



ANNUAL REPORT
2018-2019



This Annual Report is an attempt to capture MFIN's role in creating an 'Enabling environment' for the Microfinance industry at large. With the growing acceptance of the Microfinance model, microcredit is now reaching every corner of the nation through the concerted efforts of microfinance institutions. Yet, to grow in an everchanging landscape and amidst the innumerable challenges before it, the industry requires constant guidance and support. Moreover in the quest to become financially independent and pursue income generating activities, the rights of customers need protection as well. It is with this objective that MFIN, as an industry association and SRO, strives to create 1) a supportive ecosystem for the industry 2) improve the capabilities of MFIN Members and Associates to deal with risk and challenges and 3) protect millions of microfinance clients.

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President's Message



The last one year as the President of MFIN has been a very enriching experience for me as a person. I feel that we are privileged to work in an industry whose primary objective is to make a positive impact in the lives of poor and low-income households lacking access to credit.

It is heartening to see that collectively we could reach nearly sixty million households. Microfinance industry in India had a healthy growth of 38 percent. Its portfolio quality is also strong. This shows that the sector has come out of the testing period it faced after demonetization. The resiliency of our low-income household customers and resiliency of our member institutions has been validated once again! It is also heartening to note the growth of staff of NBFC-MFIs at 34%, now totaling to 1,04,973 people which demonstrates how the industry continues to provide employment opportunities to many while investing time and energy in building capabilities.

MFIN, being an SRO continues to play a significant role in creating a responsive ecosystem. It does this by continuously engaging with all the stakeholders, fostering a healthy working environment among players and ensuring customer protection and responsible lending practices. I am proud to say that all the stakeholders have continuously provided us a conducive environment for microfinance. Strong growth with quality portfolio is an overwhelming validation of this support. The Members and the Governing Board of MFIN join me in expressing our sincere thanks to all the stakeholders for this overwhelming support.

MFIN has been continuously engaged with members & associates, regulators, media and the Government during the year. With the support of board of directors and senior representatives of Members and Associates, MFIN successfully handled several issues like national and state elections, liquidity crisis, loan waiver statements, natural calamities in Kerala, Tamil Nadu and recently in Odisha. The State Associations and State Chapters have been actively engaged and supported to ensure a cohesive environment for the Industry. Overall, it has been a satisfactory progress, despite several obstacles.

Today over 95% of micro lending has been under one product called income generation loans. I see this as an opportunity for MFIs to diversify their loan product portfolios which could be hugely advantageous for our customers. This will enable us to meet the diverse needs of our borrowers throughout their lifecycle such as childrens' education, medical emergencies, home repairs, celebrating festivals, consumer products, etc. Also, by getting access to institutional credit when they need it will prevent many low-income households facing vulnerable cash flows, from falling back on the local moneylenders.

I was extremely impressed to see the solidarity of our Members and Associates when liquidity posed a problem for some of our members dependent on borrowing from NBFCs. Our large members and associates lent a helping hand to our smaller members to meet their funding requirements. Also, a large number of members participated in multi originated securitisation pool with small MFIs so as to manage the liquidity crisis. Together we raised Rs 282 crores in two securitization deals.

I reiterate the need of responsible lending practices by members and associates and keep customers at the centre in our business. In our endeavour to improve responsible lending practices, MFIN has developed a 'Code for Responsible Lending' to be adopted by all our Members & Associates, Members of Sa-Dhan, Banks & SFBs, NBFCs. Our aim is to ensure a common code of conduct for all the lenders in microfinance asset class, so that interests of the customers are protected along with true spirit of regulatory guidelines.

I feel pleased that with our continuous efforts, we have been able to identify gaps at the ground level and address each challenge with sustained efforts. As we expand our operations further, some of our initial challenges cease to exist. They are replaced by a new set, requiring our attention. This is a sign of evolution and growth and necessitates our constant commitment. The satisfaction that our efforts will ultimately lead to a financially inclusive and a more prosperous India is rewarding enough.

I would like to thank all the Members, Associates and stakeholders for extending continuous support to MFIN, in the larger goal of serving millions of needy customers with quality services and responsible practices.

I specially want to place on record the hard work and dedication of all customer facing field staff of our Members. Their relentless efforts to engage with customers, inform and educate them and moreover support them in the event of a crisis, forms the backbone of the microfinance model. Thank you to all my fellow Governing Board Members for their support and guidance. I would like to extend my thanks to Mr. Harsh Shrivastava, CEO, MFIN, and everyone at the MFIN Secretariat for their tireless efforts to ensure the best of the coordination amongst all the stakeholders.

Look forward for a continuous engagement and many more fruitful years ahead for MFIN and its Members & Associates.

Udaya Kumar Hebbar

President, MFIN



Dear All,

I am pleased to present the tenth annual report for Microfinance Institutions Network (MFIN) for FY 2018-19. MFIN is an industry association powering responsible finance in India. It represents 56 microfinance companies and 40 other Associates who together finance the aspirations of millions of Indian women. MFIN is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFIs.

At MFIN we are proud to go beyond what is mandated! We keep our ear to the ground and push ourselves to build capabilities of our Members and Associates. It is heartening to note that our Members and Associates see value in associating with us, reflected in eight new members and four new associates joining us this year. I warmly welcome all our new Members and Associates.

This year, we focused on improving governance, strengthening internal controls and reducing costs. All this has increased efficiencies and MFIN has been able to step up its work across its three verticals of SRO, State Initiatives and Advocacy, trying to go beyond the expectations of its Members and Associates.

Our efforts are always directed at strengthening the ecosystem so that our members can grow their business sustainably. During the year, we continued to invest substantial time in building relationships with all relevant State and district authorities. MFIN has 14 active State forums and 350 district forums across states and UTs in India. These proactive engagements helped our members to respond to operational challenges and catastrophes like Gaja cyclone in Tamil Nadu, Fani in Odisha and drought in Maharashtra.

MFIN has strengthened its work as a self-regulatory organisation and improved the governance of this function. For members' ease, a compendium of all its directives was compiled and put on our website. A well-thought-through enforcement framework that defines what MFIN considers as violations; lists the steps that it will follow to evaluate complaints; and enumerates the different types of offences and the penalties that it could levy. MFIN also works to develop its members' capabilities to meet all relevant regulations and the code of conduct. It bought out a guidance for members on the important issue of third-party selling of products to clients. It launched the PROSPER training and certifying app along with the BFSI Skill Development Council of the Ministry of Skill Development and Entrepreneurship. Finally, MFIN's SRO improved its surveillance role by streamlining the Third-Party Evaluations that it conducts of some of its members.

