

# EXPANDING HORIZONS



**MFIN AS SECTOR'S UNIFYING CANOPY**

MFIN's Evolution *from*  
Institutions *into an* Industry Network

**MFIN has evolved into Microfinance Industry Network,** broadening its membership to encompass all REs providing microfinance. This transformation coincides with synchronized regulations in microfinance, fostering uniformity and cohesion across the sector enabling it to better serve the customer. The annual report showcases this progression, highlighting enhanced collaborations and the work during the year showcasing steadfast dedication to sustainable financial inclusion.





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# Chairperson's message

**Mr Udaya Kumar Hebbar**

*Chairperson*

The economic landscape of India is poised for unprecedented growth with GDP expanding at twice the global economic growth rate. The rural and semi-urban regions, accounting for 70% of the population yet receiving only 21% of financial credit, are crucial for steering the nation towards a sustainable growth path. Within this promising landscape and complex environment, microfinance institutions with their well-designed business model are fulfilling the growing aspirations of young India. The FY 2023-24 end marks the completion of two years since the introduction of new microfinance guidelines demonstrating the industry's capacity to function effectively across various environments.

The industry grew by 24.5% YoY in FY 2023-24 to cross the momentous INR 4 trillion mark maintaining its global dominance. Microfinance is the sixth-largest retail lending segment in the country while being the biggest source of capital creation at the bottom of the social pyramid. The direct involvement of large corporate houses in the microfinance domain is a testimony to the model's success and low penetration levels. The growth in the customer base of 17% YoY to reach 78 million at the end of March 2024, with more than 45 million coming from rural / semi-urban India reflects the agenda of democratising financial access. The participation of the women workforce is necessary for any economic system to flourish. MFIs have helped fuel that drive by creating opportunities for women to pursue their chosen income-generating activities and bring financial stability. They use additional income generated for productive activities further enabling larger credit, helping improve gender equality.

The role of providing timely and convenient credit can't be underestimated as this comes in the background of processing a wealth of data, especially for new-to-credit customers. With successive credit cycles, credit history gets built offering unparalleled insights. In the current deregulated environment, a risk-based pricing framework steered by the board is increasing financial outreach. This is getting achieved through offering price incentives to promote positive behaviour and making risky geographies or customers more appealing through price adjustments. Understanding a customer's income situation, either directly or indirectly, has become crucial for effectively handling credit in the new normal.

The NBFC-MFIs, the pioneers of this business led from the front with a 40% share amid evolving market dynamics. Microfinance by its inherently social nature aligns very well in the realm of ESG aspects. With changing environmental and economic dynamics in rural India, income streams are getting diversified and moving beyond traditional agricultural activities at a rapid pace. This presents a significant opportunity to meet growing or unmet credit demand. The industry with its last mile presence across 720 districts possesses all the necessary elements to provide lending support. Microfinance gives strength to the resilience narrative by helping borrowers generate multiple income streams in their local community instead of depending on a particular livelihood. The industry has established its role in climate adaptation by seamlessly integrating sustainable practices with doorstep financial solutions.

Grounded by core principles, the sector has played a key role in community development by generating employment opportunities for the same community it serves. Over 1,80,000 employees in various roles, especially field officers, are the driving force behind providing microfinance services. Their understanding of community behaviour enables deeper social connections with customers.



The microfinance industry's future is backed by untapped household penetration, growing nuclear families, priority sector lending status, improving credit data quality, and heightened acknowledgment from the government, making it a critical tool for driving forward the financial inclusion agenda. Beyond the numerical impact, the industry has sparked a transformative wave. The final pillar of the ESG / the fundamental core is the governance aspect which outlines the path forward. Establishing strong systems and procedures to ensure transparency and disclosure is central to good governance. This holistic approach is crucial for achieving long-term sustainability and tackling unknown risks.

A refined corporate governance framework forms the foundation for consistent business performance. By nurturing transparency, accountability, and ethical practices, such governance structures instill confidence helping attract affordable capital. This influx of capital fuels growth, enabling the organization to invest in innovation and expansion thereby enhancing its competitiveness in the market. As a result, a robust ecosystem emerges characterised by the symbiotic relationship between the organisation and its stakeholders. Thus, better governance not only drives consistent performance but cultivates growth and prosperity over the long term.

The Microfinance Industry Network formerly known as Microfinance Institutions Network has taken the responsibility of consolidating the sector into a unified entity. The rebranding effort reflects a broader initiative of streamlining the collective energies in one direction. The network has extended its membership to encompass a spectrum of regulated entities beyond NBFC-MFIs. This includes Universal Banks, Small Finance Banks, and other NBFCs as primary members with a view of moving towards shared goals. By embracing stakeholders from across the microfinance landscape, the network aims to leverage diverse perspectives and resources, enhancing its collective impact and effectiveness.

Through strategic partnerships and engagement with policymakers, MFIN has been instrumental in shaping regulatory frameworks that harmonise oversight while prioritising the facilitation of growth and accessibility. We have worked together as a strong force to foster inclusivity and contribute significantly to the overall socio-economic development of rural areas. The support of my fellow board members has been invaluable.

I extend my sincere appreciation to Dr. Alok Misra and the MFIN team members for their concrete dedication to progressing our mission. Their commitment to excellence and collaborative spirit have been instrumental in bringing positive change. As we celebrate these achievements, let us strive towards unlocking the full potential of rural India. I am confident that MFIN, along with its Members and Associates, will continue to make significant strides in fulfilling the mission of powering responsible finance.



# CEO & Director's message

**Dr Alok Misra**

CEO & Director

## Year of consolidation and transformation

As I complete four years of my tenure as CEO of MFIN, I with my team can take pride that the sector has registered a quantum jump in these years. Gross loan portfolio has almost doubled from Rs.2.31 lakh crore in March 2020 to Rs.4.33 lakh crore in March 2024 and more importantly the unique clients count has reached 7.8 crore from 5.8 crore. Microfinance now reaches 720 districts. These significant numbers have come despite first two years of COVID and next two years of new microfinance regulations by the RBI which levelled the field and gave much needed flexibility. What it demonstrates is the ability of the sector and its clients to withstand severe disruptions as also the ability to adapt to change.

These numbers are impressive not only for the sake of numbers but also for the yeoman role being played by the sector in addressing key priorities of the country, be it gender equality, inclusive growth or SDGs or jobs. Reaching nearly 8 crore families, microfinance is playing a key role in placing women at the center of development, making them financially empowered and silently engineering the gender equality agenda at the grassroots. Criticality of this work comes to the fore, when we see that despite the role of microfinance, women participation in labour force continues to be low at 37%<sup>1</sup>. While as a country, we celebrate our GDP growth, the problem of inequality has become stark. Top 10% of Indian population has 57.7% share of national income, while bottom 50% have only 14% share of national income<sup>2</sup>. Average Monthly Per Capita Expenditure (MPCE) for rural India continues to be low at Rs.3,860<sup>3</sup>. It is evident that the rising tide is not lifting all boats. Broad based development with equity is the need of the hour and microfinance has a pivotal role. As per NCAER study conducted by MFIN in 2021<sup>4</sup>, microfinance sector contributes 2.03% to India's GVA (Gross Value Added) and raises incomes of low-income clients. Jobless growth, another national challenge, is addressed by microfinance by creating local livelihood opportunities which also checks migration to cities. The NCAER report estimated that 128.46 lakh jobs are created or supported by the sector.

Taking cognizance of these factors, Shri Amitabh Kant, G20 Sherpa, India, while launching MFIN's annual publication "Micro Matters: Macro View" observed that "*MFIs are presently the most important institutions in the country and a national asset as they have the ability to penetrate into rural areas, lend to last mile clients and contribute to Inclusive growth*". This sentiment is also reflected in the support received by the sector from the RBI as well as the Government.

MFIN's role in the microfinance ecosystem is to primarily act as the network linking microfinance clients, regulated entities, regulator and policy makers and ensure that microfinance stays the course of being responsible and contributing to inclusive growth of India. During 2023-24, MFIN's work focussed on expanding horizons, ensuring that the regulatory flexibility is used responsibly, building capacity and mitigating risks. The report captures different work streams in detail. The expansion of MFIN's canopy to include all REs with retail microfinance lending as members during the year was a significant milestone and now casts even higher responsibility on MFIN. It demonstrates all REs commitment to responsible lending and client protection as well as MFIN's stature. It also been a matter of joy as most REs who

1 Periodic Labour Force Survey, 2022-23

2 Income & Wealth Inequality in India, 2022-23: The Rise of the Billionaire Raj, Bharti et al

3 Household Consumption Expenditure Survey: 2022-23 – Fact Sheet (HCES)

4 Present and Potential Contribution of Microfinance to India's economy, 2021, NCAER



transitioned as members, were earlier as NBFC-MFI, part of MFIN as members – a sort of homecoming. MFIN is grateful to them for reposing the trust and expressing willingness to be together in this journey.

As we end the year, like every year, donning the SRO hat, I will like to wrap up by pointing areas of future work. This does not take away anything from the great work the sector is doing but is meant to ensure future sustainability.

Microfinance sector is a triple bottom line industry, which keeps equal focus on People, Planet and Profits. The customer centricity displayed by the MF sector during COVID has been widely acknowledged. As with many other industries, COVID induced a heavy financial cost on all MF lenders. However, now it is behind us. We must continue to focus on our social responsibility, improve our margins by cutting down on inefficiencies and ensure that the pricing is not unduly influenced by one-off losses due to the shock. The balance between institutional sustainability and client centricity must be maintained. Client centricity among others means that products should be what the client wants; adherence to this will ensure that financial inclusion is need based. Equally important is the need to strengthen group dynamics and discipline as well as focus on staff retention. Group and centre meetings and field staff are the bedrock of microfinance and if laxity in these foundational issues continue, it will lead to higher credit costs and risk weakening the social connect which is at the core of microfinance.

MFIN is taking proactive steps on all these aspects with the sole aim of making the sector grow with responsibility. Next year, MFIN will be focussed on strengthening these foundations as also ensuring that regulations are adhered to in letter and spirit. Various other initiatives like online certification for field staff, financial literacy workshops, online cloud based data hub to support analytics and mitigating emerging risk of climate change through NatCat insurance will be rolled out. All these initiatives will have impact only if members fully make use of it and keep the guiding vision alive.

The regulator and policy makers have placed enormous trust on us and our resolve to redeem their trust should be non-negotiable as we owe it to the millions looking to improve their livelihoods and be a part of India's growth story.

MFIN will always stand with the sector in its future journey, easing the path but also pointing out course corrections. We have to learn from the past and present to be better in the future.

*“You cannot escape the responsibility of tomorrow by evading it today.”*

— Abraham Lincoln



# About MFIN

MFIN was established in 2009 as an association for NBFC-MFIs. In 2014, MFIN was recognised by the Reserve Bank of India (RBI) as India's first Self-Regulatory Organization (SRO) for the NBFC-MFIs. The year 2019 saw MFIN complete ten years of its existence as an Association and five years as India's first and premier SRO. Over the period, as MFIN members graduated to Universal Bank and Small Finance Banks, coupled with entry of Banks and NBFCs in the microfinance space, it was imperative for MFIN to expand its umbrella to cover the entire microfinance eco system to ensure responsible lending across the sector. In response, MFIN started its associate chapter in 2014 to include all entities in microfinance space other than NBFC-MFIs.

Post 2020, the need for all lender regulated entities being together was brought to fore by the Assam issue. There were a series of deliberations held on the matter, which included constitution of working groups with MFIN and interactions with the RBI too on having an entity agnostic regulation for microfinance. RBI released the revised regulatory framework on microfinance in March 2022, which is applicable to all the REs in microfinance. The new regulations made the case stronger for MFIN to encompass all the REs for being a unified

voice of the sector.

The working groups recommendations were presented in a day long national conclave of CEOs – MANTHAN was organized on 29th April 2023. One major decision was to include other REs as members of MFIN to increase collective strength since the new regulations are applicable to all REs. Consequently, MFIN was renamed as Microfinance Industry Network in July 2023. MFIN Members are RBI regulated entities comprising of the Non-Banking Financial Companies - Microfinance Institutions (NBFC-MFI), Banks, Small Finance Banks, NBFCs, Banking Correspondents, among several others.

This year 2024, MFIN completes a decade of it being an SRO. The functioning of MFIN has given confidence to the RBI as reflected in the omnibus framework of the SRO.

As of March 2024, MFIN had 74 members (Banks, Small Finance Banks, NBFCs, and NBFC-MFIs) and 26 Associates (Banking Correspondents, Credit Bureaus etc.). As on 31 March 2024, the microfinance industry had a gross loan portfolio of Rs 4,33,697 crore with the NBFC-MFIs being the largest provider of micro-credit, with a loan amount outstanding of Rs 1,70,903 crore, providing door-step microcredit to the unserved and unbanked

Banks,  
Small Finance Banks,  
NBFCs and NBFC-MFIs

74  
26  
Associates  
Members

population of India who otherwise have no access to formal credit.

Keeping the larger objective of financial inclusion in mind, MFIN focuses on creating an enabling policy and business environment for its members with the highest standards of customer protection. Towards this objective, MFIN works closely with the microfinance providers, regulators, Government, and other key stakeholders across 36 states and union territories, spanning 720 districts, including 112 aspirational districts.

The impact of microfinance on borrowers can be gauged by the fact that over 7.5 crore women are at present being reached through these small, easily serviceable, collateral free loans. As a result, a vast unbanked and unserved population of India today has access to formal credit even in the remotest districts of India.

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





## Vision

Building *Viksit Bharat*

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



## Mission

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



# Governance

MFIN is registered as a society since 2009 and is accordingly governed by the provisions of the Telangana Societies Registration Act 2011. Despite being a society, sMFIN follows governance practices related to Board composition, Committees etc. as per Companies Act to ensure a robust governance framework.

## MFIN Rules

Considering the expanded role and consequent required structural changes of MFIN, it was imperative that the existing MFIN Byelaws are also aligned with the development.

Hence, the existing MFIN Byelaws/Rules was revised and updated. The order of points was rationalised, removing redundancy in the Rules and Regulations. Changes related to unification of the sector, considering other REs as members were made. All the operational details were moved to the SOP. Currently there are:

-  Rules and Regulations which pertain to broad guidance on governance and management of the Society and
-  Standard Operating Procedure (SOP) containing specifics related to operations and processes.

In future, any further amendment to Rules and Regulations will require approval of the General Body. However, the Board will be empowered to make changes to the SOPs from time to time as the need arises.

## General Body

The general body is constituted of all the members of MFIN and is responsible for overall vision and purpose of MFIN. This meeting of the General Body is called the Annual General body Meeting (AGM) and is held once in a year. The 14th AGM of MFIN Society was held on 28th July 2023.

## Governing Board

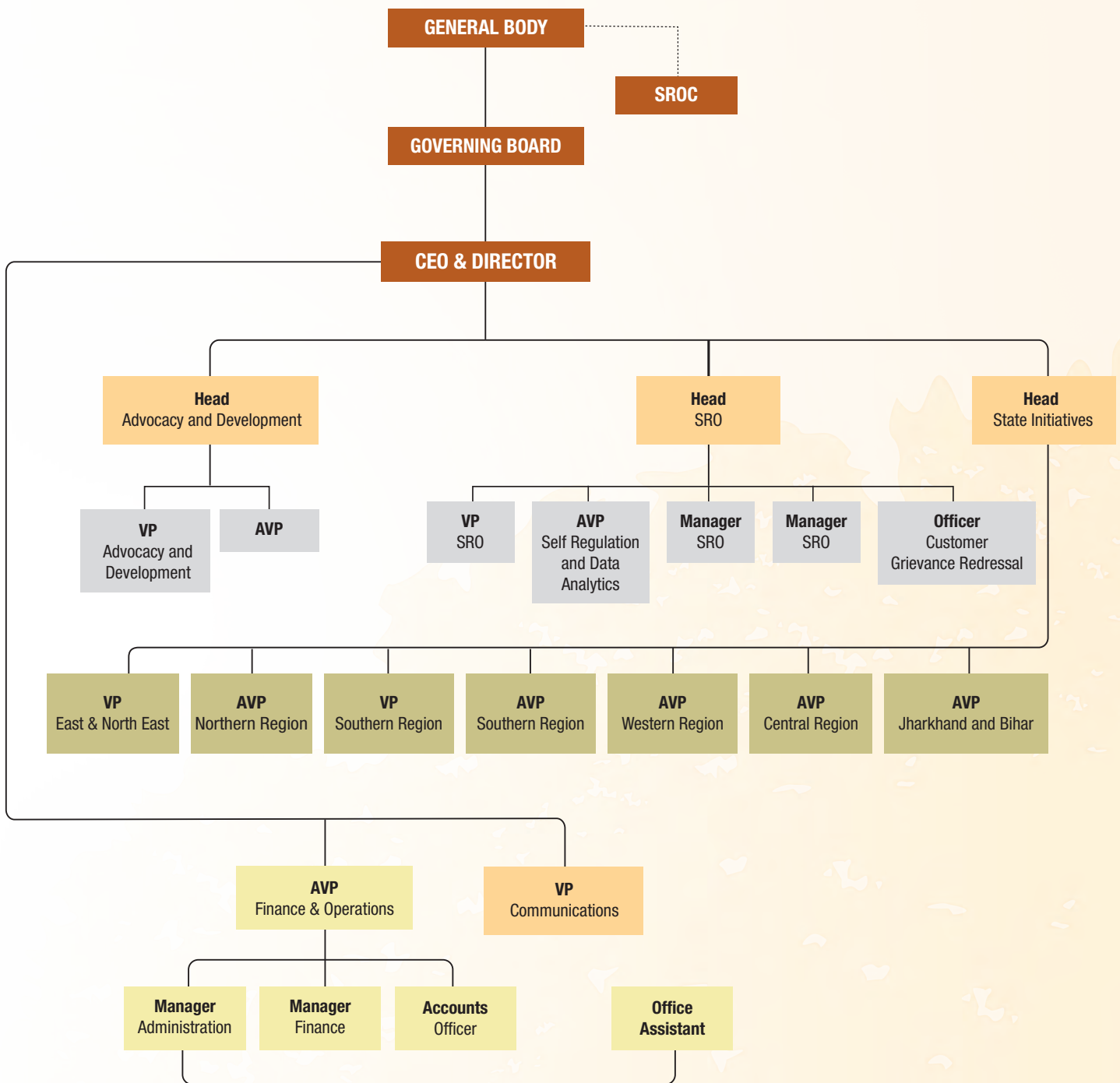
MFIN receives strategic guidance in fulfilling its overarching objectives from the Governing Board. The board meets once in every three months to ensure smooth functioning of MFIN.

The current SOP provides for a maximum of fifteen members, one-third being independent. The term for any member

of the Board is three years. The elected members, post completion of one term may stand for elections only after a gap of at least one year. The 'Fit and Proper' criteria, as prescribed by the RBI from time to time is a compulsory requirement for becoming a member of the Board.

As on 31st March 2024, MFIN had an eleven member (eight elected and three independent) Governing Board including MFIN CEO & Director who acts as the Member Secretary to the Board and implements the broad goals of the organization and provides overall executive direction and control of MFIN's activities for ensuring healthy development of the microfinance industry.





|      |                                        |
|------|----------------------------------------|
| CEO  | Chief Executive Officer                |
| VP   | Vice President                         |
| AVP  | Assistant Vice President               |
| SRO  | Self Regulatory Organisation           |
| SROC | Self Regulatory Organisation Committee |



# Governing board



**Mr Udaya Kumar Hebbar**

Chairperson  
MD & CEO  
*CreditAccess Grameen Ltd.*



**Mr Manoj Kumar Nambiar**

Vice-Chairperson  
MD  
*Arohan Financial Services Ltd.*



**Mr Amardeep Singh Samra**

MD & CEO  
*Midland Microfin Ltd.*



**Mr Abhisheka Kumar**

Co- Founder & MD  
*Sindhuja Microcredit Pvt. Ltd.*



**Mr Vineet Chattree**

MD  
*Svatantra Microfinance Pvt Ltd*



**Mr Ankush Golechha**

Promoter & Director  
*Aviral Finance Pvt Ltd.*



**Mr George K John**

Executive Director  
*ESAF Small Finance Bank*





## Independent Board Members



### **Dr Harsh Kumar Bhanwala**

Former Chairman  
*NABARD*



### **Dr Kshama Fernandes**

Non-Executive Vice Chairperson  
*Northern Arc Group*



### **Mr Deepak Singhal**

Former ED  
*RBI*



## CEO & Director



### **Dr Alok Misra**

CEO & Director



## Retired



### **Mr Sudarshan Sen**

Former ED  
*Reserve Bank of India*



### **Mr Devesh Sachdev**

Chairperson, MD & CEO  
*Fusion Micro Finance Pvt. Ltd.*



### **Mr Dibyajyoti Pattanaik**

Director  
*Annapurna Finance Pvt. Ltd.*



### **Mr Vivek Tiwari**

Vice-Chairperson, MD & CEO  
*Satya MicroCapital Ltd*



# Board Committees

MFIN has two board committees.

## Audit

The Audit Committee is a Sub-committee of the Board of MFIN for assisting the Board in discharging its responsibilities for monitoring the integrity of MFIN's financial statements, effectiveness of the internal control systems and the performance and objectivity of the internal and external auditors. The composition of the Committee during 2023-24 was as under:

- Dr Kshama Fernandes, *Chairperson: Independent Board Member, Non-Executive Vice Chairperson - Northern Arc Group*
- Mr Manoj Kumar Nambiar: MD, *Arohan Financial Services Ltd.*
- Mr Abhisheka Kumar: Co-Founder & MD, *Sindhuja Microcredit Pvt. Ltd.*
- Mr Ankush Golechha: Promoter & Director, *Aviral Finance Pvt Ltd.*
- Dr Alok Misra, *Member Secretary, CEO & Director, MFIN*

## Nominations & Remuneration (NRC)

The Nomination and Remunerations Committee (NRC) is a Sub-committee of the Board of MFIN for providing overall direction on HR related issues of MFIN. It is responsible for the hiring, remuneration, and assessment of the CEO and guiding the CEO in hiring, appraisal, and determining remuneration of other staff members. It also recommends potential independent directors to the MFIN Board. Composition of the Committee during 2023-24 was as under:

- Dr Harsh Kumar Bhanwala, *Chairperson: Former Chairman, NABARD*
- Mr Udaya Kumar Hebbar: MD & CEO, *CreditAccess Grameen Ltd.*
- Mr Manoj Kumar Nambiar: MD, *Arohan Financial Services Ltd.*
- Dr Alok Misra, *Member Secretary, CEO & Director, MFIN*





# Task Forces

MFIN has established several Task Forces for focused action on specific areas of activity, that from an overall industry standpoint, are deemed critical. The Task Forces comprise of representatives of member institutions who help drive specific initiatives with the support of the MFIN Secretariat. MFIN has four task forces.

