960 crore of the portfolio was affected. But we gave a repayment holiday, we supported them and provided an additional loan to start their business with a moratorium, and now there is only ₹7 crore overdue out of the portfolio," he said.

Migrant workers

Harsh Shrivastava, CEO, MFIL, also said that local demand has not gone down. "About 15 to 20 per cent of the rural economy is based

on migrant labour. They have to get back to work," he said, adding that rural economy is not doing very badly at present. "Government measures are also putting some money in their pockets. The devastation is more in urban areas," he said. However, he noted that credit demand will take some time before it resumes.

According to other players, remittances from migrant labour have come down, which has impacted the rural economy, and they will depend on the resumption of the wider economy.

"There will be some impact on remittance in the payments bank model. Other businesses will slowly come back. Remittances will fully recover in 6 to 9 months, and a lot will depend on how the pandemic plays out," said Rishi Gupta, Managing Director and CEO, Fino Payments Bank.

To take care of at least a part of the rural distress, the government has transferred over ₹36,659 crore using Direct Benefit Transfer in the bank accounts of 16.01 crore beneficiaries during the current lockdown.

The government has also allowed the farm sector to resume work.

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EXPERT VIEW

Our own survey shows that only 12 members (micro lenders), one with 'AA' and 11 with 'A', have investment grade ratings, and, therefore, they are the ones who are most likely to get the money under TLTRO 2.0.

—Harsh Shrivastava, chief executive, Micro Finance Institutions Network

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Only dozen-odd MFIs can gain from RBI's special liquidity window

HITESH VYAS

Mumbai, Apr 21: Only a dozen-odd of the 52 micro lenders have investment grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend. Last April 17, the central bank announced a Rs 50,000-crore focused liquidity injection through what it calls a new model of its targeted long-term repo operations (TLTRO 2.0) aimed solely at small and medium non-banking financiers, housing finance companies and micro-lenders.

"Our own survey shows that only 12 members, one with 'AA' and 11 with 'A', have investment grade ratings, and, therefore, they are the ones who are most likely to get the money under TLTRO 2.0," Micro Finance Institutions Network (MFIN) Chief Executive Harish Shrivastava told. MFIN is a self-regulatory organisation (SRO) of NBFC-MFIs.

The rest of the players

have either BBB/BB or lower ratings, he added.

Shrivastava, however, welcomed the TLTRO 2.0 saying it can help large micro-lenders with investment grade ratings to get cheaper funds.

Of the 52 MFIs, 21 are large with a portfolio of over Rs 500 crore, 19 are mid-sized with a loan portfolio of Rs 100-500 crore and 12 are small ones with under Rs 100 crore loan book, he said.

Typically, debt instruments with AAA rating carry the lowest credit risk, thus have the highest degree of safety regarding servicing of financial obligations.

A 'BBB-' is the lowest investment grade rating on a debt instrument that can attract investments.

And, any rating below this is riskier debt and thus attracts higher coupons, given the inherent risks the issuer faces in meeting debt obligations.

The RBI will conduct the first auction for the three-year TLTRO 2.0 for Rs 25,000 crore on April 23 at 4.40 per cent.

The funds availed under TLTRO 2.0 will have to



be deployed in investment grade bonds, commercial papers and non-convertible debentures (NCDs) of non-banking financial companies (NBFCs) and at least 50 per cent of the fund should go to small and mid-sized NBFCs and micro-finance institutions (MFIs).

Of the 50 per cent, 10 per cent or Rs 5,000 crore will have to be invested in debt issued by MFIs, 15 per cent into debt issued by NBFCs with an asset size of Rs 500 crore and below and 25 per cent in securities issued by NBFCs with assets size between Rs 500 crore and Rs 5,000 crore.

The deployment of funds availed under TLTRO 2.0 in the primary market cannot exceed 50 per cent of the amount availed of,

the RBI had said last Friday announcing the liquidity window.

According to India Ratings Director Prakash Agarwal, "Small and medium NBFCs have limited presence in the capital market and thus investments through secondary market transactions are not feasible for them." NBFCs with an asset size between Rs 500 crore and Rs 5,000 crore generally have BBB/A-rating though may have weaker liquidity and other buffers than higher-rated issuers. With a large segment of NBFC customers likely to be significantly hit by the COVID-19 lockdown, delinquencies can disproportionately rise for them with weaker

collections, impacting their overall liquidity.

"Thus, banks' risk appetite to take additional exposures on NBFCs through their debt, in the absence of any credit guarantee support, that too for a long three-year period, remains to be seen," Agarwal pointed out.

It can be even more challenging for NBFCs with a balance sheet size of under Rs 500 crore, especially as a large number of them will not have investment grade ratings. According to rating agency ICRA, only 23 MFIs or around 60 per cent of the industry, have investment grade ratings.

Shrivastava also said MFIs may face challenges in issuing bonds or commercial papers during the COVID-19 lockdown period and that "for others who have BB or lower ratings, giving moratorium is still the simplest and fastest way to get money".

On Sunday, State Bank of India Chairman Rajnish Kumar had said banks could support NBFCs/MFIs by helping them issue bonds that can be funded through the TLTRO scheme.

Kumar also said he was

even ready to provide liquidity to those MFIs that don't have an investment grade rating, if they have a good credit history.

"If MFIs are not eligible for bonds because they do not have the required investment grade ratings, then we may be comfortable giving loans to them on the basis of their credit history," Kumar had said.

NBFCs and MFIs have been demanding that banks extend the three-month moratorium announced by the RBI on March 27 to them. Despite not getting a moratorium from banks, MFIs have extended the same to their borrowers.

Many analysts have said that in the absence of moratorium, these micro lenders can face severe liquidity challenges, which would affect their debt servicing capability.

The last week's meeting of the Indian Banks' Association (IBA) to decide on granting loan moratorium to NBFCs and MFIs was inconclusive as lenders could not come to a consensus. IBA will now approach the RBI to seek some clarification on the issue.

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TLTRO 2.0: MFIs look to pool securities

NAMRATA ACHARYA
Kolkata, 23 April

Small- and medium-sized microfinance institutions (MFIs) are planning to pool securities, with enhancement facility from external institutions, to avail credit from financial institutions under the targeted long-term repo operations (TLTRO 2.0).

Last week, the Reserve Bank of India (RBI) announced a TLTRO of ₹50,000 crore to provide liquidity support to the shadow banking sector and MFIs. According to the RBI, the funds availed under TLTRO shall be deployed in investment-grade instruments.

However, a majority of small MFIs don't have investment-grade rating. "We are thinking of pooling bonds of small and mid-sized MFIs, with some sort of credit enhancement facility, for accessing credit," said Manoj Nambiar, chairperson, Microfinance Institutions Network (MFIN).

Credit enhancement would entail guarantees from bigger institutions in case of defaults up to a certain percentage.

To incentivise financial institutions to lend under the facility, RBI on Tuesday also provided priority sector relief to banks investing in papers issued by small and medium-sized NBFCs and MFIs under TLTRO 2.0. These investments would now not be part of a bank's adjusted non-food bank credit, while calculating the priority sector commitment.

Additionally, RBI extended the deadline for banks to invest the funds by 15 working days from the auction. However, if



GETTING THEIR ACT TOGETHER

NBFC-MFI snapshot (as of Dec 31, 2019)

₹67,320 crore
GROSS LOAN PORTFOLIO

31 million
CLIENTS

₹10,960 crore
DEBT FUNDING
DURING Q3FY20

Number of NBFC-MFIs in MFIN based on size (as of March 31, 2019)

14 (GLP < ₹100 cr)
SMALL

16 (GLP between
₹100 cr and ₹500 cr)
MEDIUM

23 (GLP > ₹500 cr)
LARGE

GLP stands for gross loan portfolio

Source: MFIN

banks fail to invest the funds within 45 days, they will be liable to pay a penal interest rate of 200 basis points a day, over and above the repo rate.

The RBI had mandated that at least 50 per cent of the funds banks availed under TLTRO 2.0 should go to small and mid-sized NBFCs and MFIs. Of the 50 per cent, 10 per cent has to be deployed in securities or instruments issued by MFIs, 15 per cent in securities/instruments of NBFCs with asset size of ₹500 crore or less, and remaining in NBFCs with asset size between ₹500 crore and ₹5,000 crore, the RBI said in its circular.

Thus, for MFIs, the earmarked amount is ₹2,500 crore, which is expected to flow to relatively bigger or mid-sized MFIs with asset under management up to ₹500 crore. Smaller MFIs, with AUM less than ₹100

crore are likely to be left out.

"Pooling is the only hope for us. SIDBI (Small Industries Development Bank of India) has also stipulated that liquidity support will be only for 'BBB-' rated securities. More than 70 per cent of small MFIs will not be covered under this. We are trying to approach SIDBI to ask if they can consider MFI grading, instead of rating, to extend this credit facility to small MFIs," said Gyan Mohan, director and chief executive officer of Adi Chitragupta Finance, an MFI based out of Patna, with a loan outstanding of ₹80 crore.

Grading is an ordinal measure of scalability, sustainability and reliability of the MFI's internal processes, controls and governance structure. However, it does not comment on the debt repayment capacity and is not a credit rating.

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Few takers for TLTRO 2.0

Banks cold-shoulder RBI scheme; reluctant to lend to NBFCs, MFIs

REUTERS, PUNJAB AMP 100
Mumbai, 23 April

The Reserve Bank of India (RBI) has received bids for only about half the ₹25,000 crore it offered under its revised Targeted Long Term Repo Operations (TLTRO), indicating that banks are reluctant to lend to non-banking financial companies (NBFCs).