MFIN's efforts in revising the industry Code of Conduct (CoC) and the Code for Responsible Lending (CRL), are of tremendous significance. I thank Sa-Dhan for their cooperation. Our joint efforts will help the industry grow in a still more responsible way.

I am happy to note that the Employee Bureau which MFIN had created and launched along with Equifax, has today become a great tool for verification, addressing the various manpower issues faced by the industry and playing a crucial role in mitigating employee fraud.

Infusion of liquidity was a sector priority. MFIN's Advocacy efforts ultimately led to the creation of a pool of assets for securitisation. Two securitisation deals, worth Rs 282 crores were closed.

The move to completely cashless disbursements and collections in microfinance lending is another critical requirement. Our HSBC-sponsored project aimed at finding a suitable model of digital engagement to facilitate cashless collection of repayments from amongst BHIM Aadhar Pay, mPOS (Debit card) and UPI. I thank the MFIs for their support and for continuing to use this at their branches. A small step today, this is a significant indicator of a cashless future. MFIN is also developing another powerful tool, Microfinance Radar, an in-house App capturing field-level data for Member institutions.

In the financial literacy space, RBI's Depositor Education and Awareness (DEA) Fund Cell entrusted MFIN with the task of conducting 2,250 workshops across India to educate the depositors on the various financial aspects of banking. In this mega initiative, MFIN will deliver the workshop through the Training of Trainers (TOT) model where it will train its partners to make the initiative sustainable and far reaching.

The quality of our publications and their value in providing insight into the Indian microfinance industry, continues to be draw people to them. Though Micrometer remains our flagship publication, this year MFIN launched Microdive, the first customer-level analysis of the full customer base, available for all micro-credit lending.

I have been elected Chair of South Asian Micro-Entrepreneurs Network (SAMN) which provides MFIN a good opportunity to represent Indian Microfinance at a global level. Overall exciting times for Microfinance!

I extend my gratitude to our Board Members, our Chairs and Members of Task Forces. I also warmly thank our Members and Associates for their support and constant feedback, which is food for thought, allowing us to continuously innovate. Nothing would have been possible without the unstinting support and diligent hard work of my own MFIN team. I also thank all our stakeholders for their support.

In the pages to come, we have attempted to capture our work both for the advancement of the Microfinance industry and for our Members and Associates in particular.

Harsh Shrivastava

CEO, MFIN

About MFIN

Microfinance Institutions Network (MFIN) is an industry association powering responsible finance in India. It was established in December 2009 under the Andhra Pradesh Societies Registration Act 2001. In June 2014, MFIN was appointed as the Self-Regulatory Organisation (SRO) for NBFC-MFI by the Reserve Bank of India.

Today MFIN has 56 NBFC-MFI members, who collectively lend Rs 68,207 crores to 3.17 crore clients across the nation. With an expansive network of 12,277 branches and over a lakh of employees, these NBFC-MFI provide door-step micro-credit to the unserved and unbanked population of India. MFIN also has 40 Associates including Banks, SFBs and NBFCs, amongst other key stakeholders who play a critical role in the financial inclusion dialogue.

MFIN's objective is to support its Members and Associates in building their capacities and creating a favourable operating environment for them. This is achieved through its work across three verticals - SRO, Advocacy and State Initiatives. In exercising its role as an SRO, MFIN enforces high ethical standards and adherence to regulations through proper framework and processes, ensuring client protection and responsible lending. Through its constant engagement with regulatory bodies, Central and State Governments and other key decision makers, MFIN advocates on behalf of the microfinance industry. Exhaustive work at the regional, state and district level, has enabled MFIN to build a strong ecosystem facilitating the delivery of microfinance on ground.

With these multiple initiatives, MFIN plays an invaluable role in the robust development of the microfinance sector by promoting responsible lending, client protection, good governance and a supportive regulatory environment.

Vision

To be an engine of inclusive growth for India and help provide financial services to 10 crore low income households by the year 2020, 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.



MFIN adopts a collaborative, consensus-based approach to promote universal access to finance, policies and structures. This forms the backbone of MFIN's governance, ensuring healthy and creditable development of the NBFC-MFI industry.

GOVERNANCE

MFIN is governed by the provisions of the Andhra Pradesh Societies Registration Act 2011, under which it has been awarded a certificate of registration as a society, dated 14th December 2009.

BYELAWS

The MFIN byelaws adopted by the Members, clearly spell out the transaction of business rules of the institution and governing structures. The byelaws are revised from time to time to meet the changing policy and regulatory landscape. The byelaws were last revised in June 2018.