## Advocacy & PR

The Task Force on Advocacy & PR is responsible for steering and guiding the advocacy agenda within MFIN. It supports the Secretariat in drafting policy notes to various stakeholders including the RBI, MoF and other Central & State Governments. The Task Force engages with key policy makers and sector participants to create a conducive policy and business environment for the industry. The composition of the Task Force during 2023-24 was:

- Mr Udaya Kumar Hebbar, *Chairperson, MD & CEO, CreditAccess Grameen Ltd.*
- Mr Manoj Nambiar, *MD - Arohan Financial Services Ltd.*
- Mr Devesh Sachdev, *MD & CEO, Fusion Micro Finance Pvt. Ltd.*
- Mr Vineet Chattree, *MD, Svantra Microfin Pvt Ltd.*
- Dr Alok Misra, *Member Secretary, CEO & Director, MFIN*

## Credit Bureau

The Task Force on Credit Bureau is responsible for strengthening the credit bureau ecosystem for the microfinance clients in the country. The composition of the Task Force during 2023-24 was as under:

- Mr Vineet Chattree, *Chairperson, MD, Svantra Microfin Pvt Ltd.*
- Mr Jugal Kataria, *Senior President, Satin Creditcare Network Ltd.*
- Mr Gururaj K S Rao: *Chief Audit Officer, CreditAccess Grameen Ltd.*
- Mr Ranjan Das: *Chief Risk Officer, Arohan Financial Services Ltd.*
- Mr Krishnadas Nair, *Head – Microfinance, Axis Bank Ltd.*
- Mr Gunjan Grover, *COO – Microfinance, Bajaj Finance Ltd.*
- Mr Chelladurai A, *National Head – Microfinance, Equitas Small Finance Bank Ltd.*
- Dr Vinay Kumar Singh, *Member Secretary, Head - SRO, MFIN*

## State Initiatives

This Task Force is responsible towards the development of a comprehensive framework of MFIN's state level engagement and puts in place an effective model through state chapters and associations to deepen advocacy and self-regulatory functions of MFIN at state and district level. The composition of the Task Force during 2023-24 was as under:

- Mr Manoj Kumar Nambiar, *Chairperson, MD, Arohan Financial Services Ltd.*
- Mr Dibyajyoti Pattanaik, *Director, Annapurna Finance Pvt. Ltd.*
- Mr Sarveish Kharangate, *Business Head – Inclusive finance, Suryoday Small Finance Bank Ltd.*
- Mr Soham Shukla, *COO, Rural Banking, Fincare Small Finance Bank Ltd.*
- Mr Venkatesh N, *MD, IIFL Samasta Finance Ltd.*
- Mr Vishal Wadhwa, *Head EEB, Bandhan Bank Ltd.*
- Mr Vivek Tiwari, *MD & CEO, Satya Microcapital Ltd.*
- Mr Rama Kamaraju, *Member Secretary, Head – State Initiatives, MFIN*

## Medium and Small MFIs

The Task Force on Medium & Small MFIs specifically focuses on the issues related to medium & small MFIs including access and cost of funding, impact of the RBI Directions on pricing of credit in lowering interest rate regime and capacity building support. The composition of the Task Force during 2023-24 was as under:

- Mr Gyan Mohan, *Chairperson, Director & CEO, Adi Chitragupta Finance Ltd.*
- Mr Pranav Rakshit, *MD, Sarala Development & Microfinance Pvt. Ltd.*
- Mr Rajendra Thote, *CEO, Inditrade Microfinance*
- Mr Shiv Prakash Agarwal, *MD, Samavesh Finserve Pvt Ltd.*
- Mr Samrat Roy, *CEO, Magenta Finance Services Pvt Ltd.*
- Mr Manoj Naval, *CEO, Agora Microfinance India Ltd.*
- Mr Ankush Golechha, *Promoter & Director, Aviral Finance Pvt Ltd.*
- Mr Swetan Sagar, *Member Secretary, Head – Advocacy & Development, MFIN*





# Self-Regulatory Organisation (SRO)

Under the SRO function, MFN's primary objective is to support member NBFC-MFIs in adhering to regulatory and industry standards, with an emphasis on customer protection. MFN SRO focusses primarily on:

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

## Compliance officer

As mandated by the RBI, MFN has designated a dedicated Compliance Officer to manage the overall activities of the SRO and be the line of reporting to the RBI under the guidance of the Self-Regulatory Organization Committee (SROC). The Compliance Officer is the Member Secretary of the SROC and is responsible for coordinating the proceedings of the Committee. Dr Vinay Kumar Singh is the Compliance Officer and Head of the SRO.

## Quarterly Reporting to the Reserve Bank of India (RBI)

As mandated, MFN-SRO submits quarterly reports to the RBI, in the format specified by the RBI. The report is divided into two parts. The first part of the report captures the SRO Governance Activities, Studies and Projects, New Initiatives, Regulatory/Policy Engagements, Details of irregularities observed, Actions taken, Issues pertaining to microfinance sector and suggestions along with other developments in the microfinance sector. The second part captures the operational and financial data of member institutions for the quarter. Reports for all the quarters were submitted to the RBI on time in this financial year.

## Self-Regulatory Organisation Committee (SROC)

For proper discharge of the SRO function, oversight, and ensuring adherence by Members to regulations prescribed by the RBI/Government/any other regulatory authority from time to time, as well as the CoC, the Self-Regulatory Organization Committee (SROC) has been constituted.

The overall SRO function within MFN is governed by the SROC. The committee guides, oversees and supports the SRO team to effectively carry out the SRO function. In line with high standards of governance, the committee is constituted with majority independent members from Board as well as other industry experts and is chaired by an independent member. The committee also has representatives from the industry to bring a practitioner's perspective. The committee exercises oversight for adherence of members to:

-  Regulations and Guidelines prescribed by the RBI
-  Industry Code of Conduct
-  Compendium of MFN Directives and Advisories
-  Customer Grievance Redressal Mechanism (CGRM)
-  Best Practices

The committee also reviews the field inputs from the SRO and accordingly frames new directions/modifies existing ones.

The SROC functions in line with the RBI guidelines along with the other directions issued by the RBI from time to time. It keeps the Board informed of all the facts of the industry functioning and decisions taken by the SROC. It can recommend suspension, expulsion, and termination of membership of any member to the Board. However, the Board has the final say on the implementation of the recommendations. The Committee comprises two elected members of the Board, two independent members of the Board, and two independent members of eminence, who are familiar with the financial services industry. The CEO & Director, MFIN is the non-voting Ex-Officio Member of the SROC. The compliance officer is the member secretary of the committee.

As decided in the last AGM of MFIN, the Enforcement Committee (EC) was discontinued due to the overlap of its functions and objectives with those of SROC. The last meeting of the EC was held on 8th Jun 2023 and the decisions/proceedings were carried forward to the SROC for further actions. Now only SROC continues to exercise oversight on adherence to the regulatory norms by the members.

Composition of the SROC as on 31st March 2024

| Name                  | Particulars                                                                               |
|-----------------------|-------------------------------------------------------------------------------------------|
| Ms Kshama Fernandes   | Chairperson, <i>Industry Member</i> , Non-Executive Vice Chairperson - Northern Arc Group |
| Mr Manoj Kumar Sharma | Independent Member, <i>Director - MicroSave Consulting</i>                                |
| Ms Veena Mankar       | Independent Member, <i>Founder and Chairperson – Swadhaar FinAccess</i>                   |
| Mr Udaya Kumar Hebbar | Industry Member, <i>MD &amp; CEO, CreditAccess Grameen Ltd.</i>                           |
| Mr Vineet Chattree    | Industry Member, <i>MD, Svantra Microfin Pvt Ltd.</i>                                     |
| Dr Alok Misra         | CEO & Director, <i>MFIN</i>                                                               |
| Dr Vinay Kumar Singh  | Member Secretary, <i>Compliance Officer, MFIN</i>                                         |

Dates of SROC Meetings held during the year:

-  16th Jun 2023
-  26th Sep 2023
-  19th Dec 2023
-  19th Mar 2024

## SRO Dashboard

Under the SRO work, performance of member NBFC-MFIs on key parameters related to customer protection are observed through multiple sources like data from CICs (Credit Information Companies), employee bureau submission, MFIN CGRM, peer monitoring mechanism and periodic evaluations. To support the company's top management of NBFC-MFIs with a single comprehensive view of parameters pertinent to the above, MFIN SRO shares the 'Quarterly SRO Dashboard' with individual members. This provides scores/value as well as benchmarking/expected scores across the different parameters. SRO dashboard provides absolute score/benchmark/expected score/performance across following 3 heads.



| Credit Bureau<br>Data Submissions                                  | Employee Bureau<br>Data Submissions                                      | CGRM                                                                                |
|--------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Timely submission of monthly and daily files.                      | Timeliness of monthly submissions.                                       | Resolution TAT and pendency for complaints received on MFIN CGRM and NBFC-MFI CGRM. |
| Percentage of data accepted by the bureau.                         | Non-standard Employment status and KYC fill rate for reported employees. |                                                                                     |
| Seeding of various parameters like voter ID, Household Income etc. | Enquiries made by the lender.                                            |                                                                                     |

### Quarterly SRO Dashboard

| Lender Name |                                |                                                                                                                             |             | Apr-Jun 2023 |                            |                                                                                                              |
|-------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------|--------------|----------------------------|--------------------------------------------------------------------------------------------------------------|
| Sl No.      | Parameter                      | Indicator                                                                                                                   | Score/Value | Quartile     | Expected score/performance | Remark                                                                                                       |
| 1           | Credit Bureau                  | Timeliness, frequency and quality of data submitted to the CIC                                                              |             |              |                            | Active accounts reported to CB: 22594 ; Reporting month: Jun-23                                              |
| 1.1         | Monthly submission             | Submission of monthly file by 7th of subsequent month                                                                       | 100%        | Q1           | 100%                       | Apr: 06 May 23; May: 07 Jun 23; Jun: 03 Jul 23                                                               |
| 1.2         | Daily submission               | Submission of minimum 20 daily files per month                                                                              | 90.00%      | Q1           | 100%                       | Apr: 0 ; May: 0 ; Jun: 0                                                                                     |
| 1.3         | Data acceptance                | % of submitted accounts accepted by CIC (Average % acceptance in 3 monthly submissions)                                     | 83%         | Q1           | >98%                       | Apr: 74%; May: 74%; Jun: 100%                                                                                |
| 1.4         | VID seeding                    | % of submitted loan accounts seeded with VID (Based on latest monthly submission data available)                            | 80%         | Q1           | >90%                       | VID seeding as per Jun-23 submission                                                                         |
| 1.5         | Total monthly family income    | % of submitted loan accounts where HH income is populated (Based on latest monthly submission data available)               | 99%         | Q4           |                            | Fill Rate is calculated as per Jun-23 submission of all accounts including loans disbursed before 1 Apr 2022 |
| 1.6         | Number of instalments          | % of submitted loan accounts where number of instalments is populated (Based on latest monthly submission data available)   | 100%        | Q4           | 100%                       | Fill Rate is calculated as per Jun-23 submission                                                             |
| 1.7         | Instalment amount              | % of submitted loan accounts where instalment amount has been populated (Based on latest monthly submission data available) | 100%        | Q4           | 100%                       | Fill Rate is calculated as per Jun-23 submission                                                             |
| 2           | Employee Bureau                | Submission and timeliness of employee data submitted to the Employee Bureau                                                 |             |              |                            | Active employees reported to EB: 773                                                                         |
| 2.1         | Date of submission             | Submission by 10th of subsequent month                                                                                      | 100%        | Q1           | 100%                       | Apr: 06 May 23; May: 07 Jun 23; Jun: 03 Jul 23                                                               |
| 2.2         | KYC fill rate                  | % of employees whose KYC is reported (overall)                                                                              | 100%        | Q1           | 100%                       |                                                                                                              |
| 2.3         | KYC fill rate                  | % of employees whose KYC is reported (latest reporting month)                                                               | 100%        | Q1           | 100%                       |                                                                                                              |
| 2.4         | Enquiries                      | Count of enquiries (Based on last quarter data)                                                                             | 155         |              |                            | Apr: 33; May: 22 ; Jun: 100                                                                                  |
| 2.5         | Non-standard employment status | Count of non-standard (employment status) records (Based on cumulative data available for latest month)                     | -           |              |                            | As on Jun 23                                                                                                 |
| 3.a         | MFIN CGRM                      | Resolution and TAT of customer complaints received on MFIN CGRM                                                             |             |              |                            | Complaints registered during quarter: 30                                                                     |
| 3.1         | Resolution TAT                 | Average TAT of complaints closed during the quarter                                                                         | 7           | NA           | ≤ 10 days                  | Complaints closed during the quarter (new-old): 30                                                           |
| 3.2         | Pending complaints             | Overdue complaints that are pending for >10 days                                                                            | 0           | NA           | 0                          | Overdue complaints from previous quarter(s): Nil                                                             |
| 3.b         | NBFC-MFI CGRM                  | Resolution and TAT of customer complaints received on NBFC-MFI CGRM as reported to MFIN                                     |             |              |                            | Complaints registered during quarter: 260                                                                    |
| 3.3         | Resolution TAT                 | Average TAT of complaints closed during the quarter                                                                         | 2           | NA           | ≤ 30 days                  | Complaints closed during the quarter (new-old): 267                                                          |
| 3.4         | Pending complaints             | Overdue complaints that are pending for >30 days                                                                            | 0           | NA           | 0                          | Overdue complaints from previous quarter(s): Nil                                                             |

Quartiles divide the lenders into 4 groups based on the scores on a parameter. Q4 denotes that the lender's score is among the top 25% while Q1 denotes that the lender's score is among the bottom 25% of scores. Lower quartiles against a 100% score/best possible performance signifies that the score is shared by many other lenders. For 1,2, the timely submission of 20 daily submissions is considered for scoring as there are 22 working days in a month. For 1,5 the Fill rate is calculated as a percentage of accounts populated with HH income out of the total accounts accepted by the bureau in the month. For all sub-points in point 1, the expected scores are only indicative and NBFC-MFIs should strive to attain 100%. In 2.4 the value is indicative of the count of records where employee status has not been given as per the catalogue value. For credit bureau submissions/employee bureau submissions data as provided by bureau is used. For MFIN CGRM, the data pertaining to complaints registered on MFIN Toll-free number has been used. TAT for normal complaints is 10 days, while TAT for Complaints related to third-party products, CIR and insurance etc. is 15 days. For any queries or concerns, please write to [anshgupta@mfindexindia.org](mailto:anshgupta@mfindexindia.org)





# MFIN's Evolution from Institutions into an Industry Network

Within the vast and intricate landscape of microfinance in India, MFIN serves as a vital conduit linking regulatory authorities, MFIs, and various stakeholders. Its mandate encompasses nurturing growth, advocating ethical practices, and ensuring sustainable development of the sector. Since its inception, MFIN has been instrumental in representing the microfinance industry, engaging in policy discourse, fostering market infrastructure, setting standards, and championing customer protection.

Over the years, the industry has witnessed exponential growth, marked by the transition of several NBFC-MFIs into Bank or Small Finance Banks (SFBs) and Banks/NBFCs entering the microfinance space. With the multiplicity of sources of credit to the microfinance customers and without a uniform regulation, safeguarding the interests of low-income-customers, who are generally quite vulnerable, was becoming increasingly challenging. Clearly, uniform rules across the Providers, on customer-centric issues were important to ensure that power of micro-credit can reach its intended objectives in a responsible and nurturing way. MFIN started working towards the same and a 'Code for Responsible Lending' to be applicable for all the providers of microcredit was released in 2019. More than 100 lenders had agreed to adopt the code.

Concurrently, there were significant developments in the broader financial inclusion ecosystem, culminating in the RBI's harmonized guidelines for microfinance loans in March 2022. This marked a pivotal moment, ushering in a common regulatory framework for all regulated entities (REs) in the microfinance space.

As an SRO and premier Industry body for financial inclusion, MFIN acknowledging the evolving landscape, embarked on a transformative journey towards inclusivity and representation. It took the sector along under one umbrella evolving as Microfinance Industry Network (earlier it was Institutions network). This formal change symbolizes a shift that not only transcends mere nomenclature but demonstrates our broadened horizons with more inclusivity through integration of all REs with on-balance sheet portfolio as members and consequent governance changes. This inclusive model ensures representation across the microfinance spectrum, fostering collaboration on shared challenges.

The structural changes are aimed at strengthening the role of MFIN as the premier body of microfinance in India by bringing diverse regulated entities – Banks, SFBs, NBFCs and NBFC-MFIs under one umbrella. It can be said to be "homecoming" as most other REs had transformed as Bank/SFB from their earlier avatar as NBFC-MFI. Other entities engaged in the microfinance and financial inclusion activities continue to remain associates of MFIN.

Leveraging its broadened membership, MFIN gains access to a wealth of data and perspectives from a diverse range of entities. This abundance of information enables MFIN to conduct thorough research on the sector, resulting in evidence-based policy suggestions and strengthened research capabilities.

The changes have happened at the right time, with harmonized regulations in microfinance having fostered alignment of regulatory frameworks across different entities to create consistency, coherence, and compatibility in the microfinance operations. This harmonization aims to facilitate the development of the microfinance sector by reducing regulatory barriers, promoting financial inclusion, and ensuring consumer protection. MFIN now stands for a unified platform for advancing families at BOP.

Our annual report serves as a testament to this metamorphosis with strengthening connections and our commitment to empowering communities through sustainable financial inclusion.





# Core Pillars



## **Promoting Customer Protection:**

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



## **Driving Innovation, Catalysing Change:**

Innovation is the cornerstone of our evolution. As we transition from a network of selected institutions to a dynamic industry ecosystem, we're pioneering new solutions, leveraging technology, and embracing digital transformation to revolutionize the landscape of microfinance. Our commitment to innovation is driving positive change, creating pathways to prosperity for millions.



## **Advancing Financial Inclusion:**

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



## **Facilitating Knowledge Exchange:**

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



## **Promoting Sustainable Development:**

Our efforts extend beyond financial inclusion to encompass broader sustainable development goals. Through environmentally conscious practices and social impact initiatives, we're catalysing positive change and building resilient communities.

The industry's role in building resilience against economic, social, and environmental shocks cannot be overstated. From navigating the fallout of demonetization to weathering the impacts of COVID-19 on rural communities, and even facing the wrath of natural disasters like cyclones and floods, the industry has consistently stood by its customers.

The enhanced mandate of MFIN marks a significant advancement for the microfinance sector. Serving as a unified voice, it champions the interests of microfinance players while actively engaging with stakeholders to foster sustainable growth. Through initiatives such as knowledge sharing, skill-building programs, and leveraging data-driven insights, MFIN remains at the forefront of promoting responsible lending practices. In doing so, it propels the sector towards greater resilience and development, ensuring that the sector is together under a unified canopy which continues to work for building a Viksit Bharat.



# Membership

## MEMBERS

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

### New NBFC-MFI member



#### **Srifin Credit Pvt. Ltd.**

Srifin Credit Private Limited ("Srifin") is an NBFC-MFI based out of Hyderabad and is a new-age techno-driven microfinance institution that is focusing on servicing low-income household in a transparent manner. Srifin provides collateral-free, micro-credit facilities to women entrepreneurs in both rural and semi-urban areas. Incorporated in November 2022 and registered with RBI in October 2023. Srifin commenced its business on October 24, 2023, and is currently operating in 3 states Bihar, Karnataka and Uttar Pradesh. The Gross Loan Portfolio as of March 31, 2024, was ₹40.8 Cr, which includes ₹23.8 Cr of On-balance sheet portfolio and ₹17.0 Cr of Off-balance sheet managed portfolio. Srifin is managed by an experienced team having more than 15 years of experience in MFI industry and is led by Mr. Madapati Ramachandra Rao as Executive Chairman and Mr. Pranva Prakash as Managing Director & CEO.

### New Members: Other REs



#### **Bajaj Finance Ltd.**

A subsidiary of Bajaj Finserv Ltd, Bajaj Finance is a deposit taking Non-banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and classified as an NBFC-Investment and Credit Company (NBFC-ICC). Since inception, it has leveraged technology to launch 22 product lines and 46 product variants for retail, MSME and commercial consumers, with major product innovations such as EMI card and Flexi.

With significant presence across urban and rural India, it's products include consumer loans, personal loans, rural loans, Loan against Securities, SME & Commercial loans, and public and corporate deposits.

It is transforming itself into a customer centric, digital first enterprise through omnipresence across physical, mobile, and web mediums, led by a payment's platform. It is focussed on delivering frictionless experiences to customers through smart use of data, analytics and innovations.



#### **Bandhan Bank**

Bandhan Bank is guided by the ethos of inclusive banking. The Bank operates across 35 Indian states and union territories through a network of more than 6,300 banking outlets, catering to 3.35 crore customers. The Bank has a workforce of more than 76,000 employees. Since its launch, the bank has collected deposits of more than Rs.1.35 lakh crore, and the outstanding loan book



is Rs.1.25 lakh crore as on March 31, 2024.

Bandhan started as an NGO in 2001, extending micro credit to women in rural Bengal. From there, it converted itself into an NBFC in 2009 and finally a universal Bank in 2015.

In June 2015, Bandhan Financial Services Limited, an NBFC, received the universal banking licence from the Reserve Bank of India (RBI), making it the first-ever Indian microfinance institution to become a universal bank.

Incidentally, Bandhan is the first bank set up in the eastern India after Independence. Late Shri Arun Jaitley, the then Union Minister for Finance, Government of India, inaugurated the bank on August 23, 2015, in Kolkata.

Today, Bandhan Bank serves the financial needs for all – big and small. With presence across the country, the Bank has been able to build scale in its operations leading to expansion of its overall impact in transforming the society.

Before its transformation to a Universal Bank, Bandhan was a member of MFIN till 2015.



### HDFC Bank Ltd.

HDFC Bank has been in the microfinance business for the last decade and is christened as 'Sustainable Livelihood Initiative'. The initial 5-year journey was run along with the CSR initiative of the Bank but since 2018, it has become an independent vertical with thrust on making women in Bharat self-reliant. The Bank is present in almost all the states sans J&K which it proposes to start soon and covers nearly 2.25 lakh village across 500 districts. The Bank has funded over 1.10 Cr household during its decadal long journey.

HDFC Bank is also one of the pioneers in introducing the concept of a separate credit team to assess the borrowers prior to loan sanctioning. Another aspect wherein the Bank operates differently from the industry is in its approach to make customer/(s) come to the branch to repay.

The Bank lays equal emphasis on funding JLG as also SHG groups and has been voted as the best private Bank for two consecutive years of

FY22-23 for participating in NRLM (National Rural Livelihood Mission) schemes under the MoRD (Ministry of Rural Development). The Bank recently launched its individual lending programme and is expected to grow significantly in the times to come.



### Unnati Finserv Pvt. Ltd.

Unnatti Finserv Private Limited (UNNATTI) is a new generation Non-Banking Financial Company based in Maharashtra, India, and is registered with the Reserve Bank of India (RBI) as Non-Deposit Accepting NBFC.

Unnatti provides financial services and products of small ticket size to the underbanked and unbanked section of the society predominantly, women; in urban areas, semi-urban and rural areas with the goal of setting up a new business or grow their existing business. Today, it enjoys a strong network relationship with more than 50,000 household clients in the state of Maharashtra, India.

Before its transformation to a NBFC, Unnati was a member of MFIN till 2021.

#### Members which have transitioned from Associates

|                                                     |
|-----------------------------------------------------|
| Axis Bank Ltd.                                      |
| Dvara Kshetriya Gramin Financial Services Pvt. Ltd. |
| ESAF Small Finance Bank Ltd.                        |
| Equitas Small Finance Bank Ltd.                     |
| ITI Credit Ltd.                                     |
| Piramal Capital & Housing Finance Ltd.              |
| ICICI Bank Ltd.                                     |
| IDFC First Bank Ltd.                                |
| IndusInd Bank Ltd.                                  |
| Jana Small Finance Bank Ltd.                        |
| Jeevan Utthan Financial Services Pvt Ltd.           |
| L&T Finance Ltd.                                    |
| RBL Bank Ltd.                                       |
| SMFG India Credit Company Ltd.                      |
| Suryoday Small Finance Bank Ltd.                    |
| Tata Capital Financial Services Ltd.                |
| Ujjivan Small Finance Bank Ltd.                     |
| Unity Small Finance Bank Ltd.                       |
| YES Bank Ltd.                                       |



# Associateship

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



## New associates during the year



### HSBC Bank Limited

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities. HSBC is one of India's leading financial services groups, with around 42,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country.



### Swabhimaan Finance Private Limited

Swabhimaan Finance Pvt. Ltd. is a company registered under the Indian Companies Act, 2013. It is engaged in providing micro, agriculture, livelihood and enterprise loans, credit-linked insurance, individual and group-based savings accounts at the member's doorstep on behalf of their banking partners. Swabhimaan started its business as a Business Correspondent with Jana Small Finance Bank with Group loan and Agri loans of ticket sizes ranging from Rs.26,000 up to Rs.65,000. It commenced operations from Jan 2021 with 4 Branches in Gorakhpur region of East UP. Currently the company has 120+ branches spread across UP, Bihar, Uttarakhand, MP, Rajasthan, and Haryana. The company is promoted by professionals with extensive



knowledge and experience in the Banking and MFI industry, with a strong belief in helping shape an inclusive society. Swabhimaan focuses solely on lending to entrepreneurs for activities involving income generation as per the guidelines from RBI.