Banks put in 14 bids worth ₹12,650 crore for the three-year money offered. In a similar auction on April 9, 18 bids were received for ₹1.44 trillion at against the ₹25,000 crore on offer. In the first version of the TLTRO, there were no conditions attached, except that the money had to be deployed within 30 days. It was later increased to 45 days.

The latest auction was part of the

TARGETED LONG TERM REPO OPERATIONS

Date	No. of bids	Bid amount (₹ cr)	Bid to cover ratio
Mar 27	11	60,500	2.42
Apr 3	13	99,760	3.99
Apr 9	18	1,13,670	4.54
Apr 17	11	61,415	2.46
Apr 23	14	12,650	0.51

Note: The auction is on the day of the RBI's 2.0 TLTRO. The RBI has not yet offered.

₹ surges 62 paise to settle at 76.06 against \$

The rupee soared by 62 paise to settle at 76.06 (provisional) against the US dollar on Thursday, tracking gains in domestic equities and strength in Asian currencies.

Foreign traders said investor sentiment strengthened after the RBI said it would undertake an additional purchase of government securities through open market operations (OMO).

PTI

TLTRO 2.0, through which the RBI planned to inject liquidity up to ₹90,000 crore, to begin with. The central bank had said half the money in the TLTRO 2.0 should go to small NBFCs. This was reconsidered after

it was found that banks used the first half of TLTRO money mostly to refinance to buy bonds of AAA-rated companies, including those issued by public sector units.

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Few takers for TLTRO 2.0

Top-rated companies don't need emergency liquidity support anyway, and so the entire purpose of helping those in need was defeated. The TLTRO 2.0 was introduced on April 17 in which the RBI put conditions that 10 per cent of the money should be used to buy securities issued by microfinance institutions (MFIs), 15 per cent for NBFCs with asset size of ₹500 crore and below, and 25 per cent to buy securities of NBFCs sized between ₹500 crore and ₹5,000 crore. According to a source, it is the private banks which stayed away from bidding for the TLTRO 2.0.

"Banks are in risk-off mode. The current priority is to preserve capital and reduce chances of existing exposures becoming default in future. So, there is less appetite for fresh exposures," said the head of corporate banking and risk at a large foreign bank.

"The general wariness and perceived risk in funding to NBFCs have come to play mainly after the IL&FS crisis. Hence, as long as perceived credit risk is higher than TLTRO spread, banks will not invest," said Abhishek Dwivedi, head of financial services at EY. But there are critics of the whole TLTRO exercise too.

"The TLTRO route was a complicated way to direct money to NBFCs and MFIs. Already the RBI has given ₹50,000 crore to

institutions such as SIDBI, Nabard, and NHB to refinance MFIs, NBFCs. Hence, they should use the rest of the TLTRO money to such all-India financial institutions to not complicate matters further," said Harsh Shrivastava, CEO of MFPI. Executives in the NBFC industry, both big and small, were not aghast at such low bids.

"Banks bid only for 50 per cent of RBI's line to NBFCs and MFIs. Complete risk aversion. RBI must give a direct line and FinMin must offer to bear first loss for some time. Let's get our smaller but important lenders ready for the restart of our economy," tweeted Sanjay Bajaj, MD, Bajaj Finserv.

Although the RBI tried to provide liquidity to smaller NBFCs through the TLTRO 2.0, "the issue is smaller NBFCs will find it very difficult to issue bonds and getting them rated is another problem. So, their demand is direct term loans from banks," said Raman Agarwal, co-chairman, FICG.

The challenge seems to be that most of the banks do not have the segment of customers to deploy the funds, according to Alswarya Ravi, CFO, Kinara Capital. Also, the 45-day time limit may have made them uncertain on whether they can find such borrowers and do the due diligence and do on-lending.

"Now, the government should provide at least 10 per cent first-loss guarantee to banks. The RBI has offered banks funds at a low cost but banks seem to be unwilling

to take the risk of lending to the NBFCs," said Deo Shankar Tripathi, CEO of Aadhar Housing Finance.

Such cold-shoulder by banks also indicates a credit freeze that is hard to overcome, unless the government comes out with credit guarantee schemes for loans given by banks. Since that is not happening, and there is no indication of that too, banks are not willing to listen to RBI prodding, experts say.

"This auction was a kind of a litmus test for banks' risk appetite. This shows that banks are extremely risk-averse due to the uncertain credit environment," said Sourmyalini Niyogi, associate director, India Ratings & Research.

Banks continue to park over ₹7 trillion of their surplus liquidity with the RBI on a daily basis. Yet, they are not ready to extend the three-month moratorium to NBFC, forcing the para banking units to move to the court.

Banks are trying to figure what is the approach that they will use to deploy the funds availed under the TLTRO 2.0, said Krishnan Sirhanaman, director, CRISIL.

Abhijit Lele contributed to the story

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Over 80% microlenders not eligible for RBI liquidity

SANGEETHA G
CHENNAI, APRIL 23

A vast majority of micro-finance institutions, especially the newly, will be left out of the refinancing scheme as well as the targeted long-term repo operation (TLTRO) announced by the Reserve Bank.

While microlenders have offered moratorium to their end customers, confusion prevails over whether they are eligible

for moratorium from their lenders like banks and large NBFCs, and this has put microlenders under financial strain. While the RBI has made micro-finance institutions (MFIs) beneficiaries of the refinancing scheme and TLTRO 2.0, more than 80 per cent of the microlenders will be left out due to the eligibility criteria set by the central bank.

Within the Rs 25,000 crore TLTRO 2.0

announced for NBFCs and MFIs, microlenders are eligible for 10 per cent. "As per Thursday's auction, which saw a bidding for Rs 12,000 crore, MFIs will be eligible for Rs 1,200 crore, which is a minuscule portion of Rs 1.4 lakh crore outstanding of micro lenders, including NBFC-MFIs and other credit societies," said P. Satish, executive director of Sa-Dhan.

However, the bigger



Issue is eligibility as MFIs with a rating of BBB and above stand a chance to

receive this. "Out of around 175 microlenders who are currently operating, only 25 large companies are eligible for the funds. While the large microlenders will have the wherewithal to withstand the crisis, the small and medium MFIs are the more needy ones and they are being left out," he said.

Similarly, the special refinancing scheme through NABARD and SIDBI will be deprived to most of

the smaller and medium-sized MFIs. "NABARD has received Rs 25,000 crore and SIDBI Rs 15,000 crore from RBI under the scheme. MFIs of asset size of Rs 500 crore and above are eligible for this funding and SIDBI requires a rating of BBB negative and above," said Manoj Nambiar, chairperson of Micro Finance Institutions Network (MFIN).

"Around 21 MFIs will

have an asset size of Rs 500 crore and more, while about 30 MFIs will be eligible for SIDBI funding. Further, SIDBI funding is for 90 days and at the end of the period, it has to be repaid in one instalment," said Satish.

Moreover, the industry is also not sure about when these funds will reach them. "Liquidity has a timeliness factor. It has to reach us when we need it most," added Nambiar.

Publication	Deccan Chronicle
Edition	Hyderabad
Date	24 th April, 2020
Page No.	7

Over 80% microlenders not eligible for RBI liquidity

SANGEETHA G
CHENNAI, APRIL 23

A vast majority of micro-finance institutions, especially the needy, will be left out of the refinancing scheme as well as the targeted long-term repo operation (TLTRO) announced by the Reserve Bank.

While microlenders have offered moratorium to their end customers, confusion prevails over whether they are eligible

for moratorium from their lenders like banks and large NBFCs, and this has put microlenders under financial strain. While the RBI has made micro-finance institutions (MFIs) beneficiaries of the refinancing scheme and TLTRO 2.0, more than 80 per cent of the microlenders will be left out due to the eligibility criteria set by the central bank.

Within the Rs 25,000 crore TLTRO 2.0

announced for NBFCs and MFIs, microlenders are eligible for 10 per cent. "As per Thursday's auction, which saw a bidding for Rs 12,000 crore, MFIs will be eligible for Rs 1,200 crore, which is a minuscule portion of Rs 1.4 lakh crore outstanding of micro lenders, including NBFC-MFIs and other credit societies," said P. Satish, executive director of Sa-Dhan.

However, the bigger



Issue is eligibility as MFIs with a rating of BBB and above stand a chance to

receive this. "Out of around 175 microlenders who are currently operating, only 25 large companies are eligible for the funds. While the large microlenders will have the wherewithal to withstand the crisis, the small and medium MFIs are the more needy ones and they are being left out," he said.

Similarly, the special refinancing scheme through NABARD and SIDBI will be deprived to most of

the smaller and medium-sized MFIs. "NABARD has received Rs 25,000 crore and SIDBI Rs 15,000 crore from RBI under the scheme. MFIs of asset size of Rs 500 crore and above are eligible for this funding and SIDBI requires a rating of BBB negative and above," said Manoj Nambiar, chairperson of Micro Finance Institutions Network (MFIN).

"Around 21 MFIs will

have an asset size of Rs 500 crore and more, while about 30 MFIs will be eligible for SIDBI funding. Further, SIDBI funding is for 90 days and at the end of the period, it has to be repaid in one instalment," said Satish.

Moreover, the industry is also not sure about when these funds will reach them. "Liquidity has a timeliness factor. It has to reach us when we need it most," added Nambiar.