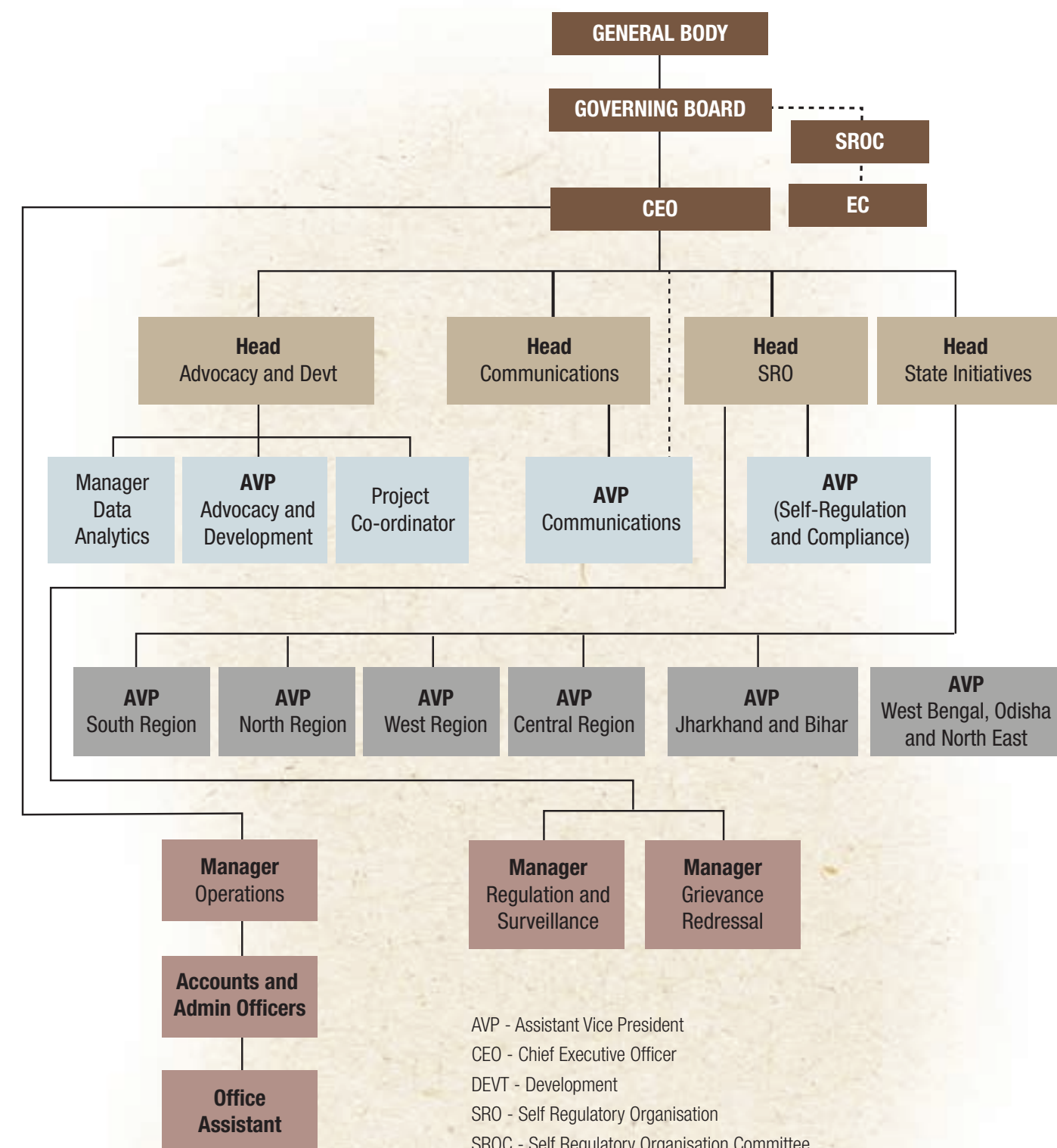
GENERAL BODY

The General Body is constituted of all members of MFIN and is the supreme governing body. The General Body meets every year and is responsible for the overall vision and direction for MFIN.

GOVERNING BODY

MFIN receives strategic guidance in fulfilling its overarching objectives from the Governing Board. The current byelaws provide for a maximum of twelve members, one-third being independent members. The term for any member of the Board is for three years. Post completion of one term he/she 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 necessary requirement for becoming a member of the Board.

Currently, MFIN has a twelve member (eight elected members and four independents) Governing Board and a CEO who acts as the Member Secretary to the Society and implements the broad goals of the organization, while also providing overall direction to its activities for ensuring healthy development of the NBFC-MFI industry.



Governing Body



Mr. Udaya Kumar Hebbar

President
MD & CEO,
CreditAccess Grameen Ltd.

Mr. Udaya Kumar Hebbar is a veteran in the financial sector with over 26 years of experience in the banking sector. He has been the main architect and driving force for the overall success and growth of CreditAccess Grameen since 2010. He has previously worked with Corporation Bank for 10 years, ICICI Bank for over 12 years and Barclays Bank Plc. for 3 years before joining CreditAccess Grameen to redeem his passion for the social sector. Mr. Hebbar has immense exposure to all banking sector operations, including rural, agriculture and micro-banking fields. In the course of his banking career, he has successfully implemented Six Sigma Quality Initiatives, Five-S principles for workplace management and ISO Standard. He also serves as the Chairman of Association of Karnataka Microfinance Institutions (AKMI). He holds a Master's degree in Commerce, CAIIB from the Indian Institute of Bankers and is a Graduate in banking operations and technology from BAI, USA.



Mr. Dibyajyoti Pattanaik

Vice - President
Director
Annapurna Finance Private Limited

Mr. Dibyajyoti Pattanaik has over 15 years of experience in microfinance, micro-enterprise development and development sector consulting. He has worked with Public and Development Sector institutions in various roles before joining Peoples' Forum as Program Head & CFO in 2007. His experience and expertise played a crucial role in the transformation of mission Annapurna to Annapurna Finance Private Limited, which under his guidance and leadership is now one of the top MFIs in India. He also serves as the President of OSAFII (Orissa Association of Financial Inclusion) and is actively involved in the financial inclusion forum of the state. Mr. Pattanaik holds a post-graduate degree in Management from EDII, Ahmedabad, and a management certificate in finance from Boulder Institute of Management, USA.



Mr. Rakesh Dubey

CEO
SV Creditline Ltd.

Mr. Rakesh Dubey has more than 20 years of experience within the microfinance domain and has an expertise of setting up microfinance institutions domestically as well as internationally. Prior to joining SVCL, he has trained with Grameen Bank, Bangladesh. He has also been the founder member of CASHPOR and SONATA Finance. Mr. Dubey is the treasurer of Micro Finance Association of Uttar Pradesh (UPMA). He holds a Master's degree in Business Administration and a Post Graduate Diploma in Rural Development Management.



Mr. Mohammad Nooruddin Amin

MD & CEO
Adhikar Microfinance Pvt. Ltd..

Mr. Mohammad Nooruddin Amin is the promoter and the founding MD & CEO of Adhikar Microfinance. He has worked in the social development sector for the last 26 years and has an experience of 14 years within the microfinance sector. Cutting across different models of micro financial services, he is one of the pioneers in the state of Odisha in the said domain. He innovated the concept of money remittance for the migrant workers and has also played an active role in Notan activism initiating the cooperative movement in the state of Odisha. Mr. Amin has pursued his master's degree in Law from Utkal University, Bhubaneswar, Human Rights in Chulalongkorn University, Bangkok, trained in Garmin Bank and subsequently in Harvard Business School, Boston, USA. He is the recipient of the prestigious Ashoka Fellowship from Ashoka Trust, USA in 1996.



Mr. K M Vishwanathan

MD & CEO
M Power Micro Finance Pvt. Ltd.

Mr. K M Vishwanathan is a BFSI professional with an exposure of 32 years across NBFC, Branch Banking, retail assets, credit and risk management. His experience in banking constitutes of nine years in the Karnataka Bank and nine years with HDFC Bank. Mr. Vishwanathan also has an experience of NBFC lending from his time in Cholanmandalam Finance. He holds a Master's degree in Financial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai University.