### **Agrosperity Tech Solutions Pvt Ltd**

Agrosperity Tech Solutions Private Limited (operating under the brand KiVi) is a start-up with the vision of making agriculture a livelihood of choice by enabling credit, commerce & distribution to farmer households and agri & rural micro-entrepreneurs. KiVi stands for Kisan Vikas, which means farmer development. The key value propositions of KiVi are a unique technology platform and a strong feet-on-street capability. KiVi's technology platform enables multi-lender multi-product environment for smooth flow of credit.







# MFIN's Work across Verticals





# Policy Advocacy and Knowledge Management



## Policy Issues

### The Qualifying Asset (QA) norm

 In the new regulatory framework, one major area where NBFC-MFIs are facing challenge is compliance with the new Qualifying Asset (QA) norm of 85% of total assets. After detailed notes and explanations to the RBI and close follow-up, the DOR, RBI advised that no change has been envisaged for the new QA criterion for NBFC-MFIs and MFIN may advise its members to comply with the new QA criteria. The Secretariat is continuing with its efforts to convince the RBI about the need to amend the QA norm. However, RBI has been open to review QA breach on a case-to-case basis and provide exemption for genuine cases. In this context, MFIN was able to support three large NBFC-MFI Members to secure exemption from the QA compliance as per new norm until 31<sup>st</sup> March 2024.

### Pricing of loans

 The pricing of microfinance loans was deregulated with effect from 1<sup>st</sup> Apr 2022 for the NBFC-MFIs, but this year there were occasional voices that MFIs have increased interest rates disproportionately. MFIN provided data-backed evidence to the RBI (for a four-year period from FY 19-20 to FY 22-23 covering pre-Covid, Covid and post-Covid periods), and the Secretariat analysed data of Top 15 NBFC-MFIs who have 90% market share. The note shared with the RBI showed that the rate of interest charged on microfinance loans has increased but is mainly on account of increase in credit cost during Covid as also expansion to new areas and addition of new clients (in FY 22-23, post deregulation, the sector added 66 Lakh new clients & another 1 Crore in FY 23-24, which was stagnant for previous 3 years). The note further emphasized that the NIM and Real

Margin (Yield less weighed average cost of funds) are also well within the acceptable limits. MFIN also shared that it is monitoring the interest rates charged by its members very closely, however the sector needs to be given at least a couple of adverse-event free years to show the impact of deregulation of pricing on the lending rate for borrowers. Later, meeting of CEOs of top 17 NBFC-MFIs was also held in December 2023 to discuss the pricing and field issues.

### Other representations to RBI

 Clarification on contingent provisioning of standard assets as per Clauses 16, 88 and 116.2.2 of the new NBFC Scale Based Regulation Master Directions, 2023. RBI was requested to clarify if the additional provisions for standard assets at 0.25% / 0.40% of the outstanding for base layer and medium layer NBFC-MFIs respectively, will continue to be applicable only on their non-qualifying portfolio based on their earlier e-mail clarification in Apr 2018. In response to MFIN's letter to CGM, DOR, RBI replied that the contingent provisioning norm will be applicable to all standard assets including qualifying assets.

 **Comments on “Omnibus Framework for recognising Self-Regulatory Organisations (SROs) for Regulated Entities (REs)”:** It was emphasised that the omnibus framework is a right step and has positive elements but the issue of having SRO for a sector/class of REs needs detailed deliberations and that having more than one SRO for the same sector leads to arbitrage. The major points highlighted were

- SRO should have a sector focus rather than an omnibus role. To have SRO with broad and diverse coverage has the potential to dilute the focus and make it less effective.
- Multiple SROs in the same industry dilutes their ability to enforce standards on



members. The propensity of the REs to become member of a lenient SRO erodes the whole edifice of SRO. Further, SRO membership should not be kept voluntary.

- The SRO charter should mandate the responsibility for surveillance and monitoring of the sector and SRO should be held responsible if they fail to report fundamental issues to the RBI.
- RBI expects SRO to be its ally, and as such it should be backed by sufficient powers specified in the SRO charter.
- RBI may evaluate the possibility of contributing a certain amount to the SRO per annum for its SRO activities, considering that a portion of the efforts and manpower of the SRO is engaged in supporting the RBI.

 **Comments on SRO-FT:** The RBI, in January 2024, had released a draft framework for the characteristics of a FinTech SRO. Feedback and comments from stakeholders and members of the public on the draft framework were sought. Consequently, MFIN submitted its feedback to the RBI in February 2024. Some of the feedback were similar to the ones submitted on Omnibus framework. Other major points highlighted were:

- RBI should define 'Fintech' along with its coverage, as it has defined 'Digital Lending'.
- Fintech entities can have criss-cross regulatory boundaries giving rise to contradictions. For an effective SRO, there must be thematic focus.
- As per RBI guidelines, the responsibility for conduct of entities like LSPs lies with the RE with whom they are associated and are already part of existing or proposed Omnibus SRO framework. As such, will SRO-FT cover entities not regulated by the RBI?
- Clarity on sufficient 'Net worth' as it is not important for an SRO and gets built up over a period based on its credibility as other than member fee there is no other source of net worth.

 The Department of Supervision, RBI in its inspection report for FY 2023-24 of a

Member NBFC-MFI had raised objections about considering securitised portfolio as QA for the purpose of calculation of QA ratio. Since this was a policy issue which would have impacted other NBFC-MFIs as well, MFIN hired a CA firm for an expert opinion on the matter, based on which a letter was sent to RBI highlighting various facts as below

- NBFC-MFIs follow the Indian Accounting Standard (Ind AS) wherein the securitised portfolio is considered as "On book" as it fails the derecognition test due to credit enhancement given.
- RBI's circular on implementation of Ind AS clearly states that the regulatory ratios, limits and disclosures should be based on Ind AS figures and this principle has to be applied for all assets and liabilities. This principle also applies to securitised assets which are not given off-balance sheet treatment due to accounting standards. As such, it is understood that the RBI prescribes treatment of securitised assets as on-book portfolio.
- Further, The RBI Master Direction, "Regulatory Framework for Microfinance Loans) Directions, 2022" clearly defines qualifying asset/microfinance loan, as a collateral-free loan given to a household having annual household income up to Rs 3 Lakh. Irrespective of whether a loan is securitised or not, it will be considered as qualifying asset if it meets the prescribed condition for a microfinance loan.
- There is no possibility of double computation of the same assets, as the current accounting principles (Para B3.2.15 of Ind AS 109) stipulate that if the transferor fails to derecognise financial assets, the transferee cannot recognize them either. This means that if securitised assets are held on the balance sheet of the MFI, the investor cannot treat the investments in the PTCs as a qualifying asset.
- Securitisation, as a tool for refinancing, has been strongly advocated over the years by the RBI. Securitisation also reduces dependence of NBFCs on bank finance.

If the MFIs are compelled to exclude the securitised assets from Qualifying Assets, this will discourage the MFIs from engaging into securitisation, which will be counterintuitive for the agenda of promoting securitisation.

In light of these facts, MFIN opined that “securitised assets that are qualifying in nature and fail the derecognition test, as a result of which they appear on the balance sheet of a MFI, should be treated as QA and be used for the purpose of calculating QA ratio.” The RBI later clarified that securitised microfinance loans, if held on the balance sheet of the NBFC-MFIs, should be included in both numerator as well as the denominator for computation of QA ratio.

### India Microfinance Equity Fund (IMEF)

Last year, applications under India Microfinance Equity Fund (IMEF) scheme were made live on Impetus platform for small MFIs after discussions with SIDBI. However, there was no traction from the members owing to stiff terms & conditions for support. This year, a note was prepared on the Scheme, highlighting the practical issues that are restricting the MFIs to take benefit from this SIDBI initiative. The issues include limited quantum of support under the scheme, subjectivity in eligibility criteria which are difficult to measure (for example, MFIs serving in unserved and underserved areas, minimum outreach of 3,000 poor members) and stiff minimum grading norm. The note was sent to SIDBI along with recommendations to make IMEF more useful for MFIs and a meeting was also organised with the concerned CGM to discuss it. However, SIDBI has emphasised that the terms



for support under the scheme would continue in the current form and eligible MFIs can apply.

### Credit Guarantee Fund for Micro Units (CGFMU)

MFIN participated in the Niti Aayog's evaluation study of the Credit Guarantee Fund for Micro Units (CGFMU), undertaken by Ipsos. Views of MFIN were provided to the evaluators that, “A higher fee difference of 0.5% to guarantee loans provided to micro units of JLG borrowers is a deterrent for MFIs to take benefit from this facility. Both JLG and SHG are group based and have similar models for facilitating credit to low-income borrowers for their micro units and therefore the guaranteed fee should be made consistent at 0.25% during first year and 0.5% p.a. in subsequent years for both JLGs and SHGs, for better uptake of the scheme.

### Data reporting to Credit Bureaus

In context of the incidences in the field on over-indebtedness and multiple loans to borrowers, the criticality of reducing reporting frequency to the Credit Bureaus (CBs) was highlighted in MFIN's interaction with the RBI officials at various levels including with the Governor during the Monetary Policy Committee (MPC) meetings. It was explained that while NBFC-MFIs have moved to daily reporting for around a couple of years, other REs like banks, SFBs, NBFCs continue to report monthly. As such, a borrower having a loan from REs other than NBFC-MFIs gets reported once a month and will not reflect in the borrowers' Credit Information Report (CIR) if generated before such reporting happens. This blind sides a lender at the time of underwriting which may lead to over-lending. Considering the vulnerability of the sector it was suggested that all REs in the microfinance space move towards daily reporting, to ensure accuracy of existing loans reported in the CIRs to provide a complete picture to lenders for underwriting.

### Credit Guarantee Scheme

In consultation with MFIN, the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has designed a Credit Guarantee Scheme for MFI loans to the borrowers. It is learnt



that the product structure has been shared with Department of Financial Services (DFS), Ministry of Finance by CGTMSE for approval after which it shall be launched for implementation. This scheme is proposed to have

- 🌳 A much lower guarantee ceiling (up to Rs 5 Lk)
- 🌳 Guarantee fee without any risk premium
- 🌳 No requirement of legal action as loans are below Rs 10 Lk
- 🌳 Short lock-in period (9 months from guarantee start date) and
- 🌳 Single tranche settlement (after 3 months of NPA date or lock-in period, whichever is later)

## Engagements with DFS

Regular engagement with DFS was done to provide them with data on microfinance sector and suggestions as requested. These included:

- 🌳 Detailed note on microfinance on estimated market size of microfinance sector in India, various legal forms of MFIs, feedback on IMEF, data trends over the last five years.
- 🌳 Suggestions on the way forward for the microfinance sector and deepening of financial inclusion – (i) A credit guarantee scheme for microfinance institutions (like the

CGSMFI during Covid) and their borrowers, (ii) Dedicated refinance facility of Rs 30,000 Cr for on-lending to NBFC-MFIs with terms & conditions that suit MFIs of different sizes and at lower costs and (iii) Enhanced equity support through IMEF by increasing the fund size to Rs 1,000 Cr so that the equity needs of small and mid-sized players are met effectively.

## 🌳 Response to Lok Sabha questions, Diary No. 3208.

### Udyam Assist Platform (UAP)

MFIN has been working with SIDBI on “MSME Formalisation” through bulk uploads of borrowers’ data for generation of Udyam Registration Number (URN). As a follow-up to last year’s initiative, a meeting was organised between SIDBI Officials and CEOs of a few Member NBFC-MFIs at Bengaluru for submission of borrower’s data on the Udyam Assist Platform (UAP) for generation of their URN. Some field tests were also conducted which indicated that due to demographic differences in the customer’s Voter Id (used as the primary KYC by the NBFC-MFIs) and Aadhar (used by UAP for authentication), the data is being rejected by the portal. SIDBI was requested to address this glitch so that members can start uploading customer data on UAP.



## Sector Building Initiatives

### Index-based natural catastrophe (NatCat) insurance

ADB awarded a contract to MFIN for piloting index-based natural catastrophe (NatCat) insurance product across 4 states. The pilot is expected to involve about 12-15 partner MFIs/ REs, to create awareness of about 1 million borrowers on the Natcat product across 176 branches, resulting in enrolments of around 0.45 million borrowers. In addition, the project also targets to train more than 1,000 staff of the participating branches of partner MFIs. The value of contract is USD 5,00,000 for a period of 3 years. MFIN is being supported by its

implementation partners GIZ and Weather Risk Management Services (WRMS). Two dedicated resources have been recruited for implementing the project and the team is currently engaging with various re-insurers and insurance companies for designing a suitable parametric product which will cover perils like cyclone, excess and deficit rainfall, excess heat etc. with pre-defined triggers.

### Depositors’ Education and Awareness (DEA) Programme

The DEA Fund Cell, RBI approved the MFIN’s revised proposal and budget for conducting 2,131 workshops over a period of 20 months.



Customized Programme on Emerging Technologies for IT Heads of Microfinance Institutions  
August 07 - 11, 2023

The organization of the workshops will happen in five bi-months (expected to start in Q3 24-25) with a gap of one month after completion of each bi-monthly targets. MFIN is in the process of signing contracts with 25 partner MFIs for execution of these workshops.

## Project on payment solutions

HSBC Project titled, "Scaling up of payment solutions for enabling microfinance borrowers repay digitally" commenced in November 2022. The number of partner MFIs have expanded to ten from the initial eight namely Adi Chitragupta, Annapurna, Fusion, IIFL Samasta, Light, Mitrata, Sarala, Spandana, Svamaan and Svatantra. Training of 25 senior IT staffs of partner MFIs was conducted at Institute for Development

and Research in Banking Technology (IDRBT) in August 2023. The course curriculum included topics such as cybersecurity, risk management, data analytics, digital payments, and blockchain technology. Two

(Fingpay and Ultracash) Technical Service Providers (TSPs) were also onboarded for implementation of three digital solutions (UPI Autopay, UPI 123pay and development of customer facing application) which are at various stages of competition. A Capacity Building Service Provider (CSP) (TMle Academy) was also onboarded and is in the process of completing the training needs assessment (TNA) of partner MFIs to develop a plan for training of staff and awareness generation of customers on digital payments. MicroSave is the knowledge partner of MFIN for implementing the project.

## Research Study

MFIN is conducting a research study on "Assessing the effectiveness of small borrowings in India" in collaboration with National Council of Applied Economic Research (NCAER). This is in continuation of a similar study conducted by NCAER-MFIN in 2011 to assess the impact of microfinance borrowings. The current study plans to (i) capture the profile and awareness level of the borrowers on various aspects related to credit services offered to them, (ii) measure & compare the cost and usage of microfinance loans across various channels, (iii) obtain feedback from the borrowers on their experience of services provided by lenders and issues faced and (iv) assess digital adoption by the borrowers. The research will cover 10,000 borrowers in the Top 10 states across 50 districts and 300 pin codes through direct interviews and Focussed Group Discussions (FGDs).





## Information and Data Hub

One of the key roles of MFIN is tracking trends and progress of the sector and providing insights to regulators, policy makers, lenders & investors, microfinance practitioners and other stakeholders. MFIN has been collecting such data from FY 2012-13 onwards. Since then, numerous data points have been collected from various sources—microfinance lenders self-reported data on operations and financial progress, audited financial data, data on clients' complaints from CGRM system, credit bureau data and data from studies, evaluations and audits.

### Online Datahub

The quantum of data available with MFIN reached mammoth proportions but was sitting in silos in various excel files/reports and some external sources, and therefore a need was felt to aggregate various datasets, on an online platform. With such a rich database, there was a tremendous scope for applying cross references across datasets for more in-depth analysis of performance, trends etc. which would be immensely useful for the industry. It would also be useful for MFIN in discharging its SRO function through timely identification of early warning signals and lack of adherence to Fair Practices Code/Code of Conduct by members and other practices that may be detrimental to the sector. Datahub has six modules which provides access to historical data on microfinance universe (portfolio, outreach, disbursements and portfolio quality) covering various regulated entities on a monthly frequency, data on microfinance operations (as presented in Micrometer publication) of Member NBFC-MFIs

on a quarterly frequency, district level assessment of risk parameters populated on maps, data from MUDRA MIS, SRO dashboard. It has a unique functionality of generating custom reports as per organisational requirements.

In the context of above, MFIN Online Datahub was rolled out in January 2024 for its Members. The vision of the datahub is to

- Provide quick, secure & customised access of data for different user types (MFIN Secretariat, Members/Associates, others)
- Provide a unified view of MFIN members/associates of their own data and vis-à-vis industry and peer benchmarks and
- Fulfil the ongoing MFIN's data needs for reporting, advocacy, surveillance, analytics etc.

MFIN Datahub was inaugurated during 89<sup>th</sup> Board meeting of MFIN on 29<sup>th</sup> December 2023.

### Publications

#### Micrometer:

MFIN is acclaimed for robust data collection and analytics capability. Micrometer is MFIN's flagship publication. The report provides quarterly trends of key operational and financial indices for the industry and MFIN has released 49 editions since its inception.



**Micromirror:** This is an internal publication for MFIN Members which analyses the district level outreach and progress of microfinance, including the district risk index (a part of Online Datahub) to provide the required intelligence to Members for managing their district level presence. So far, 19 quarterly issues have been published since August 2019.



## SRO Governance

### MFIN Directives

In response to instances of non-compliances observed regarding important information to be provided in the loan card/factsheet and regarding the display of interest rates on website, MFIN issued the following Directives:

 **Directive on Display of Interest Rates on lender's website:** The Directive released on April 2023 was updated in January 2024. As per the Directive, 'Each RE shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/pamphlets) issued by it and details on its website.' The directive includes a format for display of interest rates, with product wise information, blended rate on all microfinance loans, weighted average interest rate and average processing fees.

 **Directive on information to be provided in the Loan Card/Factsheet:** This Directive was released in April 2023. As per the Directive, "The lenders should ensure inclusion of all the information mentioned as mandatory in the regulatory framework and refer to the illustrative factsheet on pricing of microfinance loans for designing the factsheet."

### Guidance Notes

Providing relevant information to the customer (i.e. disclosure to the customer), is recognized as an important pillar of customer protection (or responsible lending) principle in the microcredit industry. In this light, MFIN released two industry guidance notes, one on 'Customer Grievance Redressal Mechanism' and the other on 'Disclosure to Customers' in March 2024. These guidance notes highlight the various best practices and include regulations and policies pertaining to their respective categories.

## Surveillance And Monitoring

### Meeting with CROs/CAOs/CCOs/CEOs of member organisations

On 14th December 2023, a meeting was held with Chief Risk Officers (CROs), Chief Audit Officers (CAOs), and Chief Compliance Officers (CCOs) from all large member NBFC-MFIs to discuss and address various policy and operational challenges faced by the sector. The observations and recommendations from this discussion were compiled for presentation to the CEOs. The recommendations were related to rationalizing pricing, strict compliance to regulations and strengthening operations.

On 15th December, the CEOs of large NBFC-MFIs reviewed these observations and shared their recommendations. The CEOs deliberated on the issues and agreed to a defined action plan to address the identified issues. CGM, RBI gave his keynote address. SRO is tracking the progress on it.

### Third Party Evaluations (TPE)

MFIN, being the SRO of microfinance lenders, periodically undertakes third-party evaluation (TPE) of its member REs. The purpose of TPE is to understand the policies and processes of the organisation and if they are compliant with the RBI, Industry CoC and other sector-specific regulations and practices. These TPEs also focus on the identification of best practices, strengths, and weaknesses of the organisation.

The evaluation ensures that the interests of the microfinance customers are being protected through adequate internal controls within the RE and appropriate steps are taken for adherence to fair practices code. The methodology and framework of evaluation was finalized, and 4 agencies were empanelled to conduct the evaluations. In the last FY, evaluations of 8 REs were conducted.





## Credit Bureau and Employee Bureau Submissions

SRO continued its efforts to institutionalize the submissions to the Credit Bureau (CB) and the Employee Bureau (EB). Monthly Monitoring Report (MMR) is obtained from the Bureaus to check on the adherence of data submission by the lenders. Mail communication is shared with the members highlighting delayed/No submission. This data submission is also tracked in the individual SRO dashboards.

## RBI's Technical working group meetings

MFIN actively participated in two significant Technical Working Group (TWG) meetings organized by the Reserve Bank of India (RBI).

These TWGs focused on critical areas like the implementation of technical formats and validations for CIC reporting, and invoice financing. MFIN's involvement ensured that the microfinance perspective was represented in these crucial discussions. The TWG on Technical Formats and Validations was convened to address the integration and standardization of data reporting formats across financial institutions. The main objective was to streamline the data submission processes to enhance accuracy, efficiency, and regulatory compliance. The TWG on Invoice Financing focused on establishing a standardized framework for reporting invoice-level data to the CICs. This initiative aims to enhance transparency and mitigate the risks associated with multiple financing of the same invoice.

## MFIN Credit Bureau Task Force (CBTF)

MFIN Credit Bureau Task Force (CBTF) has over the years been instrumental in developing/evolving the credit bureau eco-system for micro-credit customers. CBTF closely engages with lenders and CICs to address specific challenges such as setting standards for submissions and data quality, usage of CIR, supporting lenders in aligning to standards, monitoring adherence to standards, changes in data formats and policy-level inputs to regulator/govt around credit bureau. CBTF collaborates over emails/e-meeting based on the task at hand.



During the fiscal year 23-24, the CBTF focused on several key areas associated with data submissions to the credit bureaus and the calculation of repayment ratios. One of the primary discussions centred around the MFI Bureau's technical formats for data correction, data acceptance validations, and the enquiry purpose catalogue. This included discussions with CIC representatives and select MFIN members to gather feedback, which was then integrated into the inputs for the RBI Technical Working Group (TWG) on CIC data submission formats related issues.

Another significant area of discussion was the assessment of loan repayment obligations and the review of the quarterly adherence report. Key points included a policy on handling of bullet payment loans and tradelines with missing EMLs. It was suggested that a standardized approach should be developed for calculating EMLs for various loan types. Concerns were raised about funding to NPA customers and highlighting the need for policies that consider the delinquency of co-borrowers or other household members. Furthermore, it was advised that the CCIR should cover not only the customer but also other household members.

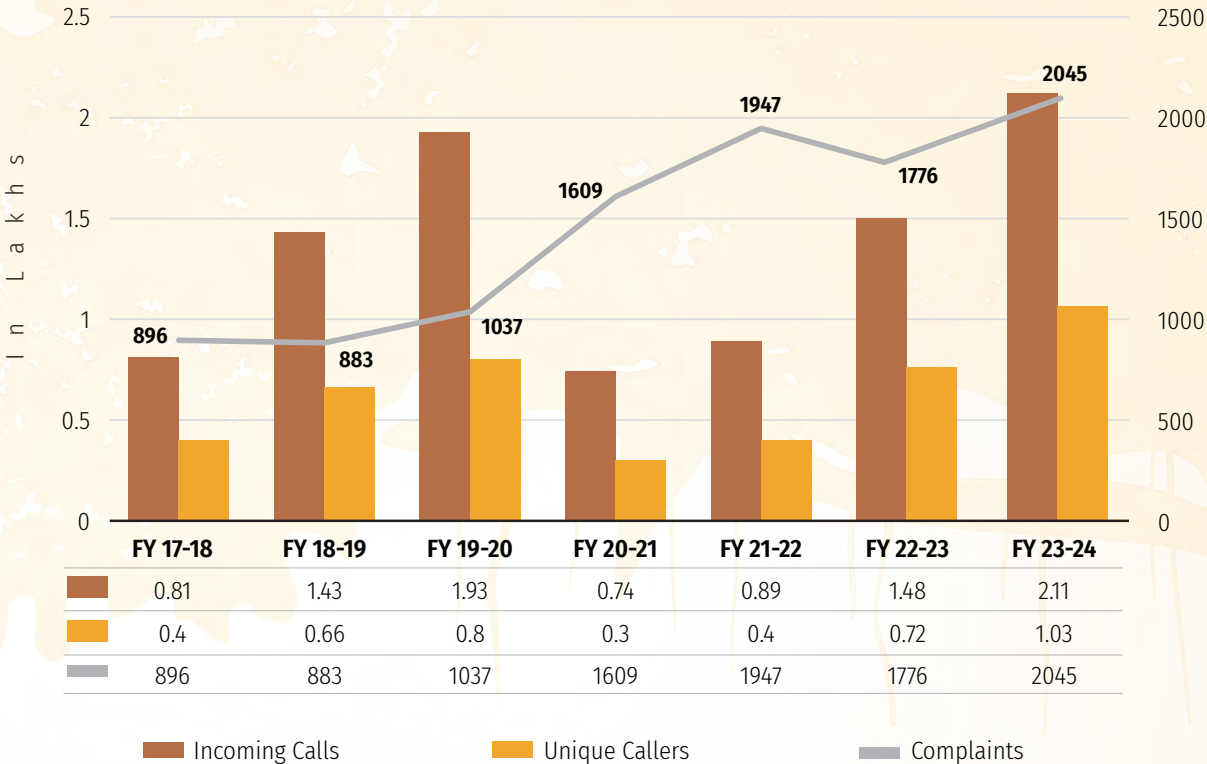
## Customer Grievance Redress Mechanism (CGRM)

Customer Grievance Redress Mechanism (CGRM) is an important pillar of customer-protection framework providing customers the right and access to resolve their grievances appropriately. While CGRM of lenders is the first port of connect for the customers, it is widely acknowledged that recourse to an independent redress process should be available to customers to address complaints that are not efficiently resolved via the financial services provider's internal dispute resolution mechanisms.