Publication	Business Standard Hindi
Edition	Delhi
Date	24 th April, 2020
Page No.	1 & 3

एनबीएफसी को कर्ज देने से कतरा रहे बैंक

सुखल चौधरी और अनूप राय
मुंबई, 23 अप्रैल



ऐसा प्रतीत हो रहा है कि भारतीय रिजर्व बैंक (आरबीआई) की उच्च कंसिडरेशन के बावजूद बैंक-बैंकिंग वित्तीय कंपनियों (एनबीएफसी) को उधार देने के लिए तैयार नहीं हैं। हाल ही में आरबीआई ने छोटी एनबीएफसी को मदद के लिए संशोधित लॉन्ग टर्म वॉरंट (टीएलटीआरओ) के तहत 25,000 करोड़ रुपये तक की पैमाने की भी। लेकिन आरबीआई की अपनी रकम के लिए हो बोलियां मिलीं। केंद्रीय बैंक ने अपने संशोधित टीएलटीआरओ में यह सुनिश्चित करने की कोशिश की थी कि अपनी रकम छोटी एनबीएफसी को प्रोत्साहित में जाए।

- 25,000 करोड़ रुपये के संशोधित टीएलटीआरओ में केवल आधी रकम के लिए मिली बोलियां
- बैंकों की तरफ से केवल 12,850 करोड़ रुपये के लिए ही आई बोलियां

बैंकों ने तीन वर्ष की अवधि की इस रकम के लिए कुल 12,850 करोड़ रुपये मूल्य की 14 बोलियां ही लगाईं। 9 अप्रैल की हुई नीलामी में भी 25,000 करोड़ रुपये की रकम भी मगर उसके लिए 3,14 लाख करोड़ रुपये कोमत की 18 बोलियां आई थीं। टीएलटीआरओ के पहले संस्करण में आरबीआई ने कोई रुई नहीं लगाई थी। आरबीआई ने केवल 30 दिनों के भीतर रकम निवेश करने के लिए कहा था। बाद में यह समय सीमा बढ़ाकर 45 दिन कर दी गई।

दूसरे टीएलटीआरओ के तहत नीलामी के जरिये आरबीआई ने 50,000 करोड़ रुपये मूल्य की नकदी उपलब्ध कराने की बात कही थी। केंद्रीय बैंक ने कहा था कि इसकी अपनी रकम छोटी एनबीएफसी को जानी चाहिए। यह बात इसलिए राखी गई क्योंकि इससे पहली नीलामी में 1 लाख करोड़ रुपये की टीएलटीआरओ राशि का इस्तेमाल बैंकों ने 'एए-1' रेटिंग वाली कंपनियों के बॉन्ड खरीदने में कर लिया। इनमें कुछ सरकारी कंपनियों के बॉन्ड भी शामिल थे। आम तौर पर शीर्ष रेटिंग प्राप्त कंपनियों को आपत रकम की जरूरत नहीं होती है। इस तरह आरबीआई का टीएलटीआरओ का फलसफ्ट पूरा नहीं हो पाया।

17 अप्रैल को दूसरे टीएलटीआरओ की घोषणा के वक्त आरबीआई ने स्पष्ट कर दिया था कि 10 प्रतिशत रकम का इस्तेमाल सूक्ष्म विल संस्थानों (एमएफआई) और 15 प्रतिशत रकम का इस्तेमाल 500 करोड़ रुपये आकार वाली एनबीएफसी द्वारा जारी प्रतिभूतियों में होना चाहिए। आरबीआई ने 25 प्रतिशत रकम का प्रावधान 500 करोड़ से 5,000 करोड़ रुपये के आकार वाली एनबीएफसी के लिए किया था।

सूची के अनुसार निजी क्षेत्र के बैंक दूसरे टीएलटीआरओ में दूर रहे हैं। एक विदेशी बैंक में कॉर्पोरेट बैंकिंग एवं रिस्क प्रमुख ने कहा, 'बैंक इस समय जोखिम लेते नहीं दिख रहे। किलहाल वे अपने पास अधिक से अधिक नकदी रखना और जोखिम से बचना चाहते हैं। इस तरह वे नहीं उधारी देने से बच रहे हैं।' (रोश पृष्ठ 3 पर)

एनबीएफसी को कर्ज देने से कतरा रहे बैंक

पृष्ठ-1 का शेष

आईएलएंडएफएस संकट के बाद मोटे तौर पर एनबीएफसी को लेकर बैंकों का रवैया नकारात्मक हो गया है। ईवाई में वित्तीय सेवा प्रमुख अब्दुल ज़र दोबानजी ने कहा, 'जब तक बैंकों के मन से एनबीएफसी को लेकर जोखिम की आशंका कमजोर नहीं पड़ती तब तक टीएलटीआरओ से एनबीएफसी को विशेष मदद नहीं मिल पाएगी। कई लोग टीएलटीआरओ पर सवाल भी उठा रहे हैं। माइक्रोफाइनेंस इंस्टीट्यूट्स नेटवर्क (एमएफआईएन) में मुख्य कार्याधिकारी हर्ष श्रीवास्तव कहते हैं, 'एनबीएफसी और एमएफआई को आवश्यक रकम मुहैया कराने के लिए टीएलटीआरओ सहज माध्यम नहीं था। एमएफआई, एनबीएफसी आदि को रकम देने के लिए आरबीआई 50,000 करोड़ रुपये

सिडबी, नाबार्ड और एनएचबी को दे चुका है। उन्हें टीएलटीआरओ की बाकी रकम का इस्तेमाल ऐसे अखिल भारतीय वित्तीय संस्थानों को देने के लिए करना चाहिए था।'

एनबीएफसी क्षेत्र के अधिकारी कम बोलियों को लेकर विस्मित नहीं दिखे। बजाज फिनसर्व के प्रबंध निदेशक संजीव बजाज ने ट्वीटर पर लिखा, 'एनबीएफसी एवं एमएफआई को रकम देने के लिए आरबीआई की पहल पर बैंकों ने केवल 50 प्रतिशत बोलियां लगाईं। जाहिर है, वे जोखिम बिल्कुल नहीं लेना चाहते हैं। आरबीआई को निश्चित तौर पर इन क्षेत्रों को सीधा नकदी समर्थन देना चाहिए और वित्त मंत्रालय को पहला नुकसान सहने का आश्वासन देना चाहिए। उन्हें छोटे लेकिन अर्थव्यवस्था के लिहाज से अहम इन ऋणदाताओं की मदद के लिए आगे आना चाहिए।'

Publication	Samay Paribartan
Edition	Kolkata
Date	24 th April, 2020
Page No.	3

MFIs look for unused credit limit to tide over liquidity crunch

SP BUREAU

Several microfinance institutions, particularly small and mid-size lenders, have been looking to access "unused sanctioned credit lines" in a bid to overcome current liquidity crunch as the sector is adversely impacted due to the lockdown imposed to contain the coronavirus outbreak, officials said.

Unused approved credit lines, which were not disbursed in the last financial year by the banks due to the lockdown, are expected to be extended to MFIs, P Satish, executive director of Sa-Dhan, a self-regulatory organisation of the industry, said. "Some MFIs are looking to access such resources at the earliest as it will ease their liquidity condition to some extent," he said.

Echoing Satish, Kuldip Maity, member of the state unit of the Association of Microfinance Institutions said, liquidity is a "cause of concern for everybody", and several MFIs "are in discussion with their lenders to avail unused but approved credit limit as they have to be equipped with the resources to cater to small borrowers".

"Usually in March, disbursement to MFIs picks up as the banks also look forward to meet their year-end target. Due to the coronavirus-induced disruption, roughly around Rs 4,000 crore could not be disbursed to MFIs but was either sanctioned or yet to be approved



by lenders," Satish told reporters in an interview.

But this (such unused sanction loan limit) will "not be sufficient to provide services to small borrowers", and they will need additional funding from banks and development finance institutions, when the end-users start demanding credit to reorganise their businesses, following lifting of the ongoing lockdown, he said.

Following certain relaxations given by the Centre, the industry body has issued an advisory to its members, saying that they can open branches in "green and non-containment" zones but they

need to follow health safety practices and social distancing norms.

"Many MFIs have opened branches in selected areas but it is not business-as-usual. Group meetings are not allowed and many of the field-level staffers have been harassed by some district administrations in several states," Satish said.

Few branches have been opened in green zone areas in different states from this week but deputing staff there is a challenge.

So operations as such have not resumed and there is no collection, Maity, who is also managing director,

Village Financial Services, said. "But micro lenders are exploring to keep fund ready so that they can extend credit to end users once the ongoing lockdown is lifted," he said.

Dibyajyoti Pattanaik, director of Bhubaneswar-based MFI Annapurna Finance, told PTI, "We are talking with lenders to extend unutilised credit amount which was sanctioned. The responses from them have been positive."

The Reserve Bank of India had recently announced the Targeted Long-Term Repo Operations 2.0 (TLTRO) window of Rs 50,000

crore. It is aimed at providing liquidity to small and mid-sized corporates, including non-banking financial companies (NBFCs) and micro finance institutions (MFIs) impacted by COVID-19 disruptions.

"RBI's TLTRO scheme is welcome. Only big, well-rated companies will be able to access this money. For the others, especially small and medium ones, a repayment moratorium from their banks and lenders will be most appropriate," MFNI CEO Harsh Shrivastava told in an interview.

Rating agency ICRA recently said most of the MFIs have extended a moratorium to their borrowers till May 31, 2020.

However, they are yet to formally receive moratorium from their lenders and the absence of the same could severely impact their ability to serve their debt-servicing obligations.

Lenders and investors may adopt a wait-and-watch policy. MFIs' ability to securitise portfolios to generate liquidity may also be limited in the interim, the agency said in a note.

"Entities currently in the process of raising capital may face some delay as investors may adopt a wait-and-watch strategy and observe the collection efficiency trends post the lockdown and renegotiate valuations, which may impact their solvency and liquidity positions in the near term," it added.

Publication	Samay Paribartan
Edition	Kolkata
Date	30 th April, 2020
Page No.	3

Zoom In

Govt allow MFIs to resume ops in green zones

SP BUREAU

The government should allow micro-finance institutions to resume operations in the areas identified as green zones while strictly adhering to social distancing and other safety norms, a top official of the sector said on Wednesday.