Governing Body



Mr. Manoj Kumar Nambiar

MD

Arohan Financial Services (P) Ltd.

Mr. Manoj Kumar Nambiar has over 30 years of experience and is currently with the Aavishkaar-Intellect Group as the Managing Director of Arohan Financial Services. He started his career with Modi Xerox in 1988 and then moved into consumer finance with GE Countrywide in 1995, retail banking with ANZ Grindlays in 1997 and retail assets and business development with ABN Amro Bank NV India in 2000. Mr. Nambiar joined National Bank of Oman as Head Retail Banking in 2002 looking after Oman, UAE and Egypt.

Post that he worked as the COO of the Alhamrani - Nissan Finance company, KSA in 2004 and returned to Oman as the Deputy CEO of Ahli Bank SAOG in 2008. He returned to India in June 2010 as MD & CEO of IntellectCash Microfinance Network Company (P) Limited (an Intellect Group company) in the business of incubating and capacity building of MFIs. Mr. Nambiar is a mechanical engineer by graduation from VJTI in 1986, an MBA in Marketing by post-graduation from JBIMS in 1988, both from Mumbai University and has tertiary qualifications in insurance from IIL. He has also completed a "Strategic Leadership in Microfinance" course from the Harvard Business School, Boston, the US in April 2013.



Mr. Vineet Chattree

Director

Svatantra Microfin Pvt. Ltd.

Mr. Vineet Chattree has over 20 years of experience in Operations and Consulting with large corporates spanning across India, Middle East, US and Europe. In the last 4 years, his strategic thinking and experience has enabled Svatantra Microfin map out a differentiated, diversified, profitable, and sustainable growth path. Mr. Chattree firmly believes that an organization can sustainably grow if it creates a meaningful difference in the lives of its customers. He is a chemical engineering graduate from Institute of Chemical Technology, Mumbai and has completed his Master of Management from IIT – B and Executive Management Program at Wharton. An avid reader, trekker and a marathon runner, he is rarely without his Kindle that is loaded with books from mythology to management.



Mr. Harish Venkata Raghu

Co-Founder,

MD & CEO

SaGgraha Management Services

Mr. Harish Venkata Raghu is the Co-Founder, MD & CEO of SaGgraha Management Services - a tech driven corporate business correspondent offering multiple financial products dedicated to rural in association with various SFBs and NBFCs. He has a varied experience of over 23 years across Agri, Rural, Banking and Financial sector. He has previously worked as COO of Future Financial Services Ltd. (known as Fincare now), CPO at Spandana Spoorthy. He has also been associated with Fullerton Rural, ICICI bank, Madras Fertilizers in the past. His core expertise includes Sales, Operations, HR, Branch banking, Communications & PR, and Marketing.

He served as CPO at Spandana managing 12,000 employees and has expertise in low cost hiring at the bottom of the pyramid. Mr. Raghu has pursued B.Sc. in Agriculture, PGDBM and EGMP from IIM, Bengaluru. He is well connected to various rural management institutes where he is invited for guest lectures and conducts industry workshops on HR and Operations. Harish is an avid traveller.



Mr. Devesh Sachdev

CEO & Director

Fusion Microfinance India Limited

Mr. Devesh Sachdev is the cofounder & CEO of Fusion Microfinance Private Limited. Transparency, Governance and Commitment to create value for all stakeholders keeping clients at the centre are key values of Fusion. Mr. Sachdev is a XLRI Post Graduate with 17 years of experience in the service industry prior to starting this venture. Amongst the diverse experiences, his expertise lies in building businesses, strategy and key relationship management.



Ms. Meenal Patole

CEO & MD

Agora Microfinance India Ltd.

Ms. Meenal Patole is the CEO & MD of Agora Microfinance India Ltd., an MFI that lends in urban Mumbai, with a strong focus on customer oriented business processes and impact. She has nearly two decades of experience in microfinance and livelihood promotion and research. She has also written and co-authored several publications. Ms. Patole graduated from the University of Mumbai in Politics and Public Administration. She holds a post graduate degree (MA in Political Science and International Relations) from Jawaharlal Nehru University, New Delhi. Meenal has also done her MPhil in Planning and Development from the Indian Institute of Technology, Mumbai.

**Note – Mr. Devesh Sachdev, CEO & Director, Fusion Microfinance India Limited and Ms. Meenal Patole, CEO & MD, Agora Microfinance India Ltd. retired in January 2019 from the Governing Board.

Independent Board Members



Mr. Navin Kumar Maini
Retired Deputy Managing Director
SIDBI

Mr. Navin Kumar Maini retired as the Deputy Managing Director of SIDBI. He has more than three and a half decades of experience in commercial and development banking in various facets of financing MSMEs & large corporates, Micro Credit and core business functions. He was also the Chief Executive Officer of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Mumbai. An alumnus of St. Stephens College, Delhi, Mr. Maini holds a Degree in Law from Delhi University. He is also a Postgraduate in Management from MDI and IIFT, besides being a Certified Associate of Indian Institute of Banking & Finance.



Dr. Alok Misra
Professor - Public Policy &
Governance Area, MDI

Dr. Alok Misra has 25 years of professional experience in international development, rural finance, microfinance, inclusive finance and research at both policy and implementation level. He started his career with India's apex rural development bank (NABARD) in 1992. He has been a part of the multi institutional task force (2003-2004) responsible for setting up India's first online demutualized commodities exchange (NCDEX).

He is a member of Inclusive Finance India Group of Advisors and member of digital finance working group constituted by ITU, Geneva. Dr. Misra has written numerous articles and reports and has authored 'Responsible Finance India Report'. He has been awarded ADB-Government of Japan scholarship for MDM programme and NZAID scholarship for his PhD. Dr. Misra holds a PhD in Development Studies from Victoria university of Wellington, Master in Development Management (Gold Medallist) from Asian Institute of Management, Manila. He has been trained at Harvard Business School in 'Strategic leadership for Microfinance' and was a Fellow, Fletcher Leadership Program for Financial Inclusion at Tufts University.



Mr. Desh Raj Dogra
Ex-MD & CEO - CARE Ratings

Mr. Desh Raj Dogra has 38 years of rich experience within the financial sector in the areas of banking and credit rating. He has maintained a high growth trajectory after taking over as acting Managing Director and made CARE the second largest rating agency.