The criteria for SRO recognition among other things, stipulate that an SRO should have a grievance and dispute redressal mechanism for the customers, including a specially appointed Grievance Redressal Nodal Officer.

After getting recognition as the SRO for NBFC-MFIs in 2014, MFIN started the CGRM in July 2015 through a toll-free number, allowing customers of MFIN-member NBFC-MFIs, an easy-no-cost access to the SRO to seek support in addressing their grievances.

MFIN CGRM\_YoY Call Details



MFIN's CGRM is the largest such mechanism by an industry association in the micro-credit sector globally.

In the last five years, MFIN CGRM has evolved considerably and currently it is an efficient and effective channel for the customers to register grievances in 12 languages: English, Hindi, Odia, Bengali, Marathi, Punjabi, Assamese, Gujarati, Malayalam, Kannada, Telugu, and Tamil. With a steady growth over the years, 2.11 lakh calls were received in the last financial year and on an average more than 85% complaints received in MFIN CGRM were resolved within 15 days.

Over time, CGRM has been leveraged to:

- 🌳 Use data of customer complaints to understand systemic lapses and issues around products, processes and geographies and take steps to address them.
- 🌳 Create awareness amongst customers about customer-protection issues in micro-credit by supporting them in resolving their queries.
- 🌳 Undertake surveys to gather topical insights about issues/challenges/concerns of the customers.

## Employee complaints

As the MFIN toll free number is widely distributed, the employees of the lenders too, reach out for redressal of their grievances through this channel. For the last few years, due to increase of such calls, the SRO started taking up the employee complaints with member institutions to obtain

MFIN's Toll free number:  
**1800 102 1080**



adequate responses for resolution/closure. This adds up to the scope of CGRM and helps to understand the employee level challenges/issues within the industry.

## CGRM Videos

Given the educational, social, and economic background of microfinance customers, they are highly susceptible to being misinformed and influenced. In this context, Customer Grievance Redressal Mechanism has been recognized by the RBI and microfinance lenders as integral to customer satisfaction and protection. MFIN has a robust and independent CGRM system. To strengthen the customer redressal mechanism, MFIN, in March 2024, released one video highlighting the importance of its CGRM in 10 languages and shared with the members. The video talks about the importance of MFIN CGRM system along with some basic details like the operating hours, the turnaround time etc.

## Dvara report

MFIN collaborated with Dvara Research Foundation to study MFIN's Customer Grievance Redressal Mechanism (CGRM) System to provide



## Dvara Research Releases Report on MFIN's CGRM - Findings and Recommendations

Microfinance Institutions Network (MFIN), the premier industry association and RBI recognised Self-Regulatory Organization (SRO) has made public its Study Report by Dvara Research on its Customer Grievance Redressal Mechanism (CGRM). MFIN's CGRM was set-up in 2015 in response to the RBI mandate of having a grievance and dispute redressal mechanism for NBFC-MFI clients (Reserve Bank of India, 2013), an important requirement to qualify as an SRO in the microfinance industry.

ANI (/ani-stories) | New Delhi | Updated: 11-10-2023 17:22 IST | Created: 11-10-2023 17:22 IST

recommendations for enhancing its effectiveness and user experience. A detailed study including customer surveys, interactions with MFIs and understanding of the CGRM process was conducted. The study report was presented to the external stakeholders by the Dvara team in the 'Inspire' talk series conducted by them.

## Capacity Building

### LeadEdge – Management and Leadership Training program

“LeadEdge” is a 3-day residential programme conducted at XIM University, Bhubaneswar designed by MFIN. It is for the middle to senior level microfinance professionals who are in leadership and managerial roles in their

organizations. The programme was designed to impart essential skills to be ‘manager of managers’ using simulation games, situational analysis, role plays etc. Three batches of LeadEdge were conducted during the year and 86 participants from 22 organisations attended the training programme.





Along with a session on microfinance portfolio update by MFIN, a session on Soft Skills required for the future of Microfinance is also conducted by an industry expert.

A webinar was conducted with all the participants who attended the LeadEdge program in any of the batches, since the beginning of the program, on 7th March 2024. The webinar included insightful discussions led by the CEO, MFIN with practical tips and strategies that can be implemented in the field.

## Online Certification Programme

To cater to the training needs of frontline officers i.e., the loan officers, MFIN SRO is in the process of launching the Online Certification Program on

## State Initiatives

MFIN's objective of creating an enabling ecosystem is met by the team's active engagement with state governments, where MFIN engages with a diverse set of external stakeholders at the state and district level, including law makers, bureaucracy, administration, law and order machinery, regulators and Inter-Institutional formal structures, to foster a positive understanding of microfinance's mission, objective, implementation, and impact.

During the year, MFIN actively engaged with State-level stakeholders such as the RBI, Chief Secretaries, Hon'ble Finance Ministers, DGPs and ADGs-Economic Offences Unit to

the lines of JAIB and CAIB by the Indian Institute of Banking and Finance. The examination would be remotely proctored. MFIN has partnered with NSEIT for the design and development of the examination portal. Demo of the exam software designed by NSEIT has been successfully completed. The final draft of the courseware submitted to the working group of MFIN was well received. Translation of the courseware in Hindi along with the MCQs is under process. Initial work around branding and launching of the program has already begun. We aim to make the MFIN online certification program an industry benchmark.

## Employee Bureau

In the SROC meeting held in Dec 2023, it was emphasized that all the microfinance lenders and not just NBFC-MFIs should be encouraged to submit data to employee bureau to strengthen the industry in terms of recruitment and exit related processes. Considering this, introductory calls with member REs (non- NBFC MFIs) and introductory mails with the associates were initiated to discuss the benefits of Employee Bureau membership in terms of verifying the credentials of new hires etc. In a continued effort to strengthen the ecosystem of the EB and to understand the level of satisfaction with the employee bureau, a survey link was also shared with all the members already registered with the EB. Basis the responses received, a detailed analysis on the services of the EB was also made.

update them on the status of RBI-regulated microfinance institutions and their operational & regulatory aspects. MFIN secures the necessary support from these esteemed offices during crisis. MFIN also actively engaged with District Level Stakeholders viz. District Collector & District Magistrate/ Deputy Commissioner, Senior Superintendent of Police/Superintendent of Police.

## General/State Elections

MFIN shares timely representations to the state Electoral officers on RBI-regulated MFIs and seeks cooperation from the district election

machinery for their day -to-day microfinance operations in the field during General/State Elections/Panchayat Elections/Councils Elections/ by-elections.

Subsequent to the notification of schedule of General Elections, 2024 to Lok Sabha and Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha & Sikkim, MFIN proactively engaged with the respective State Chief Electoral Officers. The objective was to ensure that these key officials are well-acquainted with the operational intricacies and regulatory frameworks governing microfinance institutions. The acknowledgement of the representations submitted to SEOs were circulated to all the regional/state heads of member REs along with standard operating procedures to be followed and a video elaborating the principles of the Election Model Code of Conduct.

## Unauthorized Loan Waiver Campaigns

During the year, unauthorized loan waiver campaigns were spread across Punjab, Haryana, Rajasthan, Uttar Pradesh, Madhya Pradesh, Bihar, Jharkhand, Odisha, West Bengal, Maharashtra, Gujarat and Assam. These Campaigns targeted low-income group borrowers who have availed loans from financial institutions including regulated MFIs. MFIN actively engaged with the RBI, State, and district administrations for their support and cooperation for suitable action. Subsequently, the issue was highlighted to the RBI Governor by the MFIN CEO. RBI released a press release dated 11 December, 2023 and made an appeal to all borrowers not to fall prey to the unauthorized loans waiver campaigns and report same to the Law Enforcement agencies.

MFIN also provided AVs, pamphlets and brochures in regional languages to the member REs to counter the unauthorized campaigns besides newspaper advertisement appealing to the borrowers not to rely upon the loan waiver campaigns and spoil their credit discipline.

With the cooperation of members and the State and District Administrations, the campaign's effect has been contained.

However, the impact of campaign in the state of Punjab was high. CEO, MFIN escalated the issue



to the Hon'ble Finance Minister, Government of Punjab on 29th January, 2024. Hon'ble FM assured MFIN of issuing suitable directions to all the DCs to initiate action on unauthorized loan waiver campaigns as and when reported. Subsequently, District Collectors made public appeal to the borrowers not to be misled by the rumours on loan waiver and as such no such directions were issued by the government/RBI. Further, borrowers were requested to follow the instructions of the RBI and maintain credit discipline to safeguard their Credit Bureau score. With these efforts, the effect has been contained in Punjab as well.

Post the General Election 2024 notification issued by the Election Commission, the unauthorized loan waiver activists attempted to form a political party by the name "*Karza Mukti Party*" and applied for registration.

MFIN timely acted on the notice issued by the Election Commission of India (ECI) for public objection(s), if any, against registration of the said political party. Accordingly, in the limited time provided as against usual 30 days, MFIN raised objections u/s 29A of the Representation of People Act, 1951 against name and registration of the proposed political party. RBI and the Department of Financial Services, Govt of India were also informed about the objections raised. Ultimately, "*Karza Mukti Party*" has not been recognized by ECI as a political party.





## State Chapters and District Forums

MFIN plays a key role in creating an informed and supportive environment for microfinance services and service providers.

To institutionalize these interventions, State Chapters and District Forums have been formed across all states. These platforms proactively work as representative bodies of the industry and engage with external stakeholders including customers and community in the field. Further, they help in increasing coordination and cooperation among Members in the field, providing robust support for connecting with the external ecosystem and bringing together all operative microfinance institutions on a common platform to discuss the scenario, challenges, and the desired interventions. MFIN has 13 State Chapters and extensively supports 4 State Associations namely Uttar Pradesh Microfinance Associations (UPMA), Association of Microfinance Institutions-West Bengal (AMFI-WB), Kerala State Association of Financial Inclusion Institutions (KASAFI) and Association of Karnataka Micro Finance Institutions (AKMI). It has also formed 365 District Forums and supports 103 District Forums of State Associations. Each State Chapter has identified its coordination committee members who facilitate a series of State and District Level meetings to address state-specific issues and concerns along with desired interventions.

MFIN CEO and Director, Dr. Alok Misra attended the Tamil Nadu State chapter meeting on 16th May 2023. He suggested that State chapter

meetings need to be more focussed, and outcome oriented as also stressed on the need to comply with RBI regulation on income assessment and debt repayment capacity.

Dr. Alok Misra participated in West Bengal and Kerala state chapter meetings on 6th October and 17th October 2023 respectively. Issues of concern from SRO perspective relating to pricing, Household Income assessment and underwriting were discussed in detail.

## RADAR application

The «RADAR» application is designed to provide detailed, field-level intelligence to enhance MFIs' understanding of negative areas, risky areas, ring leaders, and external inciters. RADAR offers traceable and integrated information to strengthen decision-making. MFIN district forums will continue to contribute this vital field intelligence. RADAR's unique capability to pinpoint details to the «pin code» level, including accurate geotagging, makes it an asset for effective on-ground operations.

### RADAR as a Risk Mitigation Tool

 **Operational Risk Mitigation:** RADAR assists institutions in mitigating field operational risks while carrying out business plans in various areas, districts, and states.

 **Strengthening CB Data:** By highlighting the reasons for risks or negativity, RADAR provides valuable insights to participatory institutions about OD (Overdue) or NPA (Non-



Performing Asset) accounts.

 **Building Field Ecosystems:** RADAR aids in building robust field ecosystems through appropriate planning and a balanced approach.

#### **Update on RADAR Progress as of March 2024.**

##### **Ringleaders:**

- Identified Individuals: 2,432
- Data Recorded: KYC information, contact details, and reasons for their designation as ringleaders.

##### **Negative Areas:**

- Reported Areas: 3,425
- Delinquent Loan Accounts: 2.67 Lakh
- Total Value: Rs 718 Crores

##### **Risky Areas:**

- Identified Areas: 2,403
- Troubled Loan Accounts: 94,000
- Total Value: Rs 226 Crores

##### **External Inciters:**

- Identified Inciters: 424
- Data Recorded: KYC details, contact information, and reasons for being flagged.

The RADAR application continues to be a crucial tool for improving on-ground operations by providing granular, actionable intelligence.

#### **Awareness Program for Police Officials in Maharashtra**

To strengthen MFIN's engagement with law enforcement agencies at district and state level, this strategic initiative was conceptualised. In the special awareness workshops, the police officials were informed on the issues faced by MFIs and microfinance borrowers, from external inciters, ringleaders etc. In last FY 2023-24, MFIN organised Nine Microfinance Awareness Programs in Gujarat - Dahod (8th July 2023), Mahisagar (8th July 2023), Panchmahal (11th July 2023), Vadodara (13th July 2023) Aravalli (4th Oct 2023) and Bharuch (22nd Nov 2023) and in Maharashtra - Nashik (11th Aug 2023), Palghar (14th Aug 2023) and Thane (24th Aug 2023). These Awareness Programs witnessed the participation of senior police officials from Crime Department and Economic Offices Wing.

The Initiative was acknowledged and appreciated by the law enforcement agencies, the police officers and district stakeholders and members that has helped members to better liaison with police officials.



| State and District Meetings                   |                       |                                         |                                        |                  |
|-----------------------------------------------|-----------------------|-----------------------------------------|----------------------------------------|------------------|
| State chapters                                | District in the state | Individual District Forums in the state | Composite District Forums in the state | District Covered |
| <b>PB-HP -J&amp;K</b>                         | 22                    | 17                                      | 2                                      | 21               |
| <b>Uttarakhand</b>                            | 13                    | -                                       | 2                                      | 6                |
| <b>Delhi &amp; Haryana</b>                    | 26                    | 17                                      | 1                                      | 19               |
| <b>Rajasthan</b>                              | 33                    | 15                                      | 8                                      | 33               |
| <b>Madhya Pradesh</b>                         | 52                    | -                                       | 11                                     | 44               |
| <b>Chhattisgarh</b>                           | 27                    | 6                                       | 2                                      | 25               |
| <b>Maharashtra</b>                            | 36                    | 19                                      | 7                                      | 36               |
| <b>Gujarat</b>                                | 33                    | 6                                       | 8                                      | 33               |
| <b>Odisha</b>                                 | 30                    | 26                                      | 2                                      | 30               |
| <b>Jharkhand</b>                              | 24                    | -                                       | 7                                      | 24               |
| <b>Bihar</b>                                  | 38                    | 36                                      | 2                                      | 38               |
| <b>Northeast</b>                              | 86                    | 14                                      | 11                                     | 41               |
| <b>Tamil Nadu &amp; Puducherry</b>            | 33                    | 38                                      | 1                                      | 42               |
| <b>Karnataka in association with AKMI</b>     | 30                    | 31                                      | -                                      | 31               |
| <b>Andhra Pradesh &amp; Telangana</b>         | 59                    | -                                       | 21                                     | 59               |
| <b>Kerala in association with KASAFI</b>      | 14                    | 14                                      | -                                      | 14               |
| <b>Uttar Pradesh in association with UPMA</b> | 75                    | -                                       | 18                                     | 75               |
| <b>West Bengal in association with AMFIWB</b> | 23                    | 23                                      | -                                      | 23               |
| <b>Total</b>                                  | <b>654</b>            | <b>262</b>                              | <b>103</b>                             | <b>594</b>       |

| Collective Platform Meetings at State & District Level |                                 |                                       |                                   |                            |                |
|--------------------------------------------------------|---------------------------------|---------------------------------------|-----------------------------------|----------------------------|----------------|
| State chapters                                         | State Chapter meeting conducted | State Coordination committee meetings | District Forum Meetings Conducted | Special Meetings Conducted | Radar Workshop |
| <b>PB-HP -J&amp;K</b>                                  | 2                               | 3                                     | 42                                | 5                          | 12             |
| <b>Uttarakhand</b>                                     | 2                               | 2                                     | 16                                | -                          | 6              |
| <b>Delhi &amp; Haryana</b>                             | -                               | -                                     | 38                                | 3                          | 12             |
| <b>Rajasthan</b>                                       | 2                               | 2                                     | 99                                | 2                          | 24             |
| <b>Madhya Pradesh</b>                                  | 2                               | 2                                     | 176                               | -                          | 19             |
| <b>Chhattisgarh</b>                                    | 2                               | 2                                     | 84                                | -                          | 19             |
| <b>Maharashtra</b>                                     | 3                               | 2                                     | 95                                | 6                          | 28             |
| <b>Gujarat</b>                                         | 3                               | 2                                     | 51                                | 3                          | 15             |
| <b>Odisha</b>                                          | 4                               | 4                                     | 112                               | 10                         | 112            |
| <b>Jharkhand</b>                                       | 3                               | 4                                     | 56                                | 11                         | 28             |
| <b>Bihar</b>                                           | 3                               | 4                                     | 144                               | 14                         | 36             |
| <b>Northeast</b>                                       | 3                               | 4                                     | 100                               | 1                          | 100            |
| <b>Tamil Nadu &amp; Puducherry</b>                     | 3                               | 3                                     | 117                               | 2                          | 39             |
| <b>Andhra Pradesh &amp; Telangana</b>                  | 3                               | *                                     | *                                 | *                          | 1              |
| <b>Karnataka (in association with AKMI)</b>            | 2                               | NA                                    | 62                                | 2                          | 31             |
| <b>Kerala (in association with KASAFI)</b>             | 2                               | NA                                    | 28                                | 0                          | 14             |
| <b>Uttar Pradesh (in association with UPMA)</b>        | -                               | -                                     |                                   |                            |                |
| <b>West Bengal (in association with AMF-IWB)</b>       | 1                               | 1                                     | 3                                 | 3                          | 3              |
| <b>Total</b>                                           | <b>40</b>                       | <b>35</b>                             | <b>1223</b>                       | <b>62</b>                  | <b>499</b>     |





## Workshops and Webinars during 2023-24

 A National Microfinance Webinar on “Healthcare to the BOP - Facilitating linkages with Ayushman Bharat” was jointly organised by MFIN, SIDBI and National Health Authority (NHA) on 3rd Aug’23.

 A webinar on “The Digital Personal Data Protection Act, 2023 (DPDP Act)” was conducted on 14th Sep’23 in collaboration with Price Waterhouse & Co LLP. The purpose was to help the Members understand the nuances of the DPDP Act – what will be applicable to the regulated entities and what implications it may have in terms of compliance/operational bottlenecks.

 A webinar on use of Bharat Bill Pay System (BBPS) to repayment collection from borrowers was conducted on 7th Dec’23 in collaboration with NPCI. The webinar provided an opportunity to understand how

BBPS works as a channel for collections and the benefits.

 A webinar to provide valuable insights on the Scale-Based Regulations released by the RBI and their implications was held in March 2024. The webinar was facilitated by MFIN in collaboration with B S R & Co. LLP. The webinar was attended by more than 100 participants and the discussions centred around best practices for compliance implementation.





## MFIN's Presence Across Forums



### Mar 2024

CEO, Dr. Alok Misra, on 1st Mar '24 delivered the opening remarks at a seminar organized by Centre for Research on Financial Inclusion and Microfinance (CRFIM), Bankers Institute of Rural Development (BIRD), Lucknow on MFIs - Moving Towards Developing Systems and Procedures for responsible financing.



### Feb 2024

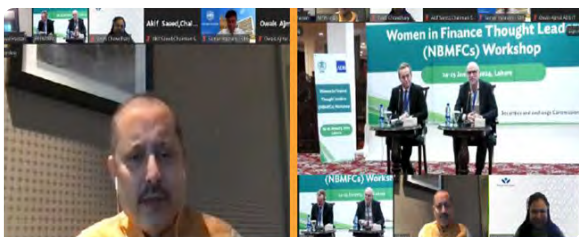
CEO spoke at South Asian Webinar on Microfinance & The Digital Economy on 13th Feb 2024 held by SAMN and moderated by Stephen Rasmussen.

CEO attended the Fifth Financial Inclusion & Women Entrepreneurship Conference in Bhubaneswar, Odisha on 16th Feb 2024 and delivered his opening remarks.



CEO addressed the senior leadership of HSBC on 8th February on the topic- state of the sector and future landscape.

CEO briefed media at a Press Meet on 6th Feb to announce the 8th Eastern India Microfinance Summit 2024 in Kolkata.



### Jan 2024

Dr. Alok Misra, CEO & Director, MFIN spoke at "Women in Finance Thought Leaders Workshop" held in Pakistan on 24th Jan 2024. He shared his insights on successful models derived from the best practices observed across Asia. The event was organised by Asian Development Bank (ADB).





## Dec 2023

On 13th December, CEO delivered two sessions at Reserve Bank Staff College, Chennai on Role of MFIN as SRO.



On 19th December, CEO participated in a panel discussion on CII Northeast conclave organised by FICCI.



## Nov 2023

Dr. Alok Misra, CEO & Director, along with Chairperson, Mr Udaya Kumar Hebbar and Vice Chairperson, Mr Manoj Kumar Nambiar, met with Mr Prakash Kumar on his taking over as DMD-SIDBI.



## Oct 2023

Dr Alok Misra, CEO & Director delivered a keynote talk on 'Future of Inclusive Finance' at the Pakistan Microfinance Network Annual Conference.



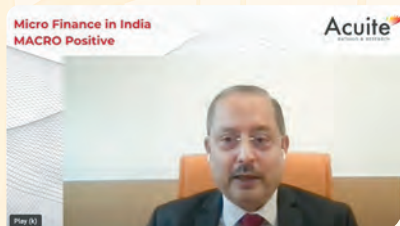
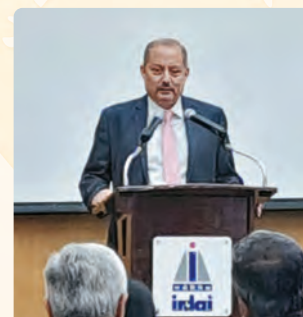
Dr. Alok Misra interacted with senior management of ESAF SFB on 17th Oct and delivered an informal talk on emerging trends in banking and microfinance.



## Sep 2023

Dr Alok Misra, CEO & Director moderated a panel discussion on 'Digital Microfinance – Integrating Customer Centricity' on 6th of September at GFF.

On the 5th of September 2023, MFIN CEO spoke at Bima Manthan – a conference of insurance CEOs by IRDA.



Dr Alok Misra spoke during Acuite Ratings webinar on "Microfinance in India:Macro Positive" on 26th September. Other speakers were Tamal Bandyopadhyay and Manoj Nambiar, MD – Arohan Financial Services.