The move will be of help as MFIs need to personally meet the borrowers, he said. MFIs have been hit hard by the COVID-19 pandemic, with many finding it difficult to meet the operating costs and pay salaries during the ongoing lockdown. "We are looking for credit guarantee for loans, and also urge the government to pick up equity in small and medium companies. We are going to make a representation to the finance ministry in this regard," CEO of Micro-finance Institutions Network (MFIN) Harsh Srivastava said. P Satish,

executive director of 'Saddhan', a self regulatory body of MFIs, said the sector is worried about restart of operations, and if the situation does not improve by mid-May, many small units will have to shut shop. "We have urged the government to pay salaries and meet the operating costs of small MFIs during the lockdown period," Satish said. A small MFI is one with an asset base of less than Rs 200 crore. Since the middle of March, all operations of MFIs have come to a halt.

Satish said the MFI industry has urged the RBI to make the three-month moratorium on loan repayment applicable to the sector. "It is sad that the RBI moratorium extended to borrowers of the banks has not been passed on to the MFI industry," he said. "We are given to understand that the finance ministry has asked SIDBI to extend the moratorium to MFIs," Satish added.

Publication	The Economic Times
Edition	Online
Date	1 st April, 2020

URL: <https://economictimes.indiatimes.com/news/economy/finance/microfinance-gets-another-blow-amid-coronavirus-pandemic/articleshow/74920961.cms?from=mdr>

Microfinance gets another blow amid coronavirus pandemic

Poor are the most lucrative to lend in good times, but when the tide turns, they submerge and take along those who lent to them. While the moratorium on payments is the right way to overcome Covid 19 lockdown, micro lenders may face more challenges than the rest. But the outcome may be different.

By Atmadip Ray, ET Bureau | Last Updated: Apr 01, 2020, 08:17 AM IST



Save



In the latest carnage in the equity markets the worst hit among the financial services have been those lending to joint liability groups, shop keepers, vegetable vendors and carpenters.

Kolkata: Investors' rush to safety led to an erosion in the value of all lenders. But a few of them just crashed because they were exposed to the more vulnerable borrowers than their peers. In short, they lent to the poor.

In the latest carnage in the equity markets the worst hit among the financial services have been those lending to joint liability groups, shop keepers, vegetable vendors and carpenters.

The fear is that as the nation shuts down for three weeks to battle the Coronavirus, these vulnerable sections of the society would not only be without income, but many of those who lent to them probably may not have the

COVID-19 CASES

India  World

Confirmed

11,933

Deaths

392

Publication	Money Control
Edition	Online
Date	2 nd April, 2020

URL: <https://www.moneycontrol.com/news/business/economy/coronavirus-pandemic-micro-financers-stare-at-tough-times-ahead-5095101.html>



The screenshot shows the Money Control website interface. At the top is the 'moneycontrol' logo with a 'Be a Pro' tagline. Below it is a navigation bar with various categories like Home, Coronavirus, News, Markets, Mutual Funds, etc. The main headline reads 'Coronavirus pandemic | Micro-financers stare at tough times ahead' with a sub-headline: 'The coronavirus lockdown and the RBI's loan moratorium are building pressure on the segment.' Below the headline is a social media sharing section with icons for WhatsApp, Facebook, Twitter, and LinkedIn. There is also an audio player section titled 'Listen to the Audio Version of the Article' with a play button and a duration of 02:11. The article text begins with 'As the coronavirus (COVID-19) pandemic continues to batter markets around the world, among the worst affected in the financial services segment seems to be micro-financers. The'. On the right side, there is a large advertisement for 'Network 18' featuring the text 'The power of Network 18' and '50 CRORI VIEWERS! 15 LANGUAGE 20 CHANNELS'.

Publication	The Economic Times
Edition	Online
Date	6 th April,2020

URL: <https://economictimes.indiatimes.com/small-biz/sme-sector/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans/articleshow/75007099.cms>

Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

During the lockdown period, the operations of the MFIs have been mostly suspended. Branches are closed and no field-work is going on.

PTI | Last Updated: Apr 06, 2020, 02:41 PM IST



Collections from borrowers have also been affected during the 21-day lockdown imposed to contain the COVID-19 pandemic.

COVID-19 CASES			
	Confirmed	Deaths	
India	11,933	392	World

KOLKATA: The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said.

Speaking on the outlook for the industry, he said, "Performance of the MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how

Publication	Bloomberg Quint
Edition	Online
Date	6 th April,2020

URL: <https://www.bloombergquint.com/markets/mfis-likely-to-shelve-expansion-plans-due-to-lockdown>

Bloomberg | Quint Markets Business BQ Blue Exclusive Videos Coronavirus Pandemic >

MFIs Likely To Shelve Expansion Plans Due To Lockdown

PTI

 @PTI_News

 Bookmark

Published on April 06 2020, 3:19 PM
Last Updated on April 06 2020, 3:19 PM



The Microfinance Institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said.

Speaking on the outlook for the industry, he told PTI: "Performance of the MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how quickly the governments, both the Centre and the states, arrest the pandemic."

Publication	Financial Express
Edition	Online
Date	6 th April, 2020

URL: <https://www.financialexpress.com/industry/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans/1920320/>

The screenshot shows the Financial Express website with the article "Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans". The article is dated April 6, 2020, and is attributed to PTI. The text states that MFIs will focus on protecting their existing portfolios and may shelve expansion plans until the lockdown is lifted. A quote from Namoj Kumar Nambiar, chairman of the Microfinance Institutions Network (MFIN), is included. The article is accompanied by a photo of a hand holding several Indian Rupee banknotes. On the left side, there is a sidebar with a "Feeding 1.8 million+ children's across India. Every day!" campaign and a "FEED NOW" button. On the right side, there is a "Biz News & Update" section with a table showing market data.

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

Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

By PTI | Published April 6, 2020 3:46:18 PM

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Namoj Kumar Nambiar said.

Feeding 1.8 million+ children's across India. Every day!

Biz News & Update
DELIVERED INSTANTLY TO YOUR PHONE

COMB-18	
Worldwide	Index: 1,940.52
Domestic	Index: 134,354
Global	Index: 1,940.52

Join Our Telegram Channel
t.me/FinancialExpressNews

Publication	Outlook
Edition	Online
Date	6 th April, 2020

URL: <https://www.outlookindia.com/newscroll/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans/1792931>

Outlook

THE NEWS SCROLL

06 APRIL 2020 Last Updated at 1:59 PM | SOURCE: PTI

Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans



Kolkata, Apr 6 (PTI) The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said.

Speaking on the outlook for the industry, he told PTI: "Performance of the MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how quickly the governments, both the Centre and the states, arrest the pandemic.

"The first quarter will certainly get affected as collections will fall in April and May because many borrowers will opt for the moratorium package."

Nambiar, further said, disbursements to existing customers will continue but micro-lenders will be cautious to extend credit to the new ones during this crisis period.

The short-to-medium-term impact of the coronavirus outbreak and the subsequent measure of the lockdown to combat the pandemic seems to be more on the urban informal sector as compared to agriculture-based rural activities, another self-regulatory organisation of the sector, Sa-Dhan executive director P Satish told PTI.

"MFIs with more exposure in urban informal sectors will face more difficulties than a lending institution having a large number of rural sector borrowers," he said.

Publication	The Hindu
Edition	Online
Date	6 th April, 2020

URL: <https://www.thehindu.com/business/businesslive-6-april-2020/article31266617.ece>


 Today's top business news: More people will die from hunger than pandemic in India, telcos' revenue...

2:45 PM

Microfinance institutions put growth plans on hold

After demonetisation in 2016, the microfinance industry in India is now faced with another major shock due to the coronavirus pandemic.

FTI reports: "The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambar said.

During the lockdown period, the operations of the MFIs have been mostly suspended. Branches are closed and no field-work is going on. Staff of the institutions are currently working from home and engaging with the customers over phone, Nambar said."



Publication	Business Standard
Edition	Online
Date	6 th April,2020

URL:https://www.business-standard.com/article/pti-stories/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans-120040600568_1.html

Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

Press Trust of India | Kolkata
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The microfinance institutions

(MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said.

Speaking on the outlook for the industry, he told PTI: "Performance of the MFIs in the current fiscal which has just begun, will depend on when the lockdown will be lifted and how quickly the governments, both the Centre and the states, arrest the pandemic.

Publication	Business Insider
Edition	Online
Date	6 th April,2020

URL: <https://www.businessinsider.in/business/news/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans/articleshow/75006866.cms>

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Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

■ PTI | APR 6, 2020, 14:00 IST

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Publication	Republic World
Edition	Online
Date	6 th April,2020

URL: <https://www.republicworld.com/business-news/india-business/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans.html>



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Hit By Lockdown, MFIs Apprehensive For Growth, Likely To Shelve Expansion Plans

INDIA BUSINESS

The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

Written By [Press Trust Of India](#) | Mumbai | Updated On: April 06, 2020 14:04 IST



Report

Publication	Deccan Herald
Edition	Online
Date	6 th April, 2020

URL: <https://www.deccanherald.com/business/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans-821967.html>

Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

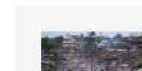


PTI, APR 06 2020, 14:44 IST | UPDATED: APR 06 2020, 14:44 IST



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Publication	Zee Business
Edition	Online
Date	6 th April, 2020

URL: <https://www.zeebiz.com/india/news-hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans-123487>

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Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

"The loan portfolio of the microfinance industry by end of December 2019, was about Rs 2.12 lakh crore and the collections per month typically stands at an average 9-10 per cent of that.