Mr. Dogra also worked closely with the Ministry of Finance, Government of India, where CARE prepared a dossier on the Indian Economy as well as white papers on both the equity and debt markets for the Ministry. Mr. Dogra holds a Bachelor's and a Master's degree in Agriculture from Himachal Pradesh University and MBA from Faculty of Management Studies, University of Delhi. He is a certified associate of the Indian Institute of Bankers.



Dr. Aruna Limaye Sharma
Indian Administrative Service
Officer (Retd.)

Dr. Aruna Sharma retired in 2018 as the Secretary, Steel in the Government of India. Prior to that, she was the Secretary, Information Technology in the Government of India. Dr. Sharma is from the Madhya Pradesh cadre of the IAS (1982 batch). She has served as the Development Commissioner and Principal Secretary, Rural Development and Panchayati Raj in Madhya Pradesh; as the Director General of Doordarshan; as Joint Secretary in the Home Ministry of the Government of India (attached to the National Human Rights Commission); as Managing Director of the MP Dairy Federation, apart from other posts in MP.

Dr. Sharma has authored various publications namely: Reaching the Last Beneficiary: Resource Convergence Mantra Model –2008 (UNDP), Impact of Recourse Convergence in Policy Making, Program Design and Execution – 2014 (UNDP). She has been recognised internationally as the Co-Chair in Global Steel Forum 2017-2018, listed as 'Data Champion' for developing IT based data module for bringing efficiency in Government functioning by John F Kennedy School of Government at Harvard University for developing high-quality data systems and helped to establish unique identifying data system to facilitate government to have household data for family to extract entitlement and ensure citizen payments in Madhya Pradesh thorough SAMAGRA.

Dr. Sharma has a Masters in Development Studies from the University of Bath, United Kingdom and holds a PhD in Development Economics (Delhi University).



Mr. Harsh Shrivastava
CEO, MFIN

Mr. Harsh Shrivastava has 24 years experience in advising businesses and governments on policy. Before joining as the CEO of MFIN, he was the head of corporate affairs and communication at Feedback Infra, which is India's leading provider of infrastructure services. Earlier, he was the head of corporate affairs for Srei Infrastructure Finance. Harsh was previously in India's Planning Commission, where he was its Consultant (Planning), managing the process of making India's 12th Plan. He has served in the Prime Minister's Office on the personal staff of late Prime Minister Atal Bihari Vajpayee as his deputy speechwriter. He has held senior posts in Reliance Capital, Feedback Ventures, and the Confederation of Indian Industry, where he handled agribusiness and food processing. Harsh has been a journalist and wrote India's first book on Corporate Social Responsibility, released in 1999.

Harsh has taught public policy to the founding batch of the Vedica Scholars program and taught a course on strategic public communications at IIM, Ahmedabad. He has also lectured about public policy at the Indian School of Business, both at Hyderabad and Mohali as well as the Australian National University, Canberra. Harsh has written for the op-ed pages of Mint, Economic Times, and the Indian Express. He was an Emerging Leaders Fellow at the Australia India Institute, Melbourne and selected by the US Department of State for its International Visitor Leadership Program. He was also on the board of the Meghalaya Institute of Governance.

Harsh finished his MBA from IIM, Ahmedabad in 1995.

MFIN HAS THREE BOARD COMMITTEES

Nominations & Remuneration (NRC)

The Board Committee on Nomination & Remuneration is responsible for the overall direction on HR related issues of MFIN including HR policies, appraisal of vertical heads and to identify candidates for independent positions on the Board, SROC and the EC. Composition of the Committee during 2018–19 was as under:

• Dr. Alok Misra	Chair, Professor	Public Policy & Governance Area, MDI
• Mr. Udaya Kumar Hebbar		CreditAccess Grameen
• Mr. Navin Kumar Maini	Retired Deputy MD	SIDBI
• Mr. Manoj Nambiar		Arohan Financial Services
• Mr. Harsh Shrivastava	CEO	MFIN

Audit

The Board Committee on Audit reviews the quarterly and annual financials of MFIN including utilization and variance analysis among other things. The Committee also guides investments of surpluses. The composition of the Committee during 2018–19 was as under:

• Mr. Desh Raj Dogra	Chair, Ex– MD & CEO	CARE Ratings
• Mr. Dibyajyoti Pattanaik		Annapurna Finance
• Mr. KM Vishwanthan		M Power Micro Finance
• Mr. Vineet Chattree		Svatantra Microfin
• Mr. Sharad Garg	Member Secretary	

Associates

A new Committee for Associates was formed chaired by Nominee Director of Associates. The composition of the Committee during 2018–19 was as under:

• Mr. Harish Venkata Raghu	Chair	SaGgraha Management Services
• Mr. Udaya Kumar Hebbar		CreditAccess Grameen
• Mr. Navin Kumar Maini	Retired Deputy MD	SIDBI
• Mr. Harsh Shrivastava	CEO	MFIN
• Bhumika Panda	Member Secretary	



TASK FORCES

MFIN has established a number of 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.

Task Force on Advocacy

The Task Force on Advocacy is responsible for steering and guiding the advocacy agenda within MFIN. It supports the Secretariat in drafting policy notes to various stakeholders including 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 2018-19 was as under:

- | | | |
|----------------------------|------------------|--------------------------|
| • Mr. Udaya Kumar Hebbar | Chair | CreditAccess Grameen |
| • Mr. Dibyajyoti Pattanaik | | Annapurna Finance |
| • Ms. Meenal Patole | | Agora Microfinance India |
| • Mr. Devesh Sachdev | | Fusion Microfinance |
| • Mr. Srinivas Bonam | | IndusInd Bank |
| • Mr. Harsh Shrivastava | CEO | MFIN |
| • Mr. Swetan Sagar | Member Secretary | |

Task Force on 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 2018-19 was as under:

- | | | |
|------------------------------------|------------------|--------------------------|
| • Mr. KM Vishwanthan | Chair | M Power Micro Finance |
| • Mr. Anujeet Varadkar | | Svatantra Microfinance |
| • Ms. Veena Mankar | Founder | RBL FinServe |
| <i>(Permanent invitee from EC)</i> | | |
| • Mr. Gururaj K S Rao | | CreditAccess Grameen |
| • Mr. Rakesh Dubey | | SV Creditline |
| • Mr. Pushkar Parashar | | Pahal Financial Services |
| • Mr. Swetan Sagar | Member Secretary | |