## Aug 2023

On 9th August, Dr Alok Misra addressed investors on sector developments and prospects of Microfinance, in a meet organised by Phillip Capital.

On 10th of August, Dr Alok Misra addressed a series of top mutual funds in one-on-one sessions in a meet organised by Yes Securities in Mumbai. These included Nippon MF, Birla MF, Edelweiss, Kotak Life and MF, ICICI Pru and others.



On 18th of August, Dr Alok Misra addressed an august gathering of investors at Emkay Confluence along with MFIN Chairperson and, Mr Udaya Kumar Hebbar and Devesh Sachdev, MD & CEO, Fusion Microfinance.



## Jul 2023

SAMN International conference:  
Dr Alok Misra moderated the panel 'Role of Private Capital in Microfinance Growth'

Dr Alok Misra spoke as a panellist on 'Lessons from India & Bangladesh – Countries with high growth, how did this happen?'

On 9th July, Dr Alok Misra gave a lecture on "Finance and Development" to PFRDA officials.

On 25th July 2023 Dr Alok Misra spoke to ET Now in their show 'Leaders of Tomorrow', on the role of Microfinance in bringing about gender parity, in spearheading the digital revolution for low-income borrowers and in driving sustainable growth through contribution to the SDG goals.

[https://www.youtube.com/watch?v=iWvrv4T8Oo&ab\\_channel=MFIN](https://www.youtube.com/watch?v=iWvrv4T8Oo&ab_channel=MFIN)

On 24th July, Dr Alok Misra was invited to speak at RBI's Conference on Financial Inclusion at Guwahati on "a differentiated approach for Northeast".

## Jun 2023

On 28th June, CEO spoke to senior officials of Guwahati RBI including Regional Director and 30 other staff members on Assam microfinance situation and prospects.

## Apr 2023

On 15th of April, MFIN CEO along with CEOs of six NBFC-MFIs had a luncheon with CMD, SIDBI and senior officials of SIDBI. Issues discussed included refinance especially to smaller players, level of digitalization, Prayas loans and Udyam registration.





Dr Vinay Kumar Singh, Head – Self Regulation and Compliance, spoke at the 95th SKOCH Summit ‘State of Inclusive Growth’ on the panel ‘Accelerating Financial Deepening- Making a Business Case’. The panel discussed the different factors which, if solved, could provide a fresh impetus to the access and usage of financial products.



Dr. Vinay Kumar Singh spoke in a panel discussion at the Businessworld Emerging Businesses Conference held in Aug 2023. The discussion was on “Fuelling Growth: Navigating Debt Funding and Equity Investment for MSMEs”.



Global Fintech Festival in Mumbai – MFIN conducted a “Masterclass on Growth of Assisted Channels in Collection” and provided it’s view on the microfinance market and the challenges faced by the sector in use of assisted as well as non-assisted channels for repayment collections.



On 6th of September 2023, Dr. Vinay Kumar Singh spoke as a panellist at NABARD’s panel at the Global Fintech Fest (GFF) on ‘Digital Solution to on-boarding SHGs.



On 12th of September 2023, Dr. Vinay Kumar Singh moderated the session on ‘Microfinance Driving Inclusive Growth: Unlocking Unreached Potentials in Karnataka’ at the Microfinance Karnataka Summit 2023 by AKMI (Association of Karnataka Microfinance Institutions).



MFIN Thought Leadership: Head - Advocacy & Development, Mr Swetan Sagar represented MFIN at the UPMA Conference held on 20th November in Lucknow. He was part of the panel discussion on ‘Contribution of microfinance to the USD 1 trillion economy of the State by 2027’.



On 13th of October 2023, Mr. Rama Kamaraju, Head – State Initiatives, spoke at RBI’s Frontline Managers Conference Phase II as a panellist on ‘Improving Access and Usage of Financial Service in Aspirational Districts: Progress, Impediments and Way Forward.’

Mr. Swetan Sagar addressed the senior management and representative of the investee companies of Developing World Markets (DWM) (an impact fund based in the US with sizeable investment in Indian MFIs) to provide them with an overview of the microfinance landscape in India and future perspective in context of the changes in the regulations.



# Opinion Pieces



## **Quotes of MFIN CEO & Director in: “Lenders to step up work on large size loans under Mudra scheme”**

[https://www.business-standard.com/finance/news/lenders-to-step-up-work-on-large-size-loans-under-mudra-scheme-123041000926\\_1.html#:~:text=Lenders%20are%20looking%20to%20broad,help%20businesses%20scale%20up%20operations.](https://www.business-standard.com/finance/news/lenders-to-step-up-work-on-large-size-loans-under-mudra-scheme-123041000926_1.html#:~:text=Lenders%20are%20looking%20to%20broad,help%20businesses%20scale%20up%20operations.)

Business Standard, April 12, 2024



## **“MFI's credit cost may fall to 5-year low in FY24”**

[https://www.financialexpress.com/business/banking-finance-mfis-credit-cost-may-fall-to-5-year-low-in-fy24-3053182/#:~:text=Large%20microfinance%20institutions%20\(MFIs\)%20such,digit%20growth%20in%20gross%20loans.](https://www.financialexpress.com/business/banking-finance-mfis-credit-cost-may-fall-to-5-year-low-in-fy24-3053182/#:~:text=Large%20microfinance%20institutions%20(MFIs)%20such,digit%20growth%20in%20gross%20loans.)

Financial Express, April 19, 2024



## **‘Finance for the low-income customers: How can the financial industry better serve them?’ by Dr Vinay Kumar Singh, Head – Self Regulation and Compliance**

<https://m.economictimes.com/news/how-to/finance-for-the-low-income-customers-how-can-the-financial-industry-better-serve-them/articleshow/99841394.cms#:~:text=This%20can%20only%20be%20overcome,financial%20product%20design%20and%20delivery.>

The Economic Times



## **CEO Speak: Dr Alok Misra, CEO & Director reacted to the news of Ananya Birla's Svatantra MFI to acquire Chaitanya India Fin. The same was carried out by other publications including Mint in their Share Market Updates.**

<https://www.livemint.com/market/live-blog/sensex-today-share-market-live-updates-sensex-nifty-expect-muted-start-gift-nifty-in-green-11691540235505.html>

August 8, 2023



## **Failure of the Silicon Valley Bank: The regulator should accept its fair share of blame by Dr Vinay Kumar Singh in Economic Times.**

<https://www.financialexpress.com/business/banking-finance-failure-of-the-silicon-valley-bank-the-regulator-should-accept-its-fair-share-of-blame-3162577/>

August 7, 2023





# Press Releases



## **Charting its Way: Microfinance Relevance in India's Inclusive Growth Story.**

<https://timesofindia.indiatimes.com/business/india-business/microfinance-industry-loans-cross-rs-4-lakh-cr-for-first-time/articleshow/108852336.cms>

ET BFSI (indiatimes.com)



## **The Brief: The Rise of Microcredit NBFCs**

<https://www.fortuneindia.com/long-reads/the-brief-the-rise-of-micro-credit-nbfc/116326>

Fortune India (fortuneindia.com)



## **Microfinance: Ananya Birla's Svatantra Microfin to acquire Sachin Bansal's Chaitanya India for Rs 1,479cr**

<https://www.financialexpress.com/business/sme-ananya-birlas-svatantra-microfin-to-acquire-sachin-bansals-chaitanya-india-for-rs-1479-cr-3204016>

Financial Express



## **The rise and rise of NBFCs**

<https://www.deccanherald.com/opinion/the-rise-and-rise-of-nbfc-2705416>

Deccan Herald (deccanherald.com)



## **RBI slams microfinance institutions for charging higher rates to borrowers**

[https://www.business-standard.com/economy/news/rbi-slams-microfinance-institutions-for-charging-higher-rates-to-borrowers-124020901590\\_1.html](https://www.business-standard.com/economy/news/rbi-slams-microfinance-institutions-for-charging-higher-rates-to-borrowers-124020901590_1.html)

Business Standard



## **RBI issues new guidelines for fair lending practices**

<https://cfo.economictimes.indiatimes.com/news/policy/rbi-issues-new-guidelines-for-fair-lending-practices/102823675>

Economic Times (cfo.economictimes.indiatimes.com)



## **MFIN launches 3rd edition on Micromatters**

<https://timesofindia.indiatimes.com/business/india-business/mfin-launches-the-3rd-edition-of-micro-matters-key-highlights/articleshow/105215727.cms>

Times of India



## **Microfinance industry loans cross Rs 4 lakh cr for first time**

<https://timesofindia.indiatimes.com/business/india-business/microfinance-industry-loans-cross-rs-4-lakh-cr-for-first-time/articleshow/108852336.cms#:~:text=Mumbai%3A%20The%20microfinance%20sector's%20outstanding,the%20quarter%20ended%20Dec'23>

Times of India



# Events

## Micro Matters: Macroview

India Microfinance Review FY 2022-23



This annual publication was conceived in 2021 to provide a 360-degree view of the sector derived from interaction with policy makers, regulator, industry players, funders and analysts while avoiding any biases. The report covers the macroeconomic environment in the context of microfinance, overview of financial inclusion in India, performance review of the industry, key initiatives that have been implemented during a year, highlights issues and challenges which the sector faces along with future opportunities. This year, the 3rd edition

*"I have been a long-term believer that microfinance institutions are the most important institutions in our country. They will play a key role in ensuring that the country grows in an inclusive manner," said Mr. Amitabh Kant at the event.*





## MFIN Launches the 3rd Edition of Micro Matters: Macro View - India Microfinance Review FY 2022-23



of the report was released by Shri Amitabh Kant, the G20 sherpa and the former CEO of Niti Aayog, in an event in Mumbai.

The third edition of Micro Matters: Macro View – India Microfinance Review FY 2022-23 was launched in Mumbai on 9 November 2023. The report was released by Shri Amitabh Kant, the G20 India sherpa and the former CEO of Niti Aayog in presence of Shri S Sivasubramanian Ramann, CMD SIDBI.

Speaking at the event, G20 India sherpa, Shri Amitabh Kant said:

In last few years, India has laid the

building blocks of growth in the form of infrastructure -both physical and digital. Now India needs to grow at around 10% for three decades to become a developed country. The building blocks will have multiplier effect only if the credit demand is met as credit will be the driver of India's next phase of growth. MFIs are presently the most important institutions in the country as they have the ability to penetrate into rural areas, lend to last mile clients and contribute to Inclusive growth. Honorable Prime Minister's vision is also centred on universality and women led development. Microfinance caters to both Equitable growth and Universality. I congratulate MFIN and its Members on the excellent work being done and wish them luck."

A Press release 'MFIN Launches the 3rd Edition of Micro Matters: Macro View, India Microfinance Review FY 2022-23' was made. An Advertisement was released in the Mint on the 7th of November, mentioning the Chief Guest, and special guest, besides sharing details of the Panel Discussion and Sponsors to the event.



## CEOs conclave – Manthan

The second Manthan (CEOs Conclave) was organised on 26th Apr'24 in Hyderabad. It was a daylong event with relevant discussions around policy and operational issues and the ways to further improve the practices adopted.

It was attended by MDs/CEOs/Heads of around fifty MFIN Members. The outlook of the microfinance sector in the macroeconomic context of India plus regulatory and field issues were discussed in detail. Various actions points emerged were circulated to the Members for further discussion and implementation.



## SAMN International Conference

SAMN International Conference was held in London on the 13-14th of July, 2023 supported by Sponsors from India - CreditAccess Grameen Ltd., IIFL Samasta Finance Ltd., Satya Microcapital and Muthoot Microfin. The sponsor organisations were represented by Mr Udaya Kumar Hebbar - MD & CEO, Mr Venkatesh N - MD, Mr Vivek Tiwari, - MD & CEO and Mr Sadaf Sayeed - CEO, respectively.



The Indian Microfinance industry was aptly represented by 12 speakers including the above sponsor delegates and Dr Alok Misra, CEO and Director – MFN, Mr Dibyajyoti Pattanaik, Director – Annapurna Finance, Mr Vineet Chattree, Director - Svatantira Microfin, Mr HP Singh, CMD - Satin Creditcare Network, Mr Shirish Panda, Business Head - Microfinance, Tata Capital Financial Services, Mr Shalabh Saxena, Managing Director & CEO - Spandana Sphoorty, Mr Nanaiah Kalengada, MD - Equifax Credit Information Services and Mr Harish Raghu, MD and CEO, SaGgraha Management Services.





# Industry Trends

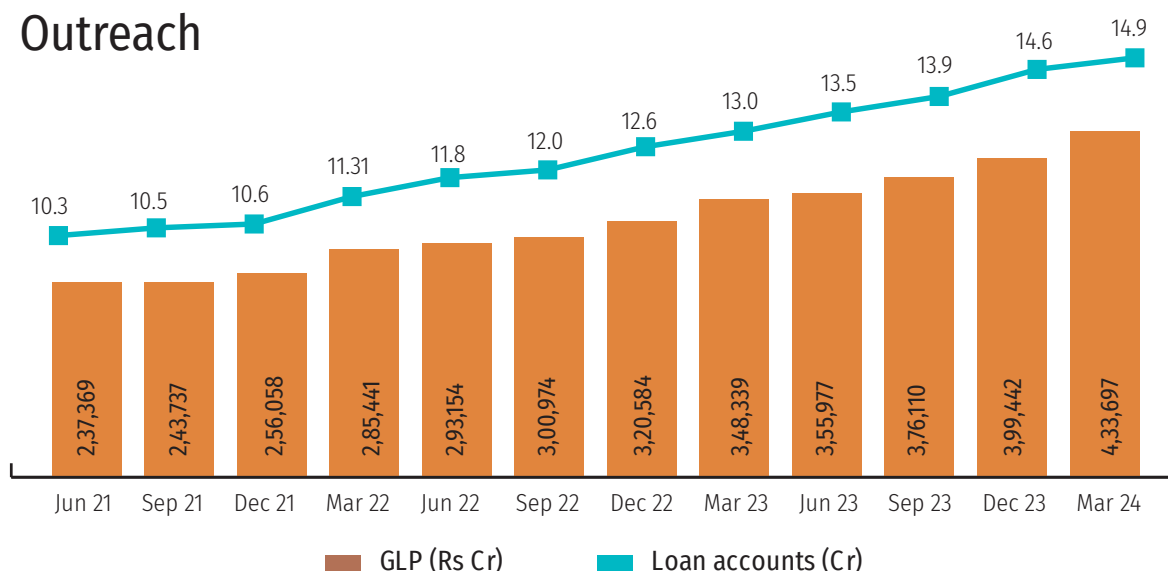
## INDUSTRY PERFORMANCE IN FY 23-24

There are around 229 lenders in the microfinance segment. This group comprises NBFC-MFIs, Banks, Small Finance Banks (SFBs), and others, including non-profit entities. As of 31 March 2024, the microfinance industry provided credit to 7.8 Cr customers pan India with a gross loan portfolio of Rs. 4,33,697 Cr.

NBFC-MFIs were the largest provider of microcredit, accounting for 39.4% of total industry portfolio. Banks held the second largest share of Micro-credit which was 33% of the total micro-credit universe.

|                                                |          |
|------------------------------------------------|----------|
| Clients (Cr)                                   | 7.8      |
| Loan Accounts (Cr)                             | 14.9     |
| Total Loan Portfolio (Rs Cr)                   | 4,33,697 |
| Loan Disbursed (during the year, Cr)           | 7.3      |
| Loan Amount Disbursed (during the year, Rs Cr) | 3,35,473 |

### Outreach



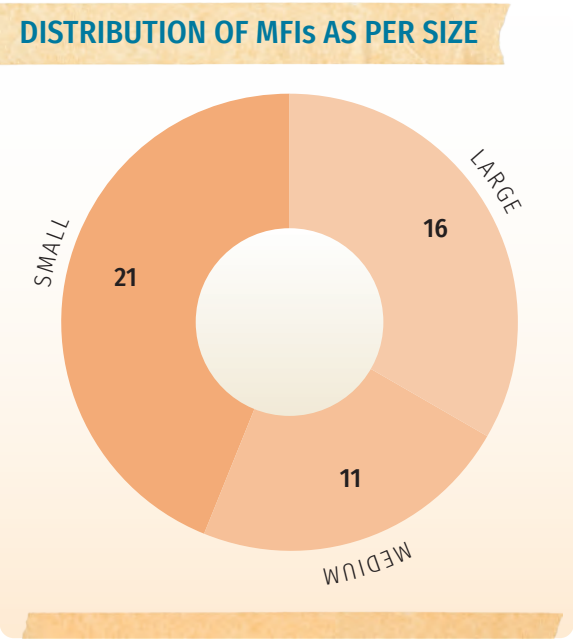
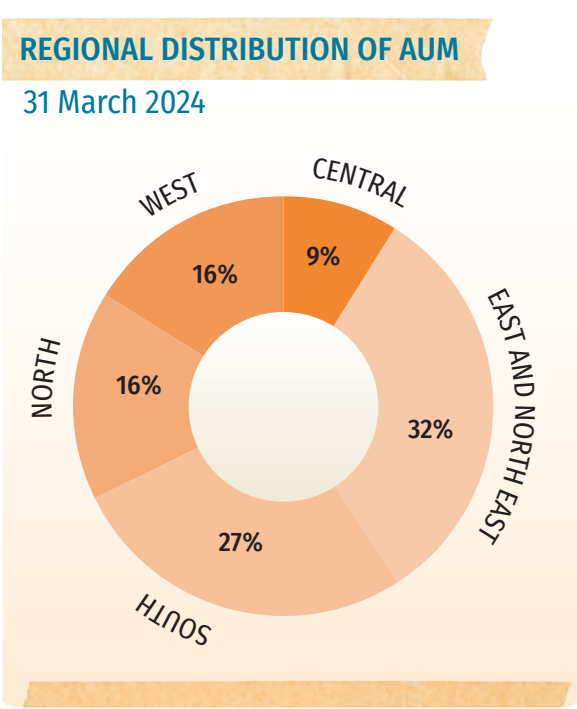
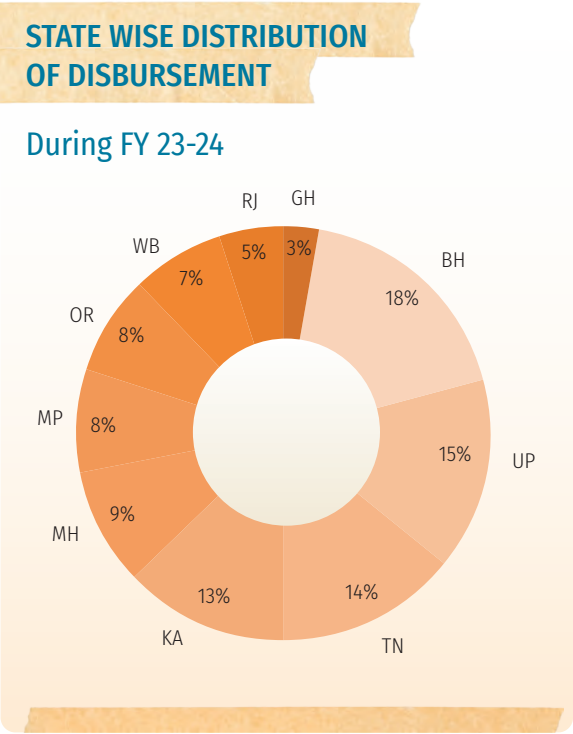
## NBFC-MFIs

Performance of NBFC-MFIs in FY 23-24 is given below:

| Indicators                                     | 31 March 2024 |
|------------------------------------------------|---------------|
| Branches                                       | 20,348        |
| Employees                                      | 1,83,842      |
| Clients~ (Cr)                                  | 4.3           |
| Loan accounts (Cr)                             | 5.2           |
| Asset Under Management (Rs Cr)                 | 1,56,884      |
| Loans disbursed (during the year, Cr)          | 3.1           |
| Loan amount disbursed (during the year, Rs Cr) | 1,38,297      |



PAN INDIA PRESENCE OF NBFC-MFIs



| Lending Purpose                           | Share of total AUM |
|-------------------------------------------|--------------------|
| Agriculture and Allied Activities (total) | 66.4%              |
| Non-agriculture (total)                   | 30.1%              |
| Trade and services                        | 20.1%              |
| Manufacturing / production                | 10.0%              |
| Household Finance (total)                 | 3.5%               |
| Education                                 | 0.1%               |
| Medical                                   | 0.0%               |
| Housing / home improvement                | 1.2%               |
| Other household finance                   | 2.1%               |

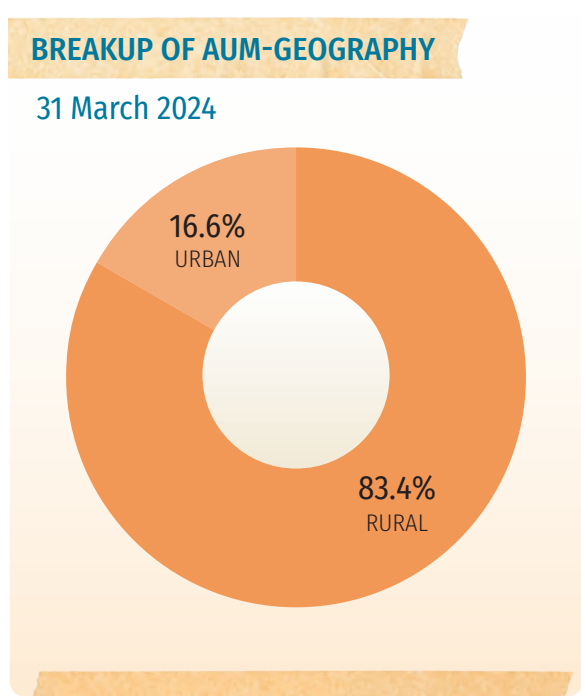
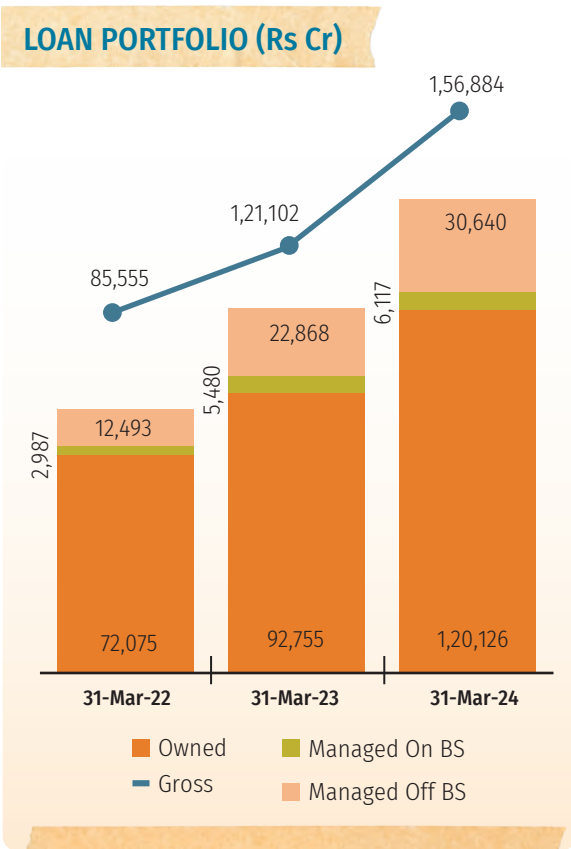
### Outreach

As on 31 March 2024, aggregated AUM (own + managed) of NBFC-MFIs stood at Rs 1,56,884 Cr, growth of 29.5% in comparison to 31 March 2023 and 10.5% over the quarter ending 31 December 2023.

The managed portfolio is Rs 36,758 Cr, which includes Rs 6,117 Cr of On-balance sheet managed portfolio (due to IndAS) and Rs 30,641 Cr of Off-balance sheet managed portfolio.