Publication	The New India Express
Edition	Online
Date	6 th April,2020

URL: <https://www.newindianexpress.com/business/2020/apr/06/lockdown-microfinance-institutions-apprehensive-for-growth-likely-to-shelve-expansion-plans-2126473.html>



The screenshot shows the homepage of The New India Express. The masthead features the newspaper's name in a large, bold, serif font. Below it is a navigation bar with links to various sections: NATION, WORLD, STATES, CITIES, BUSINESS (highlighted in red), SPORT, GOOD NEWS, MOVIES, and GALLERIES. A stock market ticker is visible, showing BSE and NSE indices. The main headline is "Lockdown, microfinance institutions apprehensive for growth, likely to shelve expansion plans" in a large, bold, sans-serif font. Below the headline is a sub-headline in italics: "The first quarter will certainly get affected as collections will fall in April and May because many borrowers will opt for the moratorium package." There are social media sharing icons for Facebook, Twitter, and Email. The publication date and time are shown at the bottom: "Published: 06th April 2020 03:11 PM | Last Updated: 06th April 2020 03:11 PM". The main image is a photograph of a wide, empty road with a bridge in the background, likely during the lockdown.

Publication	Dev Discourse
Edition	Online
Date	6 th April,2020

URL: <https://www.devdiscourse.com/article/business/994945-hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans>

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Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

PTI | Kolkata | Updated: 06-04-2020 14:52 IST | Created: 06-04-2020 14:52 IST

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Publication	The Week
Edition	Online
Date	6 th April,2020

URL: <https://www.theweek.in/wire-updates/business/2020/04/06/ccm1-biz-virus---mfi.html>

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Hit by lockdown MFIs apprehensive for growth likely to shelve expansion plans

PTI | April 06, 2020 15:00 IST



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Kolkata, Apr 6 (PTI) The microfinance institutions (MFIs), which are currently feeling the pinch of the coronavirus pandemic with their operations being suspended during the nationwide lockdown, are concerned about the near-term growth of the industry, officials said on Monday.

The MFIs will concentrate more on protecting their existing portfolios, once the lockdown will be lifted, and many of them may shelve their expansion plans for the time being, a self-regulatory organisation of the sector, Microfinance Institutions Network (MFIN) chairperson Manoj Kumar Nambiar said.

Speaking on the outlook for the industry, he told PTI:

"Performance of the MFIs in the current fiscal which has just

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Publication	Business Journal
Edition	Online
Date	6 th April,2020

URL: <https://business-journal.in/small-biz/sme-sector/hit-by-lockdown-mfis-apprehensive-for-growth-likely-to-shelve-expansion-plans/>

Small Biz SME Sector

Hit by lockdown, MFIs apprehensive for growth, likely to shelve expansion plans

By Business Journal - April 6, 2020

13 0



Publication	Business Standard
Edition	Online
Date	6 th April,2020

URL: https://www.business-standard.com/article/finance/covid-19-impact-confusion-over-moratorium-norms-hit-smaller-mfis-hard-120040601109_1.html

Covid-19 impact: Confusion over moratorium norms hit smaller MFIs hard

Many are worried about not being able to meet their loan obligations this month; several either have started defaulting or are about to

Namrata Acharya | Kolkata
Last Updated at April 7, 2020 22:12 IST



Publication	Business Standard
Edition	Online
Date	8 th April,2020

URL: https://www.business-standard.com/article/finance/nbfc-mfis-look-for-clarity-from-rbi-on-3-month-moratorium-on-loans-120040701822_1.html



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JUST IN Assam continues to be a pain point for MFIs as defaults remain high

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NBFC-MFIs seek clarity from RBI on 3-month moratorium on loans

RBI seeks data on drawdowns, bank loans, exposure to NCDs and CPs

Hamsini Karthik | Mumbai
Last Updated at April 7, 2020 22:57 IST

Publication	The Economic Times
Edition	Online
Date	8 th April,2020

URL: <https://economictimes.indiatimes.com/news/economy/finance/will-rbi-react-to-mfis-distress-call/articleshow/75037404.cms>

Will RBI react to MFIs' distress call?

Besides, about 90% of the MFIs with below investment grade ratings don't have access to money markets to meet the liquidity gaps as suggested by the regulator. Borrowing from the market to pay back loans is any way not an ideal situation, captains of the industry said.

By Atmadip Ray, ET Bureau | Last Updated: Apr 08, 2020, 12:50 AM IST



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RBI has collated business details, size of borrowing, liquidity position and credit rating profile from NBFC-MFIs via a series of communications since Sunday, apparently to get to the bottom of the issue.

KOLKATA: The Reserve Bank of India (RBI) appears to have swung into action as microfinance firms pressed the panic button over liquidity mismatches after several banks refused to pass on the moratorium benefit to them.

Besides, about 90% of the MFIs with below investment grade ratings don't have access to money markets to meet the liquidity gaps as suggested by the regulator. Borrowing from the market to pay back loans is any way not an ideal situation, captains of the industry said.

RBI has collated business details, size of borrowing, liquidity position and credit rating profile from NBFC-MFIs via a series of communications since Sunday, apparently to get to the bottom of the issue.

Publication	Money Control
Edition	Online
Date	9 th April,2020

URL: <https://www.moneycontrol.com/news/business/economy/coronavirus-impact-mfis-feel-there-will-be-pent-up-demand-for-loans-after-lockdown-ends-5120291.html>



The screenshot shows the Money Control website interface. At the top is the 'moneycontrol' logo with a 'Get a Pro' button. Below is a navigation bar with links to Home, Coronavirus, News, Markets, Mutual Funds, Commodities, Insurance, Video, Podcast, Personal Finance, Portfolio, Forum, Be a Pro, Earth360, Easybiz, and Live TV. A secondary navigation bar lists various business and market categories. The main content area features the article title 'Coronavirus impact | MFIs feel there will be pent-up demand for loans after lockdown ends' in large blue font. Below the title is a quote from Harsh Shrivastava, CEO of Microfinance Institutions Network. The author's name, Pramiti Lonkar, is listed with her Twitter handle. Social media sharing icons for WhatsApp, Facebook, Twitter, and LinkedIn are present. An audio player section is visible, titled 'Listen to the Audio Version of the Article', with a play button and a progress bar. The article text begins with 'While the coronavirus crisis disrupting operations in every sector, the microfinance institutions (MFIs) have also been'. On the right side, there is a vertical banner for 'Network 18' with the text 'The power of -' and '50 CRO VIEV 15 LANG 20 CHA'.

Publication	Live Mint
Edition	Online
Date	9 th April,2020

URL: <https://www.livemint.com/industry/banking/rbi-may-announce-separate-credit-line-to-rescue-mfis-11586453553761.html>



RBI may announce separate credit line to rescue MFIs

2 min read . Updated: 09 Apr 2020, 11:07 PM IST

Gopika Gopakumar

- The central bank is closely examining the data received from MFIs, including their credit ratings, liquidity positions and cash in hand
- MFIs, like other financial institutions, are in a fix over whether they can avail of the moratorium benefit on term-loan repayments given to all borrowers



Publication	The Hindu Business Line
Edition	Online
Date	10 th April, 2020

URL: <https://www.thehindubusinessline.com/money-and-banking/why-are-mfis-denied-moratorium-on-loan/article31307724.ece>

Money & Banking

Why are MFIs denied moratorium on loan?

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



The Managing Director of a reasonably large microfinance institution (MFI) is irritated.

His collections came to a grinding halt since March 25, due to the lockdown.

On March 27, the RBI

allowed a three-month moratorium on bank payments for both retail and corporate loans. But bankers, led by the State Bank of India, are demanding installments from MFIs.



Publication	The Economic Times
Edition	Online
Date	15 th April, 2020

URL: <https://economictimes.indiatimes.com/industry/banking/finance/microfinance-industry-groups-see-pm-modis-help-to-secure-repayment-moratoriums-on-term-loans/articleshow/75147007.cms>

Microfinance industry groups seek PM Modi's help to secure repayment moratoriums on term loans

Both Sa-dhan, India's largest microfinance industry body with 212 members, and Microfinance Institutions Network (MFIN), the industry grouping for NBFC-MFIs, have separately urged the prime minister to take action.

By Atmadip Ray, ET Bureau | Last Updated: Apr 15, 2020, 06:26 AM IST



Banks, small finance banks and other NBFCs, too, have microfinance exposure, with retail deposits as their source of funds.

KOLKATA: Microfinance industry groups have sought PM Narendra Modi's help to secure repayment moratoriums on term loans, having failed earlier to convince their lenders to give them a grace period.

They said that a couple of smaller MFIs have already defaulted their loan repayments last week, while others are facing a liquidity squeeze, since most banks and financial institutions have refrained from extending the moratorium benefit despite Reserve Bank of India's advisory on the issue.

"Time is running out. This is a situation when urgent action is required. As RBI did not communicate anything to clarify the issue of moratorium so far, we wrote to the PM for his intervention," Sa-Dhan executive director P Satish told ET.

Publication	Business Standard
Edition	Online
Date	16 th April, 2020

URL: https://www.business-standard.com/article/pti-stories/mfis-look-for-pm-s-intervention-to-secure-repayment-moratorium-120041501479_1.html

MFIs seek PM's intervention to secure repayment moratorium

Press Trust of India | Kolkata
Last Updated at April 15, 2020 20:08 IST



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Sa-Dhan urges PM for extension of loan moratorium benefits to MFI industry

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Microfinance institutions have

requested Prime Minister Narendra Modi to ensure that they are able to avail the loan repayment moratorium offer announced in the wake of the coronavirus outbreak, alleging that some of their lenders have not been extending the benefit to them.