Task Force on State Initiatives

This Task Force is responsible towards the development of a comprehensive framework of MFIN’s state level engagement and put in place an effective state level engagement model through state chapters and associations to deepen advocacy and self-regulatory functions of MFIN at state and district level. The members of the Task Force are as under:

- | | | |
|----------------------------|------------------|----------------------------|
| • Mr. Dibyajyoti Pattanaik | Chair | Annapurna Finance |
| • Ms. Meenal Patole | | Agora Microfinance India |
| • Mr. Vineet Chattree | | Svatantra Microfin |
| • Mr. Anand Rao | | Chaitanya India Fin Credit |
| • Mr. Anup Singh | | Sonata Finance |
| • Ms. Achla Savyasaachi | Member Secretary | |

Task Force on 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 RBI Directions on pricing of credit in lowering interest rate regime and capacity building support. The composition of the Task Force during 2018-19 was as under:

- | | | |
|-------------------------------|------------------|-------------------------------------|
| • Ms. Meenal Patole | Chair | Agora Microfinance India |
| • Mr. Anand Rao | | Chaitanya India Fin Credit |
| • Mr. Satya Chakrapani | | Shikhar Microfinance |
| • Mr. Mohammad Nooruddin Amin | | Adhikar Microfinance |
| • Mr. Rakesh Kumar | | Light Microfinance |
| • Mr. S.R Sinha | | Saija Finance |
| • Mr. Alok Biswas | | Janakalyan Consultancy and Services |
| • Mr. Harsh Shrivastava | CEO | MFIN |
| • Mr. Amit Mathur | Member Secretary | |

SRO

(Self-Regulatory Organisation)

MFIN has been structured as a Self-Regulatory Organisation (SRO) for the microfinance industry. In exercising its role as a SRO, MFIN seeks to ensure that proper framework and processes are put in place by members to ensure adherence to the regulations stipulated by the RBI, the Fair Practices Code (FPC) and the Industry Code of Conduct (CoC) which is voluntarily adopted by all the Non-Banking Finance Companies (NBFCs) Microfinance Institutions.

The SRO plays a critical role in the microfinance industry—by enforcing high ethical standards, bringing the necessary resources and expertise to regulation and enhancing client safeguards and market integrity.

COMPLIANCE OFFICER

As mandated by RBI, MFIN 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 Organisation Committee (SROC). The Compliance Officer is the Member Secretary of the SROC and is responsible for coordinating the proceedings of the Committee. Ms. Sugandh Saxena is the Compliance Officer and Head of the SRO.

SELF-REGULATORY ORGANIZATION COMMITTEE (SROC) OF THE GOVERNING BOARD

The Bye Laws of MFIN provides for an SRO Committee (SROC), which is a Board Committee. The role of the Committee is to provide guidance and steer enabling the industry to practice good governance. The committee exercises oversight for adherence to:

- Regulations and Guidelines prescribed by the RBI
- Industry Code of Conduct

The SROC functions in line with the RBI Guidelines dated November 26, 2013 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 is the appellate body for the Enforcement Committee (EC) decisions and can recommend suspension, expulsion and termination of membership to the Board. However, the Board would have the final say on the implementation of the recommendations.

In an event of a dispute between Members, the decision of the SROC is final and binding.

The Committee comprises of two elected members of the Board, two independent members of the Board, and one independent member, who is a person of eminence and is well conversed with the financial services industry. The chairperson of the Enforcement Committee is also a member of the SROC. The Chief Executive Officer, MFIN is the non-voting Ex-Officio Member of the SROC.

The Current Composition of SROC

#	Name	Particulars
1	Dr. Alok Misra (Chair)	Independent Member, MFIN Board (Faculty, MDI, Gurgaon)
2	Ms. Ragini Bajaj Choudhary	Independent Member (CEO, Gray Matters Capital)
3	Mr. Dibyajyoti Pattanaik	Member, MFIN Board (Director, Annapurna Finance)
4	Ms. Veena Mankar	Independent Member (As Chair, EC), (Founder, RBL FinServe)
5	Mr. Navin Kumar Maini	Independent Member, MFIN Board (Ex-DMD, SIDBI)
6	Mr. Rakesh Dubey	Industry Member (CEO, SV Creditline)
7	Mr. Harsh Shrivastava	CEO, MFIN
8	Ms. Sugandh Saxena	Member Secretary (Head - SRO, MFIN)

Details of SROC Meetings and Conference calls held during the year

The Committee, in this year had four meetings.

Date	Meeting/Concall
27 th August, 2018	Meeting
21 st November, 2018	Meeting
5 th March, 2019	Meeting
8 th June, 2019	Meeting

ENFORCEMENT COMMITTEE

The Enforcement Committee (EC) has been constituted to impart proper enforcement of the Code of Conduct and exercise oversight for adherence to regulatory norms as prescribed by the RBI/Government/ any other regulatory authority. It functions under the overall supervision of the SROC and reports into the SROC. All decisions in the EC Meetings are taken by a simple majority of the Members present.

The role of the EC is to primarily handle issues arising out of internal disputes between the members and grievances arising from clients seeking redressal. Standard Operating Procedures (SOP) duly approved by the SROC defines the EC's role as an entity to handle such issues.



- The EC can take the following actions subject to the guidelines approved by the Board:
- Issue warning
 - Issue censure
 - Levy fines for violations as laid down in the RBI’s Fair Practices Code and Industry Code of Conduct
 - Recommend Suspension/Termination of membership of any Member to the SROC

An appeal against the decision of the EC lies with the SROC. The decision of the SROC are in consultation with the Governing Board and is final.

The Current Composition of the EC

#	Name	Particulars
1	Ms. Veena Mankar (Chair)	Independent Member (Founder, RBL FinServe)
2	Mr. Haresh Kulshrestha	Independent Member (Ex-CGM, RBI)
3	Mr. Arnab Roy	Independent Member (Ex-Principal CGM and Regional Director, RBI)
4	Mr. Satya Chakrapani	Industry Member (CEO, Shikhar Microfinance)
5	Mr. Anujeet Varadkar	Industry Member (CEO, Svatanttra Microfin)
6	Ms. Sugandh Saxena	Ex-officio Member (Head, Self-Regulation and Compliance Officer, MFIN)
7	Ms. Sheetal Jain	Member Secretary (AVP, Self-Regulation and Compliance, MFIN)

Details of the EC Meetings and Conference calls held during the year

The committee, in this year had four Meetings and one Special Meeting

Date	Meeting/Concall
21 st August, 2018	Meeting
18 th September, 2018	Special Meeting
21 st November, 2018	Meeting
18 th February, 2019	Meeting
24 th May, 2019	Meeting

Annual General Body Meeting



The 10th MFIN Annual General Meeting (AGM) was conducted on the 28th of June 2019 in New Delhi to adopt the annual budget and work plan for MFIN for the financial year 2019-20. Mr Rakesh Dubey and Mr Dibyajyoti Pattanaik stepped down on completing their term of three years. Mr Jagadish Ramadugu and Mr Gyan Mohan were elected to the MFIN Board in this AGM.