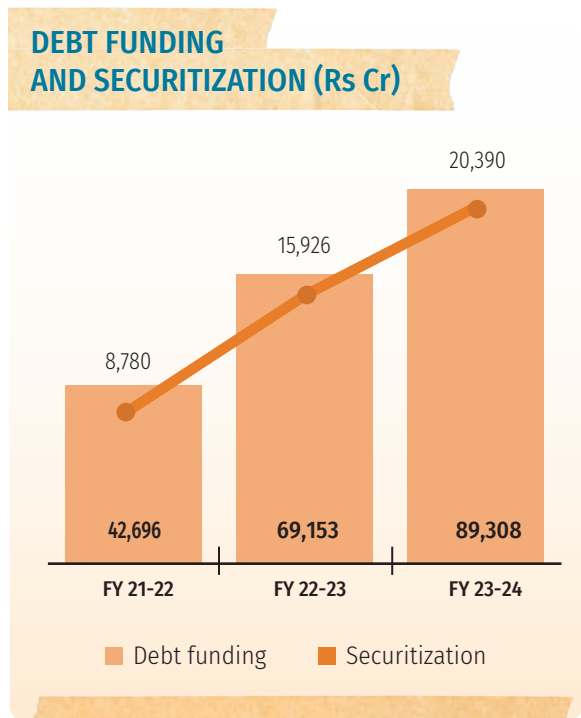
Within the managed portfolio, portfolio created under Business Correspondent (BC) partnership has 22.9% share amounting to Rs 8,407 Cr. PTC & DA contributes 10.3% and 66.9% of total managed portfolio, respectively.

As on 31 March 2024, Top 10 MFIs accounted for 77.5% of the industry portfolio.



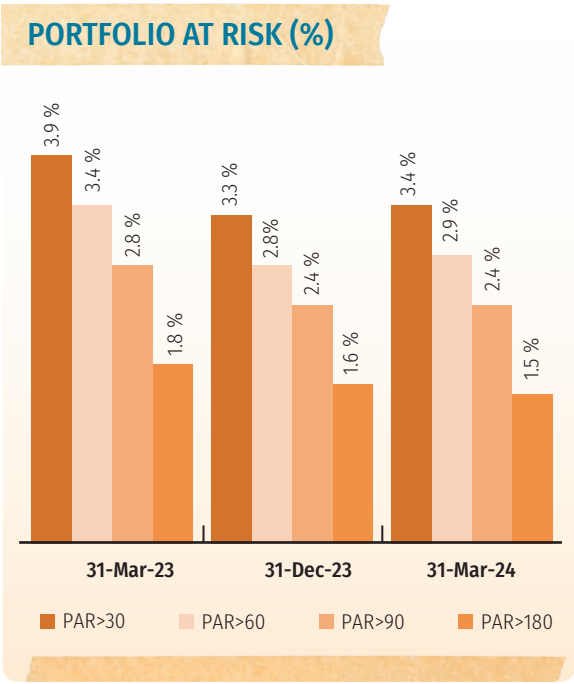
During FY 23-24, NBFC-MFIs received a total of Rs 89,308 Cr in debt funding (from Banks and other Financial Institutions) which is an increase of 29% as compared to FY 22-23.

74% of debt funding for Large MFIs was from Banks. Medium and Small MFIs received 50% and 33% of their debt funding from Banks respectively.



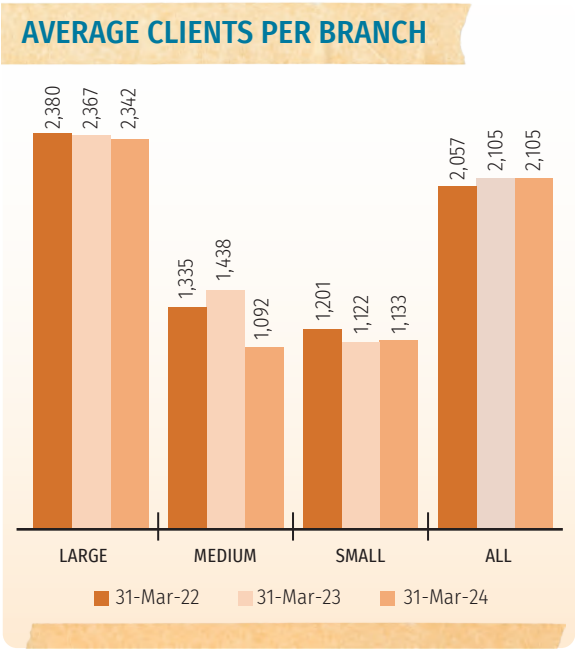
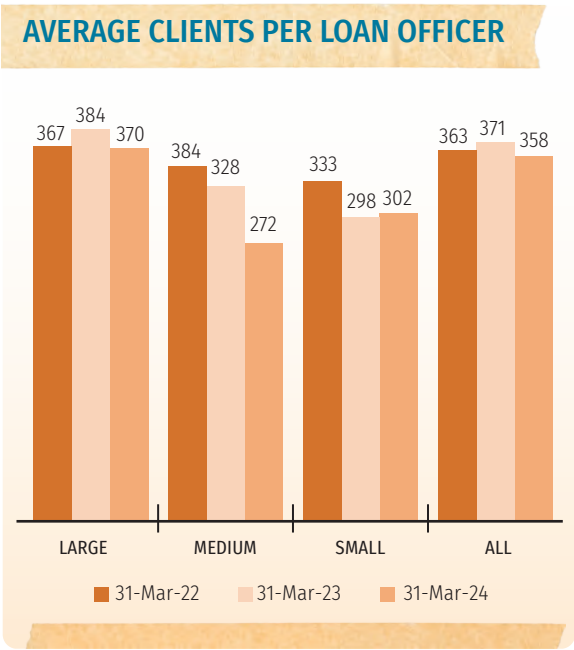
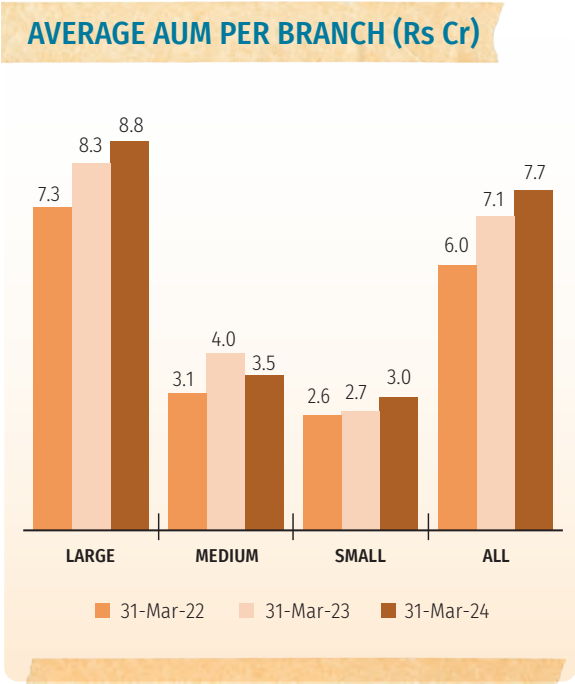
PORTFOLIO QUALITY

PAR >30 has improved from 3.9% as on 31 March 2023 to 3.4% as on 31 March 2024.



PRODUCTIVITY RATIOS

On an average, a loan officer caters to 358 clients with a portfolio of Rs 1.3 Cr. Similarly, on an average, a branch caters to 2,105 clients with a portfolio of Rs 7.7 Cr.





*MFIN is taking proactive steps on all these aspects with the sole aim of making the sector grow with responsibility. MFIN focusing on strengthening these foundations as also ensuring that regulations are adhered to in letter and spirit. Various other initiatives like online certification for field staff, financial literacy workshops, online cloud based data hub to support analytics and mitigating emerging risk of climate change through NatCat insurance will be rolled out. All these initiatives will have impact only if members fully make use of it and keep the guiding vision alive.*





# Financial Statements



# RAY & RAY

## CHARTERED ACCOUNTANTS

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

### INDEPENDENT AUDITOR'S REPORT

**To the Governing Board of MICRO FINANCE INDUSTRY NETWORK [MFIN]  
(erstwhile MICRO FINANCE INSTITUTIONS NETWORK)**

(A Society registered under the Telangana Societies Registration Act, 2001)

#### Opinion

We have audited the accompanying financial statements of **Micro Finance Industry Network (MFIN) (erstwhile Micro Finance Institutions Network)** (herein after "the Society"), which comprise the Balance Sheet as at March 31, 2024 and the Income & Expenditure account for the period ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at March 31, 2024, and of its surplus for the year then ended in accordance with the Accounting standards issued by the Institute of the Chartered Accountants of India (ICAI), to the extent applicable.

#### Basis for Opinion

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

#### Management's Responsibility for the Financials Statements

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

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



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

#### **Auditor's Responsibility for the Audit of Financial Statements**

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

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

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

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

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

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

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

**We also report as under:**

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

**For Ray & Ray**

Chartered accountants  
Firm Registration No. 301072E

sd/-

**(Samir Manocha)**

Partner

Membership No. 091479

UDIN- 24091479BKFRYJ2734

Place: New Delhi

Date: 17th June 2024



# MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

## Audited Financial Statements

### Balance Sheet as at 31st March 2024

Amount in ₹

|                                          |          | As at<br>31/03/2024 | As at<br>31/03/2023 |
|------------------------------------------|----------|---------------------|---------------------|
|                                          | Note No. |                     |                     |
| <b>I. SOURCES OF FUNDS</b>               |          |                     |                     |
| Reserve & Surplus                        | 1        | 31,58,50,557        | 26,79,36,135        |
| Fund for Specific Project/Activities     | 2        | 73,11,660           | 57,17,745           |
| 4                                        | Total    | <b>32,31,62,217</b> | <b>27,36,53,880</b> |
| <b>II. APPLICATION OF FUNDS</b>          |          |                     |                     |
| Fixed assets                             | 3        |                     |                     |
| Tangible assets                          |          | 20,41,956           | 22,31,605           |
| Intangible assets                        |          | 22,38,476           | 12,76,260           |
| Capital work in progress                 |          | 10,80,000           | 12,51,460           |
|                                          |          | <b>53,60,432</b>    | <b>47,59,325</b>    |
| Investments                              | 4        | <b>22,35,41,211</b> | <b>22,39,22,235</b> |
| Current assets, loans and advances       |          |                     |                     |
| Cash and bank balances                   | 5        | 9,12,33,128         | 4,60,40,320         |
| Amount Receivable                        | 6        | 2,52,08,606         | 1,72,72,589         |
| Total [A]                                |          | <b>11,64,41,734</b> | <b>6,33,12,909</b>  |
| Less: Current liabilities and provisions | 7        | 2,21,81,160         | 1,83,40,589         |
| Total [B]                                |          | <b>2,21,81,160</b>  | <b>1,83,40,589</b>  |
| Net Current assets [A-B]                 |          | <b>9,42,60,574</b>  | <b>4,49,72,320</b>  |
| Total                                    |          | <b>32,31,62,217</b> | <b>27,36,53,880</b> |

Significant Accounting Policies and Notes to Accounts 18

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

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

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

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

sd/-  
Udaya Kumar Hebbar  
(Chairperson)

Place: Gurugram / New Delhi  
Date : 17th June 2024

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

sd/-  
Manoj Kumar Nambiar  
(Vice Chairperson)

# MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

## Audited Financial Statements

### Statement of Income and Expenditure for the year ended on 31st March 2024

Amount in ₹

|                                                                                                      |             | For the Year Ended<br>March 31, 2024 | For the Year Ended<br>March 31, 2023 |
|------------------------------------------------------------------------------------------------------|-------------|--------------------------------------|--------------------------------------|
|                                                                                                      | Note<br>No. |                                      |                                      |
| <b>REVENUE</b>                                                                                       |             |                                      |                                      |
| <b>Subscription from Members</b>                                                                     |             |                                      |                                      |
| <b>(i) Annual Subscription</b>                                                                       |             |                                      |                                      |
| Members                                                                                              |             | 15,63,67,327                         | 12,41,49,467                         |
| Associates                                                                                           |             | 1,20,07,177                          | 3,24,15,860                          |
|                                                                                                      |             | <b>16,83,74,504</b>                  | <b>15,65,65,327</b>                  |
| <b>(ii) Initial Subscription</b>                                                                     |             |                                      |                                      |
| Members                                                                                              |             | 3,03,000                             | 1,01,000                             |
| Associates                                                                                           |             | 2,04,000                             | 3,06,000                             |
|                                                                                                      |             | <b>5,07,000</b>                      | <b>4,07,000</b>                      |
| <b>Funds for specific purpose (Refer Note 18 (B) 4 (ii) &amp; (C) 6)</b>                             |             | 2,20,88,026                          | 1,27,86,205                          |
| <b>Income on Investments</b>                                                                         | 8           | 1,19,26,990                          | 89,65,332                            |
| <b>Other Income</b>                                                                                  | 9           | 98,00,482                            | 59,54,130                            |
| <b>Total</b>                                                                                         |             | <b>21,26,97,002</b>                  | <b>18,46,77,994</b>                  |
| <b>EXPENDITURE</b>                                                                                   |             |                                      |                                      |
| Human Resource Cost                                                                                  | 10          | 9,06,40,074                          | 8,01,23,762                          |
| Professional and Consulting Charges                                                                  | 11          | 3,28,61,310                          | 1,85,33,972                          |
| Travelling Expenses                                                                                  | 12          | 83,13,528                            | 69,32,013                            |
| Conference, Training and Meeting Expenses                                                            | 13          | 79,36,504                            | 47,72,419                            |
| Media and Publicity Expenses                                                                         | 14          | 56,33,974                            | 1,04,90,967                          |
| Administration Expenses                                                                              | 15          | 1,30,12,047                          | 1,23,21,473                          |
| Sponsorship paid by MFIN                                                                             | 16          | 3,75,000                             | 5,95,000                             |
| Governance Expenditure                                                                               | 17          | 37,48,452                            | 32,45,932                            |
| Depreciation on Fixed Assets                                                                         | 3           | 15,20,905                            | 14,72,700                            |
| <b>Total</b>                                                                                         |             | <b>16,40,41,794</b>                  | <b>13,84,88,238</b>                  |
| <b>Surplus transferred to Reserve and Surplus</b>                                                    |             | <b>4,86,55,208</b>                   | <b>4,61,89,756</b>                   |
| <b>Significant Accounting Policies and Notes to Accounts</b>                                         | 18          |                                      |                                      |
| <b>The accompanying notes referred to above form an integral part of these financial statements.</b> |             |                                      |                                      |

In terms of our report of even date

For Ray & Ray

Chartered Accountants

Firm's Registration no. 301072E

sd/-

(Samir Manocha)

Partner

M. No.: 091479

Place: Gurugram / New Delhi

Date : 17th June 2024

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

sd/-

Udaya Kumar Hebbar

(Chairperson)

sd/-

Dr. Alok Misra

(CEO & Director)

sd/-

Manoj Kumar Nambiar

(Vice Chairperson)



**MICRO FINANCE INDUSTRY NETWORK [MFIN]  
[erstwhile MICRO FINANCE INSTITUTIONS NETWORK]**

Notes to Audited Financial Statements as at 31st March 2024

**NOTE 3: FIXED ASSETS**

Amount in ₹

| Name of Assets              | GROSS BLOCK             |                                  |                                   | DEPRECIATION     |                          |                            | NET BLOCK                |                          |
|-----------------------------|-------------------------|----------------------------------|-----------------------------------|------------------|--------------------------|----------------------------|--------------------------|--------------------------|
|                             | As on<br>1st April 2023 | Additions upto<br>30th Sept 2023 | Additions after<br>30th Sept 2023 | Deductions       | As on<br>31st March 2024 | For the Year<br>Adjustment | As on<br>31st March 2024 | As on<br>31st March 2023 |
| <b>A. Tangible assets</b>   |                         |                                  |                                   |                  |                          |                            |                          |                          |
| Furniture and Fixtures      | 6,97,840                | -                                | 26,920                            | -                | 7,24,760                 | 51,633                     | 4,78,158                 | 5,02,871                 |
| Computers                   | 25,48,466               | 2,19,258                         | 2,33,288                          | 2,30,136         | 27,70,876                | 3,14,615                   | 5,88,567                 | 4,76,235                 |
| Computers-FCRA              | 4,52,804                | -                                | -                                 | -                | 4,52,804                 | 1,31,319                   | 1,96,978                 | 3,28,297                 |
| Computers-PMU               | 55,805                  | -                                | -                                 | -                | 55,805                   | 10,714                     | 16,072                   | 26,786                   |
| Office Equipment            | 9,31,157                | -                                | 6,380                             | 14,197           | 9,23,340                 | 84,290                     | 4,80,830                 | 5,66,415                 |
| Office Equipment - FCRA     | 36,470                  | -                                | -                                 | -                | 36,470                   | 5,060                      | 28,675                   | 33,735                   |
| Leasehold Improvement       | 5,67,122                | -                                | -                                 | -                | 5,67,122                 | 44,590                     | 2,52,676                 | 2,97,266                 |
| <b>TOTAL [A]</b>            | <b>52,89,664</b>        | <b>2,19,258</b>                  | <b>2,66,588</b>                   | <b>2,44,333</b>  | <b>55,31,177</b>         | <b>6,42,221</b>            | <b>20,41,956</b>         | <b>22,31,605</b>         |
| <b>B. Intangible assets</b> |                         |                                  |                                   |                  |                          |                            |                          |                          |
| Software                    | 39,61,949               | -                                | 5,89,440                          | -                | 45,51,389                | 6,28,392                   | 12,37,308                | 12,76,260                |
| Software-FCRA               | -                       | -                                | 12,51,460                         | -                | 12,51,460                | 2,50,292                   | 10,01,168                | -                        |
| <b>TOTAL [B]</b>            | <b>39,61,949</b>        | <b>-</b>                         | <b>18,40,900</b>                  | <b>-</b>         | <b>58,02,849</b>         | <b>8,78,684</b>            | <b>22,38,476</b>         | <b>12,76,260</b>         |
| <b>C. Work-in-Progress</b>  |                         |                                  |                                   |                  |                          |                            |                          |                          |
| Software                    | -                       | 5,40,000                         | 5,40,000                          | -                | 10,80,000                | -                          | 10,80,000                | -                        |
| Software-FCRA               | 12,51,460               | -                                | -                                 | 12,51,460        | -                        | -                          | -                        | 12,51,460                |
| <b>TOTAL [C]</b>            | <b>12,51,460</b>        | <b>5,40,000</b>                  | <b>5,40,000</b>                   | <b>12,51,460</b> | <b>10,80,000</b>         | <b>-</b>                   | <b>10,80,000</b>         | <b>12,51,460</b>         |
| <b>TOTAL [A+B+C]</b>        | <b>1,05,03,073</b>      | <b>7,59,258</b>                  | <b>26,47,488</b>                  | <b>14,95,793</b> | <b>1,24,14,026</b>       | <b>15,20,905</b>           | <b>53,60,432</b>         | <b>47,59,325</b>         |

# MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

| Notes to Audited Financial Statements                                                                   | Amount in ₹         |                     |
|---------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                         | As at<br>31/03/2024 | As at<br>31/03/2023 |
| <b>NOTE 1: RESERVE &amp; SURPLUS</b>                                                                    |                     |                     |
| <b>A. Special Reserves</b>                                                                              |                     |                     |
| Opening balance                                                                                         | 5,21,86,211         | 4,75,67,235         |
| Add :- Amount transferred from Statement of Income and Expenditure                                      | -                   | 46,18,976           |
| <b>Closing Balance</b>                                                                                  | <b>5,21,86,211</b>  | <b>5,21,86,211</b>  |
| <b>B. SRO Fund</b>                                                                                      |                     |                     |
| Opening balance                                                                                         | 5,00,00,000         | 5,00,00,000         |
| Add :- Amount transferred from Statement of Income and Expenditure                                      | -                   | -                   |
| <b>Closing Balance</b>                                                                                  | <b>5,00,00,000</b>  | <b>5,00,00,000</b>  |
| <b>C. Contingency Reserves</b>                                                                          |                     |                     |
| Opening balance                                                                                         | 1,00,00,000         | 1,00,00,000         |
| Add :- Amount transferred from Statement of Income and Expenditure                                      | -                   | -                   |
| <b>Closing Balance</b>                                                                                  | <b>1,00,00,000</b>  | <b>1,00,00,000</b>  |
| <b>D. Capital Reserves</b>                                                                              |                     |                     |
| Opening balance                                                                                         | 15,80,309           | 50,200              |
| Add: Cost of Assets purchased ( including CWIP)                                                         | -                   | 16,30,334           |
| Less: Depreciation                                                                                      | 3,73,398            | 1,00,225            |
| Amount transferred from Statement of Income and Expenditure (Note 18 (C) 8)                             | - 3,73,398          | 15,30,109           |
| <b>Closing Balance</b>                                                                                  | <b>12,06,911</b>    | <b>15,80,309</b>    |
| <b>E. Statement of Income &amp; Expenditure</b>                                                         |                     |                     |
| Opening balance                                                                                         | 15,41,69,615        | 11,46,89,790        |
| Add: Surplus transferred from Statement of Income & Expenditure                                         | 4,86,55,208         | 4,61,89,756         |
| Less: Amount transferred to Special Reserve                                                             | -                   | 46,18,976           |
| Less: Cost of assets / CWIP less depreciation transferred to Capital Reserve<br>(Refer Note 18 (C) (8)) | (3,73,398)          | 15,30,109           |
| Less: Interest earned on funds for specific project - transferred to PMU-AMFIRS Fund.                   | 3,19,922            | 4,55,235            |
| Less: Interest earned on specific project - transferred to HSBC Project (FCRA) Fund.                    | 4,02,636            | 88,458              |
| Less: Interest earned on specific project - transferred top Reserve Bank of India fund.                 | 18,227              | 17,153              |
| <b>Closing Balance</b>                                                                                  | <b>20,24,57,436</b> | <b>15,41,69,615</b> |
| <b>Total ( A+B+C+D)</b>                                                                                 | <b>31,58,50,557</b> | <b>26,79,36,135</b> |
| <b>NOTE 2: FUND FOR SPECIFIC PROJECT/ACTIVITIES</b>                                                     |                     |                     |
| <b>(Refer Note 18 (C) 6)</b>                                                                            |                     |                     |
| <b>A. HSBC (FCRA)</b>                                                                                   |                     |                     |
| Opening balance                                                                                         | 43,311              | 12,10,187           |
| Add: Received during the year                                                                           | 1,79,98,200         | 66,62,700           |
| Add: Bank Interest & FD Interest Received                                                               | 4,02,636            | 88,458              |
| Less: Grant Utilised                                                                                    | 1,80,76,484         | 79,18,034           |
| <b>Closing Balance</b>                                                                                  | <b>3,67,663</b>     | <b>43,311</b>       |
| <b>B. Reserve Bank of India</b>                                                                         |                     |                     |
| Opening balance                                                                                         | 4,34,825            | 4,17,672            |
| Add: Bank Interest Received                                                                             | 18,227              | 17,153              |
| <b>Closing Balance</b>                                                                                  | <b>4,53,052</b>     | <b>4,34,825</b>     |



## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

| Notes to Audited Financial Statements                                              | Amount in ₹         |                     |
|------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                    | As at<br>31/03/2024 | As at<br>31/03/2023 |
| <b>C. PMU (AMFIRS)</b>                                                             |                     |                     |
| Opening balance                                                                    | 52,39,609           | 94,91,727           |
| Add: Contribution Received/Receiveable                                             | -                   | 1,60,818            |
| Add: Bank Interest Received                                                        | 3,19,922            | 4,55,235            |
| Less: Grant Utilised                                                               | 11,00,000           | 48,68,171           |
| <b>Closing Balance</b>                                                             | <b>44,59,531</b>    | <b>52,39,609</b>    |
| <b>D. Asian Development Bank (ADB)</b>                                             |                     |                     |
| Opening balance                                                                    | -                   | -                   |
| Add: Received during the year                                                      | 49,42,956           | -                   |
| Less: Grant Utilised                                                               | 29,11,542           | -                   |
| <b>Closing Balance</b>                                                             | <b>20,31,414</b>    | <b>-</b>            |
| <b>Total ( A+B+C+D)</b>                                                            | <b>73,11,660</b>    | <b>57,17,745</b>    |
| <b>NOTE 4: INVESTMENTS</b>                                                         |                     |                     |
| <b>A. Fixed deposits with Banks</b>                                                |                     |                     |
| <b>- Special Reserves</b>                                                          |                     |                     |
| ICICI Bank                                                                         | 2,25,40,210         | 1,79,21,234         |
| State Bank of India                                                                | 44,66,544           | 44,66,544           |
| Axis Bank                                                                          | 1,79,457            | 1,79,457            |
| <b>- SRO Fund</b>                                                                  |                     |                     |
| State Bank of India                                                                | 3,75,00,000         | 3,75,00,000         |
| ICICI Bank                                                                         | 1,25,00,000         | 1,25,00,000         |
| <b>- Contingency Reserves</b>                                                      |                     |                     |
| Axis Bank                                                                          | 1,00,00,000         | 1,00,00,000         |
| <b>- Short-term Investment (Operating Funds)</b>                                   |                     |                     |
| ICICI Bank                                                                         | 4,50,00,000         | 4,00,00,000         |
| IDFC Bank                                                                          | 2,00,00,000         | 3,00,00,000         |
| State Bank of India                                                                | 2,61,55,000         | 2,61,55,000         |
| Kotak Mahindra Bank                                                                | 2,02,00,000         | 2,02,00,000         |
| <b>B. Mutual Funds</b>                                                             | 2,50,00,000         | 2,50,00,000         |
| <i>(Market Value current year - Rs. 3,43,99,567, previous year Rs.3,18,02,225)</i> |                     |                     |
| <b>Total</b>                                                                       | <b>22,35,41,211</b> | <b>22,39,22,235</b> |
| <b>NOTE 5: CASH AND BANK BALANCES</b>                                              |                     |                     |
| <b>Cash in Hand</b>                                                                | 9,873               | 8,579               |
| <b>Balance with Scheduled banks</b>                                                |                     |                     |
| -IDFC First Bank                                                                   | 8,21,13,326         | 3,62,66,660         |
| -ICICI Bank                                                                        | 25,70,527           | 34,56,701           |
| -Axis Bank                                                                         | 3,02,400            | 2,67,819            |
| -Kotak Mahindra Bank                                                               | 30,122              | 1,52,150            |
| -State Bank of India                                                               | 6,53,397            | 10,000              |
| <b>Balance with Banks (Specific Funds)</b>                                         |                     |                     |
| - IDFC First Bank - PMU (AMFIRS)                                                   | 44,69,507           | 52,61,016           |
| -IDFC First Bank - RBI Project                                                     | 4,53,052            | 4,34,825            |
| - RBL Bank - HSBC (FCRA)                                                           | 12,624              | 1,46,001            |
| - SBI Bank - HSBC (FCRA)                                                           | 6,18,300            | 36,569              |
| <b>Total</b>                                                                       | <b>9,12,33,128</b>  | <b>4,60,40,320</b>  |

# MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

|                                                               |                                          | Amount in ₹        |                    |
|---------------------------------------------------------------|------------------------------------------|--------------------|--------------------|
| Notes to Audited Financial Statements                         |                                          | As at              | As at              |
|                                                               |                                          | 31/03/2024         | 31/03/2023         |
| <b>NOTE 6: Amount Receivable</b>                              |                                          |                    |                    |
| <b>A. From Members</b>                                        |                                          |                    |                    |
| <b>Annual subscriptions receivable</b>                        |                                          |                    |                    |
| Due from Member                                               |                                          | 88,27,995          | 7,10,666           |
| Due from Ex-Member                                            |                                          | 10,14,698          | 10,14,698          |
| Due from Associates                                           |                                          | 9,28,094           | 30,91,428          |
| Due from Ex-Associates                                        |                                          | 7,70,580           | 7,70,580           |
| <b>Contribution for Special Campaign - Demonetisation</b>     |                                          |                    |                    |
| Due from Member                                               |                                          | -                  | 13,53,531          |
| Due from Ex-Member                                            |                                          | -                  | 72,06,374          |
| Due from Associates                                           |                                          | -                  | 10,00,000          |
| <b>Others</b>                                                 |                                          |                    |                    |
| Due from Member                                               |                                          | 2,50,000           | 10,000             |
|                                                               | <b>Sub-Total</b>                         | <b>1,17,91,367</b> | <b>1,51,57,277</b> |
| Less: Provision for doubtful debts ( refer note 18 C 4 (iii)) |                                          | 19,81,677          | 1,27,59,505        |
| <b>Net Amount Receivable from Members</b>                     |                                          | <b>98,09,690</b>   | <b>23,97,772</b>   |
| <b>B. From others</b>                                         |                                          |                    |                    |
| Income Tax Recoverable                                        |                                          | 81,04,545          | 54,35,307          |
| GST Input Credit                                              |                                          | 5,72,693           | 36,25,592          |
| Accrued Interest on FD's                                      |                                          | 28,52,331          | 21,39,994          |
| Security deposit against Rent                                 |                                          | 18,36,028          | 18,36,028          |
| Advance to vendors / employees                                |                                          | 10,58,749          | 5,67,311           |
| Prepaid expenses                                              |                                          | 5,16,236           | 4,44,079           |
| Other Recoverables                                            |                                          | -                  | 4,13,297           |
| Salary Advance                                                |                                          | 4,58,334           | 4,13,209           |
|                                                               | <b>Net Amount Receivable from others</b> | <b>1,53,98,916</b> | <b>1,48,74,817</b> |
|                                                               | <b>Total</b>                             | <b>2,52,08,606</b> | <b>1,72,72,589</b> |
| <b>NOTE 7: CURRENT LIABILITIES AND PROVISIONS</b>             |                                          |                    |                    |
| <b>A. Current Liabilities</b>                                 |                                          |                    |                    |
| Expenses payable                                              |                                          | 62,76,904          | 35,52,300          |
| Advance Course Fee received from Members                      |                                          | -                  | 5,40,000           |
| Employees Provident Fund                                      |                                          | 5,80,387           | 5,35,835           |
| Tax Deduction at Sources                                      |                                          | 2,59,687           | 3,34,799           |
| Labour Welfare Fund                                           |                                          | 7,068              | 5,400              |
|                                                               | <b>Total [A]</b>                         | <b>71,24,046</b>   | <b>49,68,334</b>   |
| <b>B. Provisions</b>                                          |                                          |                    |                    |
| Gratuity                                                      |                                          | 26,01,684          | 18,75,724          |
| Others                                                        |                                          | 1,24,55,430        | 1,14,96,531        |
|                                                               | <b>Total [B]</b>                         | <b>1,50,57,114</b> | <b>1,33,72,255</b> |
|                                                               | <b>Total [A+B]</b>                       | <b>2,21,81,160</b> | <b>1,83,40,589</b> |



## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

|                                                           |  | Amount in ₹                |                            |
|-----------------------------------------------------------|--|----------------------------|----------------------------|
| Notes to Audited Financial Statements                     |  | Period ended<br>31/03/2024 | Period ended<br>31/03/2023 |
| <b>NOTE 8: INCOME ON INVESTMENTS</b>                      |  |                            |                            |
| Interest on Fixed Deposits with Banks                     |  | 1,19,26,990                | 89,65,332                  |
| <b>Total</b>                                              |  | <b>1,19,26,990</b>         | <b>89,65,332</b>           |
| <b>NOTE 9: OTHER INCOME</b>                               |  |                            |                            |
| Sponsorship Fee                                           |  | 19,00,000                  | 6,50,000                   |
| Sale of Publications                                      |  | 1,32,502                   | 1,88,500                   |
| Amount recovered against provisions made earlier          |  | 21,63,334                  | -                          |
| Interest -                                                |  |                            |                            |
| - from Saving Bank                                        |  | 54,04,111                  | 47,71,603                  |
| - from Income Tax Refund                                  |  | -                          | 2,62,307                   |
| - from Others                                             |  | 19,883                     | 52,294                     |
| Other Income                                              |  | 1,80,652                   | 29,426                     |
| <b>Total</b>                                              |  | <b>98,00,482</b>           | <b>59,54,130</b>           |
| <b>NOTE 10: HUMAN RESOURCE COST</b>                       |  |                            |                            |
| Salaries, Bonus and Allowance to employees                |  | 8,32,95,262                | 7,38,02,868                |
| Employees Provident Fund - Employer's Contribution        |  | 35,71,827                  | 30,85,061                  |
| Gratuity expenses                                         |  | 22,36,031                  | 16,51,931                  |
| Mediclaime Insurance Premium                              |  | 8,60,109                   | 7,77,411                   |
| Leave encashment                                          |  | 4,62,987                   | 3,69,550                   |
| Employee Training expenses                                |  | -                          | 2,84,422                   |
| Staff welfare                                             |  | 1,36,193                   | 84,191                     |
| Recruitment Expenses                                      |  | 58,749                     | 54,778                     |
| Labour Welfare Fund                                       |  | 18,916                     | 13,550                     |
| <b>Total</b>                                              |  | <b>9,06,40,074</b>         | <b>8,01,23,762</b>         |
| <b>NOTE 11: PROFESSIONAL AND CONSULTING FEES</b>          |  |                            |                            |
| Professional Charges - Funds for Specific Purpose         |  | 1,67,24,346                | 1,01,21,839                |
| Professional Charges - Lawyers' Fees                      |  | 1,00,000                   | 26,97,227                  |
| Professional Charges - Surveillance                       |  | 44,54,572                  | 24,06,786                  |
| Professional Charges - Data Requirement                   |  | 50,37,498                  | 15,60,000                  |
| Professional Charges - Research                           |  | 30,11,802                  | -                          |
| Professional Charges - Course Development                 |  | 14,00,000                  | -                          |
| Professional Charges - Others                             |  | 17,29,592                  | 10,81,475                  |
| Professional charges - Software Maintenance               |  | 4,03,500                   | 6,66,645                   |
| <b>Total</b>                                              |  | <b>3,28,61,310</b>         | <b>1,85,33,972</b>         |
| <b>NOTE 12: TRAVELING EXPENSES</b>                        |  |                            |                            |
| Traveling Expenses                                        |  | 28,06,348                  | 25,29,810                  |
| Boarding & Lodging Expenses                               |  | 28,79,459                  | 22,84,636                  |
| Local Conveyance (Cab charges)                            |  | 21,18,584                  | 15,85,827                  |
| Car Lease & Running Charges                               |  | 5,09,137                   | 5,31,740                   |
| <b>Total</b>                                              |  | <b>83,13,528</b>           | <b>69,32,013</b>           |
| <b>NOTE 13: CONFERENCE, TRAINING AND MEETING EXPENSES</b> |  |                            |                            |
| State Chapters Meeting Expenses                           |  | 32,07,226                  | 24,54,565                  |
| Other Meeting Expenses (Net of reimbursement)             |  | 47,29,278                  | 23,17,854                  |
| <b>Total</b>                                              |  | <b>79,36,504</b>           | <b>47,72,419</b>           |

## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

|                                                      |  | Amount in ₹                |                            |
|------------------------------------------------------|--|----------------------------|----------------------------|
| Notes to Audited Financial Statements                |  | Period ended<br>31/03/2024 | Period ended<br>31/03/2023 |
| <b>NOTE 14: MEDIA AND PUBLICITY EXPENSES</b>         |  |                            |                            |
| Publicity Expenses                                   |  | 22,16,185                  | 63,84,994                  |
| Public Relation (PR) Expenses                        |  | 25,34,098                  | 31,79,963                  |
| Printing & Designing Expenses                        |  | 8,83,691                   | 9,26,010                   |
| <b>Total</b>                                         |  | <b>56,33,974</b>           | <b>1,04,90,967</b>         |
| <b>NOTE 15: ADMINISTRATIVE EXPENSES</b>              |  |                            |                            |
| Office Rent                                          |  | 51,68,767                  | 49,89,892                  |
| Office Maintenance                                   |  | 29,20,858                  | 29,59,255                  |
| Communication Expenses (Telephone/Internet expenses) |  | 13,08,416                  | 11,86,456                  |
| Repairs and Maintenance                              |  | 10,37,290                  | 13,32,468                  |
| Website Maintenance Charges                          |  | 9,61,812                   | 6,47,148                   |
| Provision/ Write off- Debts/ Advances                |  | 9,55,411                   | 6,18,634                   |
| Auditor's Remuneration (refer note 18 (C) 5)         |  | 4,84,000                   | 4,50,000                   |
| Membership Fee                                       |  | 1,06,404                   | 82,510                     |
| Miscellaneous Expenses                               |  | 51,282                     | 55,110                     |
| Loss on Sale / discard of Assets (net)               |  | 17,807                     | -                          |
| <b>Total</b>                                         |  | <b>1,30,12,047</b>         | <b>1,23,21,473</b>         |
| <b>NOTE 16: SPONSORSHIP FEES PAID BY MFIN</b>        |  |                            |                            |
| AMFI-WB                                              |  | 1,75,000                   | 3,95,000                   |
| UPMA                                                 |  | 2,00,000                   | 2,00,000                   |
| <b>Total</b>                                         |  | <b>3,75,000</b>            | <b>5,95,000</b>            |
| <b>NOTE 17: GOVERNANCE EXPENDITURE</b>               |  |                            |                            |
| Governing Board/Committee Meeting Sitting Fee        |  | 16,60,000                  | 19,00,000                  |
| AGM/ Board Meetings                                  |  | 7,68,324                   | 6,64,563                   |
| Traveling Expenses                                   |  | 3,20,511                   | 2,37,123                   |
| Boarding & Lodging Expenses                          |  | 8,93,330                   | 3,94,942                   |
| Local Conveyance (Cab charges)                       |  | 1,06,287                   | 49,304                     |
| <b>Total</b>                                         |  | <b>37,48,452</b>           | <b>32,45,932</b>           |



## **MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)**

### **Note 18: Significant Accounting Policies and Notes to the Accounts:**

#### **A) GENERAL INFORMATION**

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

During this period, the Society changed its name from "Micro Finance Institutions Network" to "Micro Finance Industry Network" and amended its bye-laws with the permission of its members and associates.

With the amendment to the Society's bye-laws, all regulated institutions including Banks, Small Finance Banks, NBFCs, NBFC-MFIs, etc., which have microfinance portfolios in its balance sheet and registered with Reserve Bank of India (RBI), are eligible to be the members of the Society. The total number of members as on 31<sup>st</sup> March 2024, was 74. In addition, the society includes 25 institutions as Associates as per its bye-laws. The Society is in the process of transiting eligible regulated institutions, currently Associates, to become members.

The Society is registered under section 12A of the Income Tax Act 1961 with effect from 1<sup>st</sup> April 2021.

#### **B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

##### **2) Use of estimates:**

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

##### **3) Appropriation:**

- (i) The apportionment to Special Reserve and Contingency Reserve is made with the approval of the Board.

##### **(ii) Capital Reserve**

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

## **MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)**

### **4) Revenue recognition:**

The Revenue is recognized as follows:

#### **(i) Subscription from members**

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

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

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

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

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

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

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

### **5) Fixed Assets:**

(i) All fixed assets have been shown at cost less accumulated depreciation. The cost comprises of purchase price and all incidental costs related to acquisition and installation.

(ii) Fixed assets including capital work in progress procured out of specific project funds are considered as part of total fund utilization for those projects for the purpose of recognition of income for those specific projects. Simultaneously, these are also recognized as part of fixed assets with corresponding credit to the capital reserve.

### **6) Depreciation:**

(i) Depreciation has been provided on all assets based on written down value method at the rates prescribed under the Income Tax Act 1961. Written Down Value as on 1<sup>st</sup> April 2023 has been considered to calculate the depreciation for the period from April 2023 to March 2024.

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

### **7) Valuation of Investments:**

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



## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

### 8) Employee Benefits:

#### (i) Short Term Employee Benefit

- (a) Salary and other short-term benefits are recognized as an expense in the Statement of Income & Expenditure in the year in which related service is rendered.
- (b) Encashment of leave is done in the year of entitlement and no leave is carried forward for encashment in the future.

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

- (a) Provident Fund contribution: The Contributions are made with the Provident Fund Commissioner as per the provision of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (b) Gratuity: Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India. Provision/ write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date determined by actuarial valuation following the Projected Unit Credit Method.

### 9) Leases:

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

### 10) Impairment of fixed assets:

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

### 11) Impairment of trade receivables:

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

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

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

### 12) Taxes on Income:

The Society is registered under section 12A(1)(ac)(iii) of the Income Tax Act 1961 vide registration number AACTM4934H22CD01 as a charitable organization with effect from 1<sup>st</sup> April 2021. The activities of the Society are within the scope of its main objectives and are charitable in nature as defined in section 2(15) of the Act. As such, no taxes are payable by the Society.

## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

### 13) Foreign currency transactions:

- (i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- (iii) Exchange differences arising on the settlement of monetary items or on reporting society's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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

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

### 15) Provision and contingent liabilities:

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

### 16) Events after the Balance Sheet:

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

## C) NOTES TO ACCOUNTS:

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

### 2) Transaction in Foreign Currency

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

| Nature of Income                           | 31-03-2024<br>(₹) | 31-03-2023<br>(₹) |
|--------------------------------------------|-------------------|-------------------|
| Sale of Publication (Online)               | 5,900             | 12,980            |
| Reimbursement of Traveling Expenses (FCRA) | NIL               | 1,81,177          |
| Grant Recd. from HSBC (FCRA)               | 1,79,98,200       | 66,62,700         |

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

| Nature of Expenses           | 31-03-2024<br>(₹) | 31-03-2023<br>(₹) |
|------------------------------|-------------------|-------------------|
| Sponsorship & Membership Fee | 1,06,404          | 82,510            |
| Traveling Expenses           | 2,31,848          | 3,74,793          |

### 3) Employee Benefits:

#### (i) Defined Contribution Plans:

The Society makes a contribution towards the Provident Fund for each employee as per The Employees Provident Funds & Miscellaneous Provisions Act, 1952 (other than in the



## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

case of the CEO & Director for whom the contribution is made to another institute which has its primary PF account as he is on extraordinary leave and the same has been approved by the Board). The Provident Fund plan is operated by the regional Provident Fund Commissioner. Society is required to contribute a specified percentage of payroll cost to the retirement benefits schemes to fund the benefits under the said Act. The only obligation of Society with respect to their retirement benefit plan is to make specified contributions at specified rates.

### (ii) Defined Benefit Plan

#### Gratuity

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

The disclosure relating of Defined Benefit Plan on 31<sup>st</sup> March 2024 as per Actuarial Valuation using Projected Unit Credit Method and recognized in the Financial Statements in respect of Employees Group Gratuity Scheme:

| S. No.   | Description                                                                                                      | As at 31st March |                  |
|----------|------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|          |                                                                                                                  | 2024 (₹)         | 2023 (₹)         |
| <b>1</b> | <b>Expenses recognized in the statement of Income &amp; Expenditure for the year ended 31<sup>st</sup> March</b> |                  |                  |
| a)       | Current Service cost                                                                                             | 12,38,276        | 11,80,292        |
| b)       | Interest Cost                                                                                                    | 4,40,257         | 3,66,552         |
| c)       | Expected return on plan assets                                                                                   | -2,77,276        | -3,01,551        |
| d)       | Net Actuarial (Gains) / Losses                                                                                   | 8,10,581         | 4,06,638         |
| e)       | Past Service cost                                                                                                | -----            | -----            |
| f)       | Total Expense                                                                                                    | <b>22,11,838</b> | <b>16,51,931</b> |
| <b>2</b> | <b>Net Asset / (Liability) recognized in the balance sheet as on 31<sup>st</sup> March</b>                       |                  |                  |
| a)       | Present value of Defined Benefit Obligation as at 31 <sup>st</sup> March                                         | 62,04,260        | 59,65,546        |
| b)       | Fair Value of plan assets as at 31 <sup>st</sup> March                                                           | 36,02,576        | 40,89,620        |
| c)       | Funded status {Surplus / (Deficit)}                                                                              | -26,01,684       | -18,75,926       |
| d)       | Net asset / (liability) as at 31 <sup>st</sup> March                                                             | -26,01,684       | -18,75,926       |
| <b>3</b> | <b>Change in Defined Benefit Obligations during the year ended 31<sup>st</sup> March</b>                         |                  |                  |
| a)       | Present value of Defined Benefit Obligation at the beginning of the year                                         | <b>59,65,546</b> | <b>50,76,900</b> |
| b)       | Service Cost                                                                                                     | 12,38,276        | 11,80,292        |
| c)       | Interest Cost                                                                                                    | 4,40,257         | 3,66,552         |
| d)       | Past Service Cost                                                                                                | -----            | -----            |
| e)       | Actuarial (Gains)/ Losses                                                                                        | 7,93,353         | 3,36,648         |
| f)       | Benefit Paid                                                                                                     | -22,33,172       | -9,94,846        |
| g)       | Present value of Defined Benefit Obligation at the end of the year.                                              | <b>62,04,260</b> | <b>59,65,546</b> |
| <b>4</b> | <b>Change in Assets during the year ended 31<sup>st</sup> March</b>                                              |                  |                  |
| a)       | Plan assets at the beginning of period                                                                           | <b>40,89,620</b> | <b>42,95,601</b> |

## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

|          |                                                                      |                                            |                  |
|----------|----------------------------------------------------------------------|--------------------------------------------|------------------|
| b)       | Actual Return on Plan Assets                                         | 3,06,011                                   | 2,31,561         |
| c)       | Contributions by Employer                                            | 14,86,080                                  | 5,57,304         |
| d)       | Actual benefits paid                                                 | -22,33,172                                 | -9,94,846        |
| e)       | Plan assets at the end of the Year                                   | <b>36,48,539</b>                           | <b>40,89,620</b> |
| f)       | Actuarial Gains/ (Losses) on Plan Assets                             | <b>-17,228</b>                             | <b>-69,990</b>   |
| g)       | Expected return on plan assets                                       | <b>2,77,276</b>                            | <b>3,01,551</b>  |
| <b>5</b> | <b>Major categories of plan assets as a percentage of total plan</b> | Invested with LIC in Group Gratuity Scheme |                  |
| <b>6</b> | <b>Actuarial Assumptions</b>                                         |                                            |                  |
| a)       | Discount rate (%)                                                    | 7.23%                                      | 7.38%            |
| b)       | Expected rate of return on plan assets                               | Invested by LIC                            |                  |
| c)       | Mortality rate                                                       | IALM (2012-14)                             |                  |
| d)       | Future Salary increase (%)                                           | 10%                                        | 10%              |

- (iii) With respect to leave accumulation and encashment, the Society encourages all employees to avail leaves and allows limited leaves for encashment during the year. Accordingly, a sum of Rs. 4,62,987/- has been accounted for towards Leave Encashment during the year. No encashment leave can be accumulated.

4)

- (i) As per practice, periodic confirmation/reconciliation of balances recoverable from members/others is carried out. Confirmation for some of the members is yet to be received.
- (ii) In the opinion of the Board, the value on realization of current assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.
- (iii) Certain amounts due from current/erstwhile members on account of annual membership fees and contributions for the special campaign for demonetization are pending recovery. Management is following up with the members for the recovery of the dues. However, as per the policy of the Society, provisions aggregating to Rs. 19,81,677/- as of yearend (previous year: Rs. 1,27,59,505/-) have been made. Also, Rs. 95,59,905/- belongs to contributions for the special campaign for demonetization has been written off with the approval of the Board out of the provisions made in previous years.

### 5) Details of Auditor's Remuneration

| Name                   | 31-03-2024<br>(₹) | 31-03-2023<br>(₹) |
|------------------------|-------------------|-------------------|
| Statutory Audit Fees   | 4,84,000          | 4,50,000          |
| Certifications         | 60,000            | 30,000            |
| Expenses Reimbursement | 10,000            | 20,000            |
|                        |                   |                   |
| <b>Total</b>           | <b>5,54,000</b>   | <b>5,00,000</b>   |

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

- 6) a) The Society has a proper system of recording all direct expenses related to funds received for specific projects/activities which have been classified under the respective expense heads in the financial statement along with expenses related to other unrestricted funds.