Sa-Dhan, an association of community development finance institutions, and Microfinance Institutions Network (MFIN), a self-regulatory organisation of the industry, have separately written to the prime minister, urging him to direct banks and other lenders to extend the moratorium offer to their members.

Microfinance institutions borrow from banks and development financial institutions - Nabard, Sidbi and Mudra

Publication	The Week
Edition	Online
Date	16 th April,2020

URL: <https://www.theweek.in/wire-updates/business/2020/04/15/ccm2-biz-mfi-pm.html>

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PTI | April 15, 2020 20:14 IST

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Sa-Dhan, an association of community development finance institutions, and Microfinance Institutions Network (MFIN), a self-regulatory organisation of the industry, have separately written to the prime minister, urging him to direct banks and other lenders to extend the moratorium offer to their members.

Microfinance institutions borrow from banks and development financial institutions - Nabard, Sidbi and Mudra and lend to their clients.

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Publication	Outlook
Edition	Online
Date	16 th April,2020

URL: <https://www.outlookindia.com/newsscroll/mfis-seek-pms-intervention-to-secure-repayment-moratorium/1803569>

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THE NEWS SCROLL

16 APRIL 2020 Last Updated at 8:08 PM | SOURCE: PTI

MFIs seek PM"s intervention to secure repayment moratorium



Kolkata, Apr 15 (PTI) Microfinance institutions have requested Prime Minister Narendra Modi to ensure that they are able to avail the loan repayment moratorium offer announced in the wake of the coronavirus outbreak, alleging that some of their lenders have not been extending the benefit to them.

Sa-Dhan, an association of community development finance institutions, and Microfinance Institutions Network (MFIN), a self-regulatory organisation of the industry, have separately written to the prime minister, urging him to direct banks and other lenders to extend the moratorium offer to their members.

Microfinance institutions borrow from banks and development financial institutions - NABARD, SIDBI and Mudra and lend to their clients.

Since MFIs have started offering a three-month moratorium to their customers, they are expecting similar benefit from their lenders, Sa-Dhan executive director P Satish said.

"Despite Reserve Bank of India's circular pertaining to the moratorium on retail loans, some financial institutions are refraining from extending the same benefits to microfinance institutions.

"We have requested the prime minister to address the issue. According to the RBI's circular, MFIs are eligible for back-to-back moratorium," Satish told PTI.

Not extending the moratorium will cause MFIs to face significant cash flow issues, in the absence of any collection from their customers, he said.

Publication	Dev Discourse
Edition	Online
Date	16 th April, 2020

URL: <https://www.devdiscourse.com/article/business/1008893-mfis-seek-pms-intervention-to-secure-repayment-moratorium>



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MFIs seek PM's intervention to secure repayment moratorium

PTI | Kolkata (Updated: 15-04-2020 20:05 IST) | Created: 15-04-2020 20:04 IST

Publication	Latestly
Edition	Online
Date	16 th April,2020

URL: <https://www.latestly.com/agency-news/mfis-seek-pms-intervention-to-secure-repayment-moratorium-1685173.html>

MFIs Seek PM's Intervention to Secure Repayment Moratorium

Agency News PTI | Apr 15, 2020 08:08 PM IST

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Kolkata, Apr 15 (PTI) Microfinance institutions have requested Prime Minister Narendra Modi to ensure that they are able to avail the loan repayment moratorium offer announced in the wake of the coronavirus outbreak, alleging that some of their lenders have not been extending the benefit to them.

Sa-Dhan, an association of community development finance institutions, and Microfinance Institutions

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Microfinance institutions borrow from banks and development financial institutions - Nabard, Sidbi and Mudra and lend to their clients.

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"Despite Reserve Bank of India's circular pertaining to the moratorium on retail loans, some financial

Publication	Yahoo Finance
Edition	Online
Date	16 th April,2020

URL: <https://in.finance.yahoo.com/news/banks-start-offering-loan-moratorium-003500043.html>



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Banks start offering loan moratorium to NBFC-MFIs

Shriama Bose
Financial Express 16 April 2020









Industry executives said that each bank is following its own strategy when it comes to offering the moratorium to MFIs.

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

So far, banks have been demurring from offering the moratorium to NBFCs as they are wary of the liquidity being released to the latter set in the form of targeted long-term repo

<https://mobile.yahoo.com/finance>

Publication	Money Control
Edition	Online
Date	17 th April, 2020

URL: <https://www.moneycontrol.com/news/business/covid-19-lockdown-nbfc-mfis-stare-at-liquidity-shock-will-rbi-step-in-5157511.html>

COVID-19 lockdown | NBFC-MFIs stare at liquidity shock: Will RBI step in?

The lock-down announced in late March to fight Covid-19 spread has hit the industry bad. NBFC-MFIs are also looking at the likelihood of high bad loans as lock-down could result in major income loss of small borrowers.

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The COVID-19 lock-down may erode upto 25 percent of the annual collections of NBFC-MFIs, industry fear. This is significant for microlenders since the average loan tenure of NBFC-MFI borrowers is just 18-24 months. For banks, this is much longer.



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Publication	Financial Express
Edition	Online
Date	18 th April, 2020

URL: <https://www.financialexpress.com/industry/banking-finance/microfinance-industry-hopes-iba-meet-to-lead-to-in-principle-decision-on-loan-moratorium-to-mfis/1932311/>

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Microfinance industry hopes IBA meet to lead to 'in-principle decision' on loan moratorium to MFIs

By Mihun Dasgupta | Published April 18, 2020 6:38:36 AM

Notably, following RBI's announcement on allowing a moratorium on term loans for March 1 to May 31, most of the MFIs have extended a moratorium to their borrowers till May 31.

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Publication	Money Control
Edition	Online
Date	17 th April,2020

URL: <https://www.moneycontrol.com/news/business/shaktikanta-das-silence-on-loan-moratorium-for-nbfcs-may-spoil-the-liquidity-party-5159021.html/amp>

Shaktikanta Das' silence on loan moratorium for NBFCs may spoil the liquidity party

MoneyControl • Apr 17, 2020 3:45 PM IST

By Divyansu Choudhary



Governor Das has been silent on the biggest demand from NBFCs—moratorium on the loans NBFCs borrowed from banks. This has come as a big disappointment for NBFCs.



Publication	The Economic Times
Edition	Online
Date	19 th April, 2020

URL: <https://economictimes.indiatimes.com/markets/bonds/group-of-non-bank-lenders-to-issue-pooled-debt-instruments/articleshow/75231980.cms>

Group of non-bank lenders to issue pooled debt instruments

This will help firms below investment grade access the liquidity tap since such joint effort would typically enhance their credit rating.

By Atmadip Ray, ET Bureau | Last Updated: Apr 19, 2020, 04:25 PM IST



MFIN, the self-regulator for NBFC-MFIs, has approached fund arrangers such as Northern Arc Capital and Vivriti Capital for such blended pooled issuances.

Kolkata: A group of non-bank lenders, including microfinance firms, is likely to issue pooled debt instruments such as bonds together to gain bargaining power on price as they are looking to tap the separate liquidity window offered by Reserve Bank of India under the targeted long-term repo operation (TLTRO 2.0).

The Microfinance Institutions Network (MFIN), the self-regulator for NBFC-MFIs, has approached fund arrangers such as Northern Arc Capital and Vivriti Capital for such blended pooled issuances, two people familiar with the development said.

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This will also help firms below investment grade access the liquidity tap since such joint effort would typically enhance their credit rating. This brings down issuance cost too.

RBI has planned Rs 50000 crore liquidity infusion through TLTRO 2.0 with a direction to banks to invest at least half of it into "investment-grade" commercial papers or bonds issued by smaller non-bank lenders including microfinance firms.

Publication	ET Auto
Edition	Online
Date	19 th April, 2020

URL: <https://auto.economictimes.indiatimes.com/news/industry/smes-to-gain-maximum-from-rs-1-lakh-cr-liquidity-boost-to-nbfcs-hfcs/75233719>

SMEs to gain maximum from Rs 1 lakh-cr liquidity boost to NBFCs, HFCs

On Friday in the second Covid booster dose, the RBI announced a new TLTRO, under which it will pump in Rs 50,000 crore into the system and made it mandatory for banks to invest 50 percent of the money in lower-rated debt being issued by small and medium NBFCs, HFCs and MFIs. RBI has also opened another Rs 50,000 crore in refinance window for Nabard, Sidbi and NHB.

PTI • April 19, 2020, 17:13 IST



The latest measure has come as two of its most innovative liquidity measures worth Rs 2 lakh crore since February 6 did not

MUMBAI: Small businesses will benefit the most from the Rs 1 lakh-crore targeted liquidity boost to small and mid-sized non-banking lenders, housing financiers and micro-lenders, say the shadow banking industry leaders.

Non-banking financial companies (NBFCs), housing finance companies (HFCs) and micro-finance institutions (MFIs) -- which

Publication	ET Rise
Edition	Online
Date	19 th April, 2020

URL: <https://economictimes.indiatimes.com/small-biz/sme-sector/smes-to-gain-maximum-from-rs-1-lakh-cr-liquidity-boost-to-nbfcs-hfcs/articleshow/75232888.cms>

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PTI | Last Updated: Apr 19, 2020, 04:09 PM IST



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MUMBAI: Small businesses will benefit the most from the Rs 1 lakh-crore targeted liquidity boost to small and mid-sized non-banking lenders, housing financiers and micro-lenders, say the shadow banking industry leaders.

Non-banking financial companies (NBFCs), housing finance companies (HFCs) and micro-finance institutions (MFIs) -- which have been starved of finances ever since IL&FS went belly up after large-scale fraud and mismanagement by top management came to light in September 2018 -- have finally heaved a sigh of relief after the

Reserve Bank on Friday opened two durable liquidity windows worth Rs 1 lakh crore for them.