The Governing Body Members are:

1.	Mr. Udaya Kumar	MD & CEO	CreditAccess Grameen
2.	Mr. Mohammad Nooruddin Amin	MD	Adhikar Microfinance
3.	Mr. K M Vishwanathan	MD & CEO	M Power Micro Finance
4.	Mr. Manoj Kumar Nambiar	MD	Arohan Financial Services
5.	Mr. Vineet Chattree	Director	Svatanttra Microfin
6.	Mr. Harish Raghu	Co-Founder, MD & CEO	SaGgraha Management Services
7.	Mr. Jagadish Ramadugu	MD & CEO	Vaya Finserv
8.	Mr. Gyan Mohan	Director & CEO	Adi Chitragupta Finance

The Independent Members are:

1. Mr. Navin Kumar Maini
2. Dr. Alok Misra
3. Mr. Desh Raj Dogra
4. Dr. Aruna Sharma

At the end of the AGM, the Members unanimously elected the Chairperson and the Vice Chairperson for 2019-20. They are:

Chairperson	Mr. Manoj Kumar Nambiar	MD	Arohan Financial Services
Vice Chairperson	Mr. Vineet Chattree	Director	Svatanttra Microfin

Membership

The primary membership of MFIN is open to RBI regulated, NBFC-MFIs. All applications for the new membership go through a well laid out process including an on-site due diligence and a Board review. As members, NBFC-MFIs become part of the peer community that shapes the strategic directions of MFIN and the industry.

As on 30th June 2019, MFIN has 56 Members.

MFIN Members' consolidated operation overview 2019 (31st March)

12277
Branches

104973
Employees

68207
GLP (Rs Cr)

3.25 Cr
Loans Disbursed (Annual)

NBFC-MFIs

Primarily serve low income households, rural & urban with 99% women clients

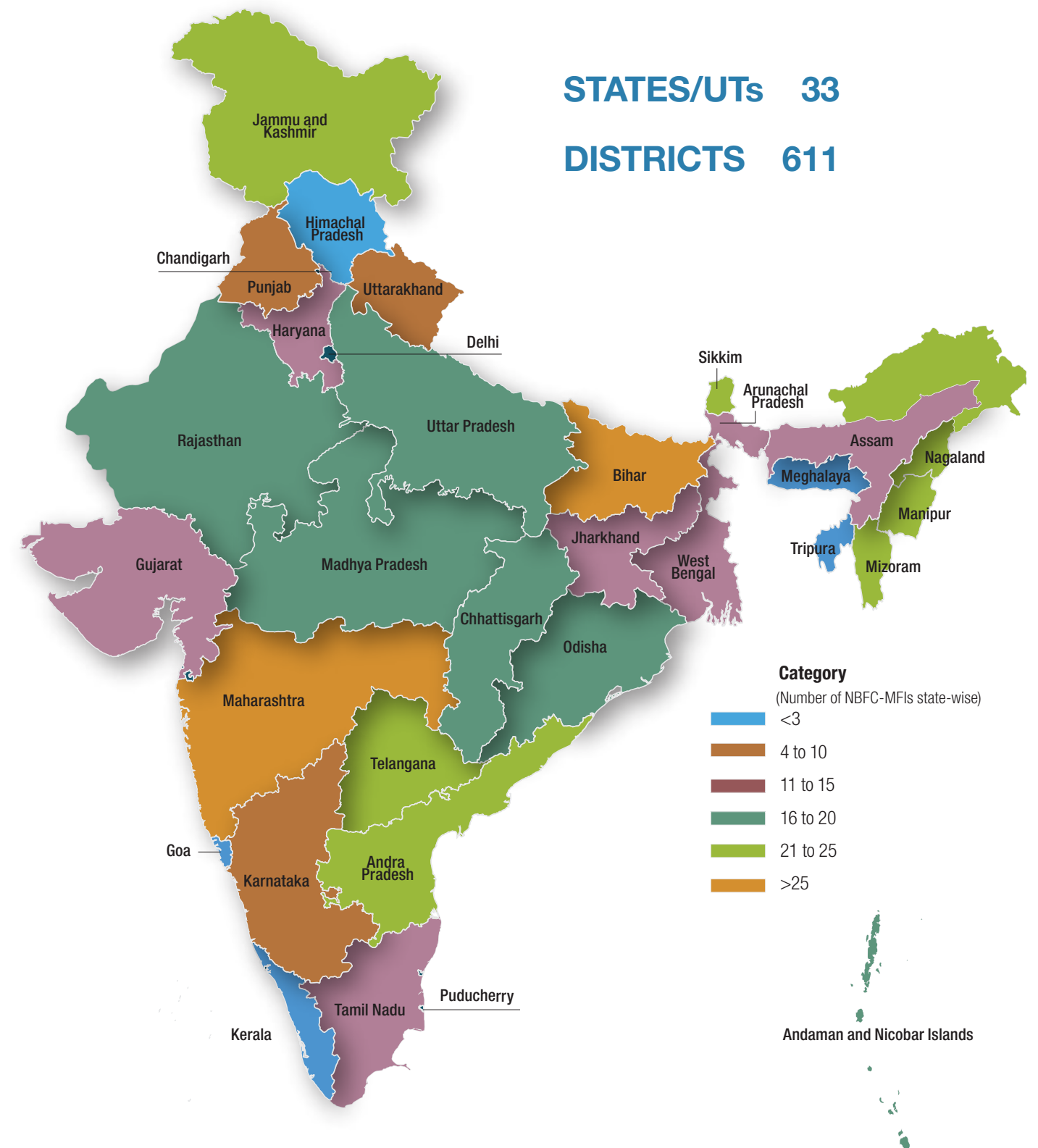
Services offered

Microcredit, Pension, Insurance, Financial Education, Livelihood Service

National Presence of NBFC-MFIs

STATES/UTs 33

DISTRICTS 611



NBFC-MFI as defined by the RBI

An NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under Section 25 of the Indian Companies Act, 1956) that fulfils the following conditions:

- Minimum Net Owned Funds of Rs. 5 crores (For NBFC-MFIs registered in the North-Eastern Region of the country, the minimum NOF requirement shall stand at Rs. 2 crore).
- 85% of its net assets are in the nature of "Qualifying Assets."