## MICRO FINANCE INDUSTRY NETWORK [MFIN] (erstwhile MICRO FINANCE INSTITUTIONS NETWORK)

- b) The details of funds received for such projects/activities, income generated out of funds received, expenses incurred and unspent balance, etc. with respect to restricted grants are given below:

| Particulars                          | 31-03-2024<br>(₹)  | 31-03-2023<br>(₹)  |
|--------------------------------------|--------------------|--------------------|
| Opening Balance                      | 57,17,745          | 1,12,80,404        |
| Funds received during the period     | 2,29,41,156        | 66,62,700          |
| Interest on restricted funds Balance | 7,40,785           | 5,60,846           |
| <b>Total Income (A)</b>              | <b>2,93,99,686</b> | <b>1,85,03,950</b> |
| <u>Expenses Incurred</u>             |                    |                    |
| Human Resource Cost                  | 39,08,191          | 3,74,994           |
| Professional and Consulting Charges  | 1,66,88,946        | 1,01,21,839        |
| Traveling Expenses                   | 1,70,217           | 95,015             |
| Administration Expenses              | 11,12,672          | 5,64,023           |
| Capital Expenditure                  | 2,08,000           | 16,30,334          |
| <b>Total Expenses (B)</b>            | <b>2,20,88,026</b> | <b>1,27,86,205</b> |
| <b>Unspent Grant (A- B)</b>          | <b>73,11,660</b>   | <b>57,17,745</b>   |

### 7) SRO Fund:

As required by the MFIN byelaws, the Society shall maintain an SRO Fund and further apportion to this fund as the Board may decide from time to time. As decided by the Board, an amount of Rs. 5,00,00,000/- was appropriated out of surplus in earlier years to be utilized for expenses towards self-regulatory activities.

### 8) Capital Reserve:

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

- 9) Corresponding figures of the previous year have been regrouped, wherever necessary to make them comparable with the figures of the current year.

### In terms of our report of even date

For Ray & Ray

Chartered Accountants

Firm's Registration no. 301072E

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

sd/-

**Udaya Kumar Hebbar**  
(Chairperson)

sd/-

**(Samir Manocha)**

Partner

M. No.: 091479

Place: Gurugram / New Delhi

Date : 17th June 2024

sd/-

**Dr. Alok Misra**  
(CEO & Director)

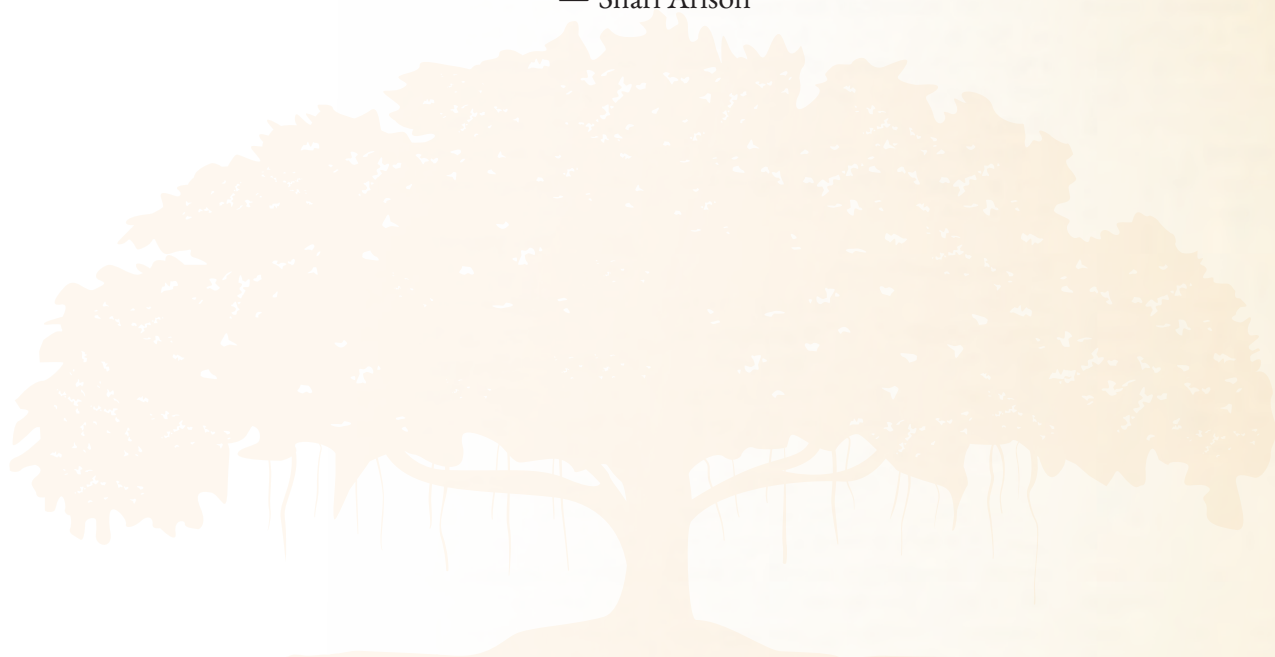
sd/-

**Manoj Kumar Nambiar**  
(Vice Chairperson)



*“Doing good in the world involves creating more opportunities for people, particularly through education, entrepreneurship, and the empowerment of women.”*

— Shari Arison





# Annexures





## Board Attendance for FY 23-24

| Name of the Board Member       | Organisation                   | Date of Joining | Date of Retirement or Resignation | Jun 26, 2023 | Jul 17, 2023 | 28 Sep, 2023 | 29 Dec, 2023 | 22 Mar, 2024 | Attendance (%) |
|--------------------------------|--------------------------------|-----------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|----------------|
|                                |                                |                 |                                   | 85th         | 86th         | 87th         | 88th         | 89th         |                |
|                                |                                |                 |                                   | Online       | Online       | Online       | Gurgaon      | Online       |                |
| <b>Mr Devesh Sachdev</b>       | Fusion                         | 10-Jul-20       | 28-Jul-23                         | 1            | 1            | NA           | NA           | NA           | 100%           |
| <b>Mr Vivek Tiwari</b>         | Satya Micro Capital            | 10-Jul-20       | 28-Jul-23                         | 1            | 1            | NA           | NA           | NA           | 100%           |
| <b>Mr Abhisheka Kumar</b>      | Sindhuja                       | 04-Jul-22       |                                   | 1            | A            | 1            | 1            | 1            | 80%            |
| <b>Mr Ankush Golechha</b>      | Aviral                         | 04-Jul-22       |                                   | 1            | 1            | A            | 1            | 1            | 80%            |
| <b>Mr Amardeep Samra</b>       | Midland                        | 23-Jul-21       |                                   | 1            | 1            | 1            | 1            | A            | 80%            |
| <b>Mr Dibjajyoti Pattanaik</b> | Annapurna                      | 10-Jul-20       | 28-Jul-23                         | A            | A            | NA           | NA           | NA           | 0%             |
| <b>Mr George K John</b>        | ESAF SFB                       | 04-Jul-22       |                                   | 1            | 1            | 1            | A            | 1            | 80%            |
| <b>Mr Udaya Kumar Hebbar</b>   | CreditAccess                   | 23-Jul-21       |                                   | 1            | 1            | 1            | 1            | 1            | 100%           |
| <b>Mr Manoj Nambiar</b>        | Arohan                         | 28-Jun-23       |                                   | NA           | NA           | 1            | 1            | 1            | 100%           |
| <b>Mr Vineet Chatree</b>       | Svatantra                      | 28-Jun-23       |                                   | NA           | NA           | 1            | A            | 1            | 67%            |
| <b>Dr Harsh Bhanwala</b>       | Independent member             | 22-Sep-20       |                                   | 1            | 1            | 1            | 1            | 1            | 100%           |
| <b>Dr Kshama Fernandes</b>     | Independent member             | 05-May-22       |                                   | 1            | 1            | A            | A            | 1            | 60%            |
| <b>Mr Sudarshan Sen</b>        | Independent member             | 20-Nov-20       | 20-Nov-23                         | 1            | A            | 1            | NA           | NA           | 100%           |
| <b>Mr Deepak Singhal</b>       | Independent member             | 03-Aug-23       |                                   | NA           | NA           | 1            | 1            | 1            | 100%           |
| <b>Dr Alok Misra</b>           | Ex Officio Member/<br>Director | 01-Aug-20       |                                   | 1            | 1            | 1            | 1            | 1            | 100%           |



## List of NBFC-MFI members

| #  | Institution                                    | Website                                                                               |
|----|------------------------------------------------|---------------------------------------------------------------------------------------|
| 1  | Adhikar Microfinance Pvt. Ltd.                 | <a href="http://adhikarindia.in">http://adhikarindia.in</a>                           |
| 2  | Adi Chitragupta Finance Ltd.                   | <a href="https://acfl.co.in">https://acfl.co.in</a>                                   |
| 3  | Agora Microfinance India Ltd.                  | <a href="https://www.amil.co.in">https://www.amil.co.in</a>                           |
| 4  | Annapurna Finance Pvt. Ltd.                    | <a href="https://annapurnafinance.in">https://annapurnafinance.in</a>                 |
| 5  | Arohan Financial Services Ltd.                 | <a href="http://www.arohan.in">http://www.arohan.in</a>                               |
| 6  | Arth Finance                                   | <a href="https://www.arthfinance.com">https://www.arthfinance.com</a>                 |
| 7  | ASA International India Microfinance Ltd.      | <a href="http://www.asaindia.in">http://www.asaindia.in</a>                           |
| 8  | Asirvad Microfinance Ltd.                      | <a href="https://asirvadmicrofinance.co.in">https://asirvadmicrofinance.co.in</a>     |
| 9  | Avanti Finance Ltd.                            | <a href="https://avantifinance.in">https://avantifinance.in</a>                       |
| 10 | Aviral Finance Pvt. Ltd.                       | <a href="http://www.aviralfinance.com">http://www.aviralfinance.com</a>               |
| 11 | Belstar Microfinance Ltd.                      | <a href="https://www.belstar.in">https://www.belstar.in</a>                           |
| 12 | BWDA Finance Ltd.                              | <a href="https://bwda.in">https://bwda.in</a>                                         |
| 13 | Chaitanya India Fin Credit Pvt. Ltd.           | <a href="http://www.chaitanyaindia.in">http://www.chaitanyaindia.in</a>               |
| 14 | CreditAccess Grameen Ltd.                      | <a href="https://www.creditaccessgrameen.com">https://www.creditaccessgrameen.com</a> |
| 15 | Fusion Micro Finance Ltd.                      | <a href="http://www.fusionmicrofinance.com">http://www.fusionmicrofinance.com</a>     |
| 16 | Grameen Shakti Microfinance Services Pvt. Ltd. | <a href="https://www.grameenshakti.co.in">https://www.grameenshakti.co.in</a>         |
| 17 | Hindusthan Microfinance Pvt. Ltd.              | <a href="http://www.hindusthanmf.com">http://www.hindusthanmf.com</a>                 |
| 18 | Humana Financial Services Pvt. Ltd.            | <a href="https://humanafinancial.com">https://humanafinancial.com</a>                 |
| 19 | IIFL Samasta Finance Ltd.                      | <a href="http://www.iiflsamasta.com">http://www.iiflsamasta.com</a>                   |
| 20 | Inditrade Microfinance Ltd.                    | <a href="http://www.inditrade.com">http://www.inditrade.com</a>                       |
| 21 | Jagaran Microfin Pvt. Ltd.                     | <a href="http://www.jagaranmf.com">http://www.jagaranmf.com</a>                       |
| 22 | Janakalyan Financial Services Pvt. Ltd.        | <a href="http://www.janakalyan.net/">http://www.janakalyan.net/</a>                   |
| 23 | Light Microfinance Pvt. Ltd.                   | <a href="http://www.lightmicrofinance.com">http://www.lightmicrofinance.com</a>       |
| 24 | Magenta Financial Services Pvt. Ltd.           | <a href="https://www.magentafinance.co.in">https://www.magentafinance.co.in</a>       |
| 25 | Midland Microfin Ltd.                          | <a href="http://midlandmicrofin.com">http://midlandmicrofin.com</a>                   |
| 26 | Mitrata Inclusive Financial Services Pvt. Ltd. | <a href="http://www.mitrata.in">http://www.mitrata.in</a>                             |
| 27 | M Power Micro Finance Pvt. Ltd.                | <a href="http://mpowermicro.com">http://mpowermicro.com</a>                           |
| 28 | MSM Microfinance Ltd.                          | <a href="http://msmmicrofinance.com">http://msmmicrofinance.com</a>                   |
| 29 | Muthoot Microfin Ltd.                          | <a href="http://www.muthootmicrofin.com">http://www.muthootmicrofin.com</a>           |
| 30 | Namra Finance Ltd.                             | <a href="https://namrafinance.com">https://namrafinance.com</a>                       |
| 31 | Nightingale Finvest Pvt. Ltd.                  | <a href="http://www.nightingalefinvest.in">http://www.nightingalefinvest.in</a>       |

| #  | Institution                                 | Website                                                                             |
|----|---------------------------------------------|-------------------------------------------------------------------------------------|
| 32 | Samavesh Finserv Pvt. Ltd.                  | <a href="https://www.samaveshmfi.com">https://www.samaveshmfi.com</a>               |
| 33 | Sarala Development & Microfinance Pvt. Ltd. | <a href="https://sarala.co.in">https://sarala.co.in</a>                             |
| 34 | Sarwadi Finance Pvt. Ltd.                   | <a href="http://www.sarwadi.in">http://www.sarwadi.in</a>                           |
| 35 | Satin CreditCare Network Ltd.               | <a href="https://www.satincreditcare.com">https://www.satincreditcare.com</a>       |
| 36 | Satya MicroCapital Ltd.                     | <a href="http://www.satyamicrocapital.com">http://www.satyamicrocapital.com</a>     |
| 37 | SAVE MicroFinance Pvt Ltd.                  | <a href="http://savemicrofinance.com">http://savemicrofinance.com</a>               |
| 38 | Share Microfin Ltd.                         | <a href="http://www.sharemicrofin.com">http://www.sharemicrofin.com</a>             |
| 39 | Sindhuja Microcredit Pvt. Ltd.              | <a href="http://www.sindhujamicrocredit.com">http://www.sindhujamicrocredit.com</a> |
| 40 | Sonata Finance Pvt. Ltd.                    | <a href="https://www.sonataindia.com">https://www.sonataindia.com</a>               |
| 41 | South India Finvest Pvt. Ltd.               | <a href="https://southindiafinvest.com">https://southindiafinvest.com</a>           |
| 42 | Spandana Sphoorty Financial Ltd.            | <a href="https://spandanaspchoorty.com">https://spandanaspchoorty.com</a>           |
| 43 | Srfin Credit Pvt. Ltd.                      | <a href="https://srfincredit.com">https://srfincredit.com</a>                       |
| 44 | SV Creditline Ltd.                          | <a href="http://svcl.in">http://svcl.in</a>                                         |
| 45 | Svamaan Financial Services Pvt. Ltd.        | <a href="http://www.svamaan.in">http://www.svamaan.in</a>                           |
| 46 | Svasti Microfinance Pvt. Ltd.               | <a href="http://www.svasti.in">http://www.svasti.in</a>                             |
| 47 | Svatantra Microfin Pvt. Ltd.                | <a href="https://www.svatantramicrofin.com">https://www.svatantramicrofin.com</a>   |
| 48 | Unacco Financial Services Pvt. Ltd.         | <a href="http://www.unacco.in">http://www.unacco.in</a>                             |
| 49 | Vector Finance Pvt. Ltd.                    | <a href="https://vectorfinance.in">https://vectorfinance.in</a>                     |
| 50 | VFS Capital Ltd.                            | <a href="http://vfscapital.in">http://vfscapital.in</a>                             |
| 51 | Vruksha Microfin Pvt. Ltd.                  | <a href="https://vrukshamicrofin.com">https://vrukshamicrofin.com</a>               |

## List of other RE members

| # | Institution                                         | Category           | Website                                                                   |
|---|-----------------------------------------------------|--------------------|---------------------------------------------------------------------------|
| 1 | Axis Bank Ltd.                                      | Bank               | <a href="https://www.axisbank.com">https://www.axisbank.com</a>           |
| 2 | Bajaj Finserv Ltd                                   | NBFC               | <a href="https://www.bajajfinserv.in">https://www.bajajfinserv.in</a>     |
| 3 | Bandhan Bank Limited                                | Bank               | <a href="https://bandhanbank.com">https://bandhanbank.com</a>             |
| 4 | Dvara Kshetriya Gramin Financial Services Pvt. Ltd. | NBFC               | <a href="https://www.dvarakgfs.com">https://www.dvarakgfs.com</a>         |
| 5 | ESAF Small Finance Bank Ltd.                        | Small Finance Bank | <a href="https://www.esafbank.com">https://www.esafbank.com</a>           |
| 6 | Equitas Small Finance Bank Ltd.                     | Small Finance Bank | <a href="https://www.equitasbank.com">https://www.equitasbank.com</a>     |
| 7 | HDFC Bank Ltd.                                      | Bank               | <a href="https://www.hdfcbank.com">https://www.hdfcbank.com</a>           |
| 8 | ICICI Bank Ltd.                                     | Bank               | <a href="https://www.icicibank.com">https://www.icicibank.com</a>         |
| 9 | IDFC First Bank Ltd.                                | Bank               | <a href="https://www.idfcfirstbank.com">https://www.idfcfirstbank.com</a> |



| #  | Institution                               | Category                 | Website                                                                       |
|----|-------------------------------------------|--------------------------|-------------------------------------------------------------------------------|
| 10 | IndusInd Bank Ltd.                        | Bank                     | <a href="https://www.indusind.com">https://www.indusind.com</a>               |
| 11 | ITI Credit Ltd.                           | NBFC                     | <a href="https://itiorg.com">https://itiorg.com</a>                           |
| 12 | Jana Small Finance Bank Ltd.              | Small Finance Bank       | <a href="https://www.janabank.com">https://www.janabank.com</a>               |
| 13 | Jeevan Utthan Financial Services Pvt Ltd  | NBFC                     | <a href="https://jeevanutthan.in">https://jeevanutthan.in</a>                 |
| 14 | L&T Finance Ltd.                          | NBFC                     | <a href="https://www.ltfs.com">https://www.ltfs.com</a>                       |
| 15 | Piramal Capital & Housing Finance Limited | Housing Finance/<br>NBFC | <a href="https://www.piramalfinance.com">https://www.piramalfinance.com</a>   |
| 16 | RBL Bank Ltd.                             | Bank                     | <a href="http://www.rblbank.com">www.rblbank.com</a>                          |
| 17 | SMFG India Credit Company Ltd.            | NBFC                     | <a href="https://www.smfgindiacredit.com">https://www.smfgindiacredit.com</a> |
| 18 | Suryoday Small Finance Bank Ltd.          | Small Finance Bank       | <a href="https://www.suryodaybank.com">https://www.suryodaybank.com</a>       |
| 19 | Tata Capital Financial Services Ltd.      | NBFC                     | <a href="https://www.tatacapital.com">https://www.tatacapital.com</a>         |
| 20 | Ujjivan Small Finance Bank Ltd.           | Small Finance Bank       | <a href="https://www.ujjivansfb.in">https://www.ujjivansfb.in</a>             |
| 21 | Unity Small Finance Bank                  | Small Finance Bank       | <a href="https://theunitybank.com">https://theunitybank.com</a>               |
| 22 | Unnatti Finserv Pvt Ltd.                  | NBFC                     | <a href="https://www.unnatimfi.com">https://www.unnatimfi.com</a>             |
| 23 | YES Bank Ltd.                             | Bank                     | <a href="https://www.yesbank.in">https://www.yesbank.in</a>                   |

## List of Associates

| #  | Institution                                   | Category              | Website                                                                   |
|----|-----------------------------------------------|-----------------------|---------------------------------------------------------------------------|
| 1  | Agrosperity Tech Solutions Pvt Ltd.           | Fintech               | <a href="https://agrosperity.com">https://agrosperity.com</a>             |
| 2  | AU Small Finance Bank Ltd.                    | Small Finance Bank    | <a href="https://www.aubank.in">https://www.aubank.in</a>                 |
| 3  | Bharat Financial Inclusion Limited            | Banking Correspondent | <a href="https://www.bfil.co.in">https://www.bfil.co.in</a>               |
| 4  | Buldana Urban Management Services Pvt. Ltd.   | Banking Correspondent | <a href="http://www.bumspl.org">http://www.bumspl.org</a>                 |
| 5  | Care Health Insurance Ltd.                    | Insurance             | <a href="https://www.careinsurance.com">https://www.careinsurance.com</a> |
| 6  | Craft Silicon Pvt. Ltd.                       | Fintech               | <a href="https://www.craftsilicon.com">https://www.craftsilicon.com</a>   |
| 7  | CSB Bank Ltd.                                 | Bank                  | <a href="https://www.csb.co.in">https://www.csb.co.in</a>                 |
| 8  | DBS Bank India Ltd.                           | Bank                  | <a href="https://www.dbs.com.in">https://www.dbs.com.in</a>               |
| 9  | Equifax Credit Information Services Pvt. Ltd. | Credit Bureau         | <a href="https://www.equifax.co.in">https://www.equifax.co.in</a>         |
| 10 | Experian Credit Information Company of India  | Credit Bureau         | <a href="https://www.experian.in">https://www.experian.in</a>             |

| #  | Institution                           | Category              | Website                                                                                 |
|----|---------------------------------------|-----------------------|-----------------------------------------------------------------------------------------|
| 11 | Fincare Small Finance Bank Ltd.       | Small Finance Bank    | <a href="https://fincarebank.com">https://fincarebank.com</a>                           |
| 12 | Hinduja Leyland Finance Ltd.          | NBFC - wholesaler     | <a href="http://www.hindujaleylandfinance.com">http://www.hindujaleylandfinance.com</a> |
| 13 | HSBC Bank Ltd.                        | Bank                  | <a href="https://www.hsbc.co.in">https://www.hsbc.co.in</a>                             |
| 14 | IDFC First Bharat Ltd.                | Banking Correspondent | <a href="http://www.idfcbharat.com">http://www.idfcbharat.com</a>                       |
| 15 | Kaleidofin Pvt. Ltd.                  | Fintech               | <a href="http://www.kaleidofin.com">http://www.kaleidofin.com</a>                       |
| 16 | Kamal Fincap Pvt. Ltd.                | Banking Correspondent | <a href="http://www.kamalkfc.com">http://www.kamalkfc.com</a>                           |
| 17 | Kotak Mahindra Bank Ltd.              | Bank                  | <a href="https://www.kotak.com">https://www.kotak.com</a>                               |
| 18 | M-Swasth Solutions Pvt. Ltd.          | Fintech               | <a href="https://m-swasth.in">https://m-swasth.in</a>                                   |
| 19 | New Opportunity Consultancy Pvt. Ltd. | Banking Correspondent | <a href="http://www.nocpl.in">www.nocpl.in</a>                                          |
| 20 | Northern Arc Capital Ltd.             | NBFC- wholesaler      | <a href="http://www.northernarc.com">www.northernarc.com</a>                            |
| 21 | RBL Finserve Ltd.                     | Banking Correspondent | <a href="https://rblfinserve.com">https://rblfinserve.com</a>                           |
| 22 | Sub-K IMPACT Solutions Ltd.           | Banking Correspondent | <a href="https://subk.co.in">https://subk.co.in</a>                                     |
| 23 | Swabhimaan Finance Private Ltd.       | Banking Correspondent | <a href="https://swabhimaanfinance.com">https://swabhimaanfinance.com</a>               |
| 24 | TransUnion Cibil Ltd.                 | Credit Bureau         | <a href="https://www.transunioncibil.com">https://www.transunioncibil.com</a>           |
| 25 | Utkarsh Small Finance Bank Ltd.       | Small Finance Bank    | <a href="https://www.utkarsh.bank/">https://www.utkarsh.bank/</a>                       |
| 26 | Water.Org India Liaison office        | Foundation            | <a href="https://water.org">https://water.org</a>                                       |







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Haryana, India



MicroFinance Industry Network



Microfinance Industry Network (MFIN)



MFIN



[www.mfinindia.org](http://www.mfinindia.org)