COVID-19 CASES		Confirmed	Deaths
India	World	17,265	543

Publication	The Economic Times
Edition	Online
Date	20 th April, 2020

URL: <https://economictimes.indiatimes.com/industry/banking/finance/banking/heres-how-non-bank-lenders-plan-to-raise-money/articleshow/75237030.cms>

Here's how non-bank lenders plan to raise money

RBI has planned a Rs 50,000-crore liquidity infusion through TLTRO 2.0 for NBFCs.

By Atmadip Ray, Saikat Das, ET Bureau | Last Updated: Apr 20, 2020, 06:13 AM IST



About 6,500 NBFCs, less than Rs 500 crore in asset size, have already reached out to banks seeking credit lines. Others would seek funds from bigger NBFCs.

Social distancing is the prescribed norm to beat the viral chain, but in the complex world of financing, it pays to stick together. That's what many small non-bank lenders plan to do: Come together and sell bonds that make the cut for bank financing.

help many NBFCs including microfinance firms, especially those below investment grade to access the TLTRO liquidity tap since their credit rating will likely head north, lowering borrowing costs.

As things stand now, the majority of the NBFCs can't sell bonds that make the grade to draw in the banks, which are using funds raised through the targeted long-term repo operation mechanism to finance corporate and other lenders. The pooled issues will

RBI has planned a Rs 50,000-crore liquidity infusion through TLTRO 2.0 with a direction to banks to invest at least half of it into "investment-grade" commercial papers or bonds issued by smaller non-bank lenders, including microfinance firms.

Publication	Business Standard
Edition	Online
Date	20 th April, 2020

URL: https://www.business-standard.com/article/finance/reopening-of-services-to-depend-on-permission-from-local-authorities-nbfcs-120041900728_1.html



Business Standard

JUST IN Nabard to review fundings of Regional Rural Banks, co-op banks on April 20

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Reopening of services to depend on permission from local authorities: NBFCs

Although the government has allowed NBFCs, HFCs to start operations, they have not allowed resumption of operations in hotspots and have also not permitted field activities

Subrata Panda & Namrata Acharya | Mumbai/Kolkata
Last Updated at April 20, 2020 01:06 IST

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Publication	The Hindu Business Line
Edition	Online
Date	21 st April, 2020

URL: <https://www.thehindubusinessline.com/economy/mfis-banks-bullish-on-fast-recovery-of-rural-economy-post-lockdown/article31395810.ece>

Economy

MFIs, banks bullish on fast recovery of rural economy post lockdown

Surabhi | Mumbai | Updated on April 21, 2020 | Published on April 21, 2020



Banks and microfinance players are upbeat about a faster revival in the rural economy with the lifting of the lockdown, even as they say the formal economy could take time to normalise.



Reposing faith in their customers' abilities to bounce back from the current disruption in business, most small finance banks and payments banks believe that self-

Publication	First Post
Edition	Online
Date	21 st April,2020

URL: <https://www.firstpost.com/business/only-dozen-odd-of-52-microlenders-can-gain-from-rbis-special-liquidity-window-says-mfin-chief-8282251.html/amp>

Mumbai: Only a dozen-odd of the 52 microlenders have investment-grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend.

Last 17 April, the central bank announced a Rs 50,000-crore focused liquidity injection through what it calls a new model of its targeted long-term repo operations (TLTRO 2.0) aimed solely at small and medium non-banking financiers, housing finance companies and micro-lenders.

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"Our own survey shows that only 12 members, one with "AA" and 11 with "A", have investment-grade ratings, and, therefore, they are the ones who are most likely to get the money under TLTRO 2.0," Micro Finance Institutions Network (MFIN) Chief Executive Harsh Shrivastava told *PTI*. MFIN is a self-regulatory organisation (SRO) of NBFC-MFIs.



Publication	The Economic Times
Edition	Online
Date	21 st April, 2020

URL: <https://economictimes.indiatimes.com/markets/stocks/news/only-dozen-odd-mfis-can-gain-from-rbis-special-liquidity-window/articleshow/75268620.cms?from=mdr>

Only dozen-odd MFIs can gain from RBI's special liquidity window

ast April 17, the central bank announced a Rs 50,000-crore focused liquidity injection.

PTI | Last Updated: Apr 21, 2020, 02:15 PM IST



Typically, debt instruments with AAA rating carry the lowest credit risk, thus have the highest degree of safety regarding servicing of financial obligations.

Mumbai: Only a dozen-odd of the 52 micro lenders have investment grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend.

Last April 17, the central bank announced a Rs 50,000-crore focused liquidity injection through what it calls a new model of its targeted long-term repo operations (TLTRO 2.0) aimed solely at small and medium non-banking financiers, housing finance companies and micro-lenders.

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"Our own survey shows that only 12 members, one with 'AA' and 11 with 'A', have investment grade ratings, and, therefore, they are the ones who are most likely to get the money under TLTRO 2.0," Micro Finance Institutions

Network (MFIN) Chief Executive Harsh Shrivastava told PTI. MFIN is a self-regulatory organisation (SRO) of NBFC-MFIs.

Publication	Free Press Journal
Edition	Online
Date	21 st April,2020

URL: <https://www.freepressjournal.in/business/only-dozen-odd-mfis-can-gain-from-rbis-special-liquidity-window>

BUSINESS

Updated on : Tuesday, April 21, 2020, 12:41 PM IST

Only dozen-odd MFIs can gain from RBI's special liquidity window

By PTI

Only a dozen-odd of the 52 micro lenders have investment grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend.



Publication	The Hindu
Edition	Online
Date	21 st April,2020

URL: <https://www.thehindu.com/business/businesslive-21-april-2020/article31393458.ece>

Only dozen-odd MFIs can gain from RBI's special liquidity window

The Reserve Bank of India's special liquidity window to help micro-finance institutions, it seems, may not be good enough to help the sector tide over the crisis due to stringent conditions placed on borrowers.

PTI reports: "Only a dozen-odd of the 52 micro lenders have investment grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend.

Last April 17, the central bank announced a Rs 50,000-crore focused liquidity injection through what it calls a new model of its targeted long-term repo operations (TLTRO 2.0) aimed solely at small and medium non-banking financiers, housing finance companies and micro-lenders.

"Our own survey shows that only 12 members, one with 'AA' and 11 with 'A', have investment grade ratings, and, therefore, they are the ones who are most likely to get the money under TLTRO 2.0," Micro Finance Institutions Network (MFIN) Chief Executive Harsh Shrivastava told PTI. MFIN is a self-regulatory organisation (SRO) of NBFC-MFIs.

The rest of the players have either BBB/BB or lower ratings, he added.

Shrivastava, however, welcomed the TLTRO 2.0 saying it can help large micro-lenders with investment grade ratings to get cheaper funds."

Publication	Business Insider
Edition	Online
Date	21 st April,2020

URL: <https://www.businessinsider.in/business/news/only-dozen-odd-mfis-can-gain-from-rbis-special-liquidity-window/articleshow/75266656.cms>



By Hitesh Vyas

Mumbai, Apr 21 () Only a dozen-odd of the 52 micro lenders have investment grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend.

Last April 17, the central bank announced a Rs 50,000-crore focused liquidity injection through what it calls a new model of its targeted long-term repo

Publication	Outlook
Edition	Online
Date	21 st April, 2020

URL: <https://www.outlookindia.com/newscroll/only-dozenodd-mfis-can-gain-from-rbis-special-liquidity-window/1809451>

Outlook

THE NEWS SCROLL

21 APRIL 2020 Last Updated at 12:19 PM | SOURCE: PTI

Only dozen-odd MFIs can gain from RBI's special liquidity window



By Hitesh Vyas

Mumbai, Apr 21 (PTI) Only a dozen-odd of the 52 micro lenders have investment grade ratings and are thus eligible to issue debt instruments that can be picked by banks using the Rs 50,000-crore special liquidity tap that the Reserve Bank of India has opened up over the weekend.

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The rest of the players have either BBB/BB or lower ratings, he added.

Shrivastava, however, welcomed the TLTRO 2.0 saying it can help large micro-lenders with investment grade ratings to get cheaper funds.

Of the 52 MFIs, 21 are large with a portfolio of over Rs 500 crore, 19 are mid-sized with a loan portfolio of Rs 100-500 crore and 12 are small ones with under Rs 100 crore loan book, he said.

Publication	Newsfeed
Edition	Online
Date	21 st April,2020

URL: <https://newsfeed.co.in/economic/only-dozen-odd-mfis-can-gain-from-rbis-special-liquidity-window/>

Only dozen-odd MFIs can gain from RBI's special liquidity window



by newsfeed
April 21, 2020
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Publication	Share Market IPO
Edition	Online
Date	21 st April,2020

URL: <https://sharemarketipo.com/only-dozen-odd-mfis-can-gain-from-rbis-special-liquidity-window/>

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Mumbai: Only a dozen-odd of the 52 micro lenders have funding grade scores and are thus eligible to subject debt devices that can be picked by banks utilizing the Rs 50,000-crore

Publication	Business Standard
Edition	Online
Date	21 st April, 2020

URL: https://www.business-standard.com/article/pti-stories/only-dozen-odd-mfis-can-gain-from-rbi-s-special-liquidity-window-120042100481_1.html

Only dozen-odd MFIs can gain from RBI's special liquidity window

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Publication	Dev Discourse
Edition	Online
Date	21 st April, 2020

URL: <https://www.devdiscourse.com/article/business/1016767-only-dozen-odd-mfis-can-gain-from-rbis-special-liquidity-window>



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Publication	Business Standard
Edition	Online
Date	24 th April,2020

URL: https://www.business-standard.com/article/finance/mfin-may-pool-securities-to-access-funds-for-small-mfis-under-tltro-2-0-120042300791_1.html

MFIN may pool securities to access funds for small MFIs under TLTRO 2.0

Credit enhancement would entail guarantee from bigger institutions in case of defaults up to a certain percentage

Namrata Acharya | Kolkata
Last Updated at April 24, 2020 00:49 IST



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Publication	Outlook
Edition	Online
Date	24 th April,2020

URL: <https://www.outlookindia.com/newsscroll/small-midsize-mfis-look-for-unused-credit-limit-to-tide-over-liquidity-crunch/1812192>

Outlook

THE NEWS SCROLL

23 APRIL 2020 Last Updated at 4:16 PM | SOURCE: PTI

Small, midsize MFIs look for unused credit limit to tide over liquidity crunch



Kolkata, Apr 23 (PTI) Several microfinance institutions, particularly small and mid-size lenders, have been looking to access "unused sanctioned credit lines" in a bid to overcome current liquidity crunch as the sector is adversely impacted due to the lockdown imposed to contain the coronavirus outbreak, officials said.

Unused approved credit lines, which were not disbursed in the last financial year by the banks due the lockdown, are expected to be extended to MFIs, P Satish, executive director of Sa-Dhan, a self-regulatory organisation of the industry, said.

"Some MFIs are looking to access such resources at the earliest as it will ease their liquidity condition to some extent," he said.

Echoing Satish, Kuldip Maity, member of the West Bengal unit of the Association of Microfinance Institutions said, liquidity is a "cause of concern for everybody", and several MFIs "are in discussion with their lenders to avail unused but approved credit limit as they have to be equipped with the resources to cater to small borrowers".

"Usually in March, disbursement to MFIs picks up as the banks also look forward to meet their year-end target. Due to the coronavirus-induced disruption, roughly around Rs 4,000 crore could not be disbursed to MFIs but was either sanctioned or yet to be approved by lenders," Satish told PTI.

But this (such unused sanction loan limit) will "not be sufficient to provide services to small borrowers", and they will need additional funding from banks and development finance institutions, when the end-users start demanding credit to reorganise their businesses, following lifting of the ongoing lockdown, he said.

Following certain relaxations given by the Centre, the industry body has issued an advisory to its members, saying that they can open branches in "green and non-containment" zones but they need to follow health safety practices and social distancing norms.

Publication	The Week
Edition	Online
Date	24 th April,2020

URL: <https://www.theweek.in/wire-updates/business/2020/04/23/ccm2-biz-mfi.html>

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Small midsize MFIs look for unused credit limit to tide over liquidity crunch

PTI | April 23, 2020 16:29 IST



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Kolkata, Apr 23 (PTI) Several microfinance institutions, particularly small and mid-size lenders, have been looking to access "unused sanctioned credit lines" in a bid to overcome current liquidity crunch as the sector is adversely impacted due to the lockdown imposed to contain the coronavirus outbreak, officials said.

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Publication	Business Journal
Edition	Online
Date	24 th April,2020

URL: <https://business-journal.in/industry/banking-finance/small-midsize-mfis-look-for-unused-credit-limit-to-tide-over-liquidity-crunch/>

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By Business Journal - April 23, 2020

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URL: https://www.business-standard.com/article/finance/coronavirus-impact-rbi-s-tltro-2-0-gets-cold-shoulder-from-banks-120042301666_1.html

Coronavirus impact: RBI's TLTRO 2.0 gets cold-shoulder from banks

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Edition	Online
Date	24 th April,2020

URL: <https://www.outlookindia.com/newscroll/banks-scupper-rbi-plan-to-offer-spl-liquidity-to-nbfc-as-repo-auction-gets-50-bids/1812717>

Outlook

THE NEWS SCROLL

23 APRIL 2020 Last Updated at 10:10 PM | SOURCE: PTI

Banks scupper RBI plan to offer spl liquidity to NBFCs as repo auction gets 50% bids



(Eds/ Adds details, background, expert comments)

Mumbai, Apr 23 (PTI) As feared by the industry and money market watchers, the first auction under the version two of the targeted long-term repo operations (TLTRO 2.0) on Thursday received a muted response from banks as the Reserve Bank received only a little over 50 per cent bids for the Rs 25,000 crore on offer.

The poor response also left the RBI worried, forcing it to make a public announcement -- a rare spontaneous regulatory reaction in recent years-- to review the mechanism.

The auction nearly failed as banks are not sure of the financial strength of the issuers and also due to lack of enough rated debt instruments from NBFCs and MFIs where banks can park these funds.

Moreover, lenders are becoming more and more risk-averse as the uncertainty arising from the COVID-19 pandemic has no end in sight.

The RBI received bids for just Rs 12,850 crore as against the notified amount of Rs 25,000 crore with a three-year tenor offered at 4.40 per cent.

The subdued demand for the maiden TLTRO 2.0 auction, aimed at providing targeted liquidity support to small NBFCs and MFIs, has forced the RBI to review the issue.

According to Vydiyanathan Ramaswamy, a director at Brickwork Ratings, limited participation clearly highlights banks' reluctance to

Publication	Business Standard
Edition	Online
Date	24 th April, 2020

URL: https://www.business-standard.com/article/pti-stories/banks-scupper-rbi-plan-to-offer-spl-liquidity-to-nbfcs-as-repo-auction-gets-50-bids-120042301626_1.html

Banks scupper RBI plan to offer spl liquidity to NBFCs as repo auction gets 50% bids

Press Trust of India | Mumbai
Last Updated at April 23, 2020 22:10 IST





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Edition	Online
Date	24 th April, 2020

URL: https://www.business-standard.com/article/finance/sidbi-to-provide-liquidity-support-to-nbfcs-mfis-with-90-day-term-loans-120042300667_1.html

Sidbi to provide liquidity support to NBFCs, MFIs with 90-day term loans

NBFCs and MFIs have been hit on two fronts, with collections dipping due to the covid-19 lockdown, and the three-month moratorium extended to their borrowers

Subrata Panda & Abhijit Lele | Mumbai
Last Updated at April 24, 2020 00:50 IST



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Publication	Outlook
Edition	Online
Date	29 th April,2020

URL: <https://www.outlookindia.com/newsscroll/govt-should-allow-microfinance-institutions-to-resume-operations-in-green-zones-official/1818514>

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THE NEWS SCROLL

29 APRIL 2020 Last Updated at 6:11 PM | SOURCE: PTI

Govt should allow micro-finance institutions to resume operations in green zones: Official



(Eda: Minor corrects in intro)

Kolkata, Apr 29 (PTI) The government should allow micro-finance institutions to resume operations in the areas identified as green zones while strictly adhering to social distancing and other safety norms, a top official of the sector said on Wednesday.

The move will be of help as MFIs need to personally meet the borrowers, he said.

MFIs have been hit hard by the COVID-19 pandemic, with many finding it difficult to meet the operating costs and pay salaries during the ongoing lockdown.

"We are looking for credit guarantee for loans, and also urge the government to pick up equity in small and medium companies. We are going to make a representation to the finance ministry in this regard," CEO of Micro-finance Institutions Network (MFIN) Harsh Srivastava said.

P Satish, executive director of "Sa-dhan", a self regulatory body of MFIs, said the sector is worried about restart of operations, and if the situation does not improve by mid-May, many small units will have to shut shop.

"We have urged the government to pay salaries and meet the operating costs of small MFIs during the lockdown period," Satish said.

A small MFI is one with an asset base of less than Rs 200 crore.

Publication	Deccan Herald
Edition	Online
Date	29 th April,2020

URL: <https://www.deccanherald.com/national/govt-should-allow-micro-finance-institutions-to-resume-operations-in-green-zones-official-831434.html>

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 PTI, Kolkata, APR 29 2020, 18:02 IST | UPDATED: APR 29 2020, 18:02 IST



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Publication	Business Standard
Edition	Online
Date	29 th April,2020

URL: https://www.business-standard.com/article/pti-stories/govt-should-allow-micro-finance-institutions-to-resume-operations-in-green-zones-official-120042901093_1.html



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Publication	News18
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URL: <https://www.news18.com/news/business/govt-should-allow-micro-finance-institutions-to-resume-operations-in-green-zones-official-2598147.html>

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MFIs have been hit hard by the COVID-19 pandemic, with many finding it difficult to meet the operating costs and pay salaries during the ongoing lockdown.

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Publication	The Hills Times
Edition	Online
Date	29 th April,2020

URL: <https://www.thehillstimes.in/business-2/govt-should-allow-micro-finance-institutions-to-resume-operations-in-green-zones-official/>

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URL: <https://www.theweek.in/wire-updates/business/2020/04/29/ces14-virus-mfis-green-zone.html>

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Govt should allow micro-finance institutions to resume operations in green zones Official

PTI | April 29, 2020 17:59 IST

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Publication	Latestly
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Date	29 th April,2020

URL: <https://www.latestly.com/agency-news/govt-should-allow-micro-finance-institutions-to-resume-operations-in-green-zones-official-1717357.html>

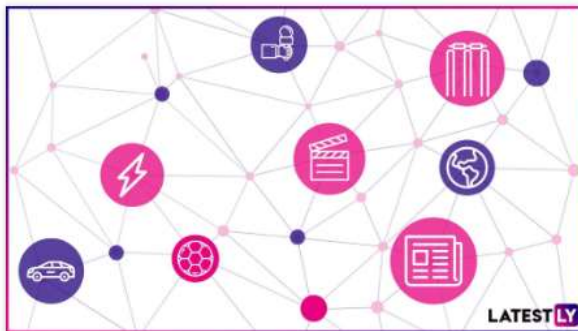
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