"Net Assets" are defined as total assets other than cash and bank balances and money market instruments.

"Qualifying Assets" shall mean a loan which satisfies the following criteria:

- The loan extended to a borrower whose household annual income in rural areas does not exceed Rs. 1,00,000 while for non-rural areas it does not exceed Rs. 160,000. Loan amount does not exceed Rs. 60,000 in the first cycle and Rs. 1,00,000 in subsequent cycles.
- Total indebtedness of the borrower does not exceed Rs. 1,00,000 provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower.
- Tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 30,000 with prepayment without penalty.
- Loan to be extended without collateral.
- Aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs.
- Loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.
- The margin cap for all NBFCs irrespective of their size was 12 per cent till March 31, 2014. However, with effect from 1st April 2014 margin caps as defined by Malegam Committee may not exceed 10 per cent for large MFIs (loans portfolios exceeding Rs.100 crore) and 12 per cent for the others.
- Only three components are to be included in pricing of loans viz. a) Processing fees not included not exceeding one percent of the gross loan amount, b) the interest charged and c) the insurance premium.
- There should not be any penalty for delayed payment.
- No security deposit/margin is to be taken.
- Capital requirement (CRAR): 15 percent of its aggregate risk weighted assets.
- Provisioning: 50 percent of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100 percent of the aggregate loan instalments which are overdue for 180 days or more.
- Follow RBI's Fair Practices Code.
- Must be members of all Credit Information Bureau (CIBs) and onboard data to all Credit Bureaus as mandated by RBI.

New Members



New Members



**Arth Microfinance
Pvt. Ltd.**

Arth Microfinance is a Jaipur based NBFC-MFI established under the banner of Kuldhara Group working across 30 districts of Rajasthan, Madhya Pradesh, Punjab and Haryana. The organization is an outcome of the efforts of Society of Indian Institute for Rural Development (SIIRD), with an experience of more than livelihood creation, which promulgated the incorporation of Arth Microfinance. The organization believes that access to financial services enables the underserved to increase their household incomes, build assets and reduce their vulnerability to crisis. The goal is "To serve 500000 households by 2022 using the best financial practices and state of art technology."



**ASA International India
Microfinance Ltd.**

ASA International India Microfinance Limited (ASAI-INDIA), a division of ASA International, is a Kolkata based NBFC-MFI which started its operations in 2008. It is geographically spread across West Bengal, Assam, Bihar, Tripura, Meghalaya and Uttar Pradesh with 287 branches. ASA India follows the globally accepted ASA methodology - the considered low cost sustainable model. ASA's low-cost methodology gains further relevance in the "margin cap" environment that the microfinance sector is operating in India. ASA is committed to support, improve and strengthen the economic status of the poorer section of the society through facilitating, dispensing and expanding microfinance products.



Avanti Finance Ltd

Avanti Finance is a financial services platform operating on a trust-based ecosystem providing relevant financial products co-created with experienced partners with an objective to match the life cycle needs of the customers. The platform of Avanti is based on Speed, Sustainable, Scalable & Profitable Financial Inclusion. The platform leverages the rapidly evolving India Stack, payments ecosystem and other new age digital technologies with products and solutions designed around the end customer in partnership with social sector players and community organisations. The platform will provide access, options and experience available to a high-end customer to low income and underserved communities.



BWDA Finance Ltd

BWDA started its work with the objective of working for the socio-economic development of bullock-cart workers, rural artisans, labourers, low-income households, marginalised and downtrodden in India. It was in 2003, BWDA acquired an NBFC, renamed as BWDA Finance limited (BFL) to streamline its financial inclusion operations. It is geographically spread across the states of Tamil Nadu, Pondicherry and Andaman & Nicobar Islands.



**G U Financial Services
Pvt. Ltd.**

G U Financial Services Pvt. Ltd. (GUF SPL) is a Bhubaneswar based NBFC-MFI with effect from August 2018 and has been providing microfinance services since 2008. GUF SPL is a prominent venture for financial inclusion and aspires to provide products and services in micro credit space in order to promote financial inclusion in Odisha. They provide micro credit for Income Generating Activities, Micro Housing, Water, Sanitation & Hygiene (WASH) and Micro Enterprises. The primary aim of GUF SPL is to improve the economic condition of the rural households.



**Mitrata Inclusive
Financial Services
Pvt. Ltd.**

MITRATA Inclusive Financial Services, formerly known as Sona Finance, is a Gurgaon-based NBFC-MFI providing credit facility to the marginalized, excluded and vulnerable groups for enterprise development. It is geographically spread across Bihar, Haryana, Madhya Pradesh, Rajasthan and Uttar Pradesh. MITRATA implements activities to provide the marginalized households with easy access to financial services including credit and insurance. Its Mission is "To provide rural women accessible, transparent and suitable financial and non-financial services for their economic empowerment."



**Sarala Development &
Microfinance Pvt Ltd**

Sarala Development & Microfinance was first established in 2006 as 'Sarala Women's Welfare Society' - a 'not for profit' entity. In 2011, Sarala transformed its operation into 'for profit' through the acquisition of NBFC - Unnati Trading & Fincon Pvt. Ltd. The entity was registered as an NBFC-MFI in 2014 and in 2015, it changed its name to Sarala Development and Microfinance Pvt Ltd. It is geographically spread across 24 districts of West Bengal, Bihar, Assam and Sikkim. Its Mission is "To catalyse empowerment of sustainable women micro-entrepreneurship in under-privileged families across India by providing much needed access to capital."

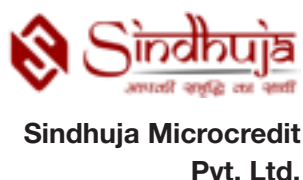


**SAVE MicroFinance
Pvt. Ltd.**

SAVE MicroFinance is a Gaya-based new generation NBFC-MFI which uses innovative cashless lending and collection platform. The entity is a part of the SAVE group which has subsidiaries like SAVE Solutions, the largest BC-CSP partner of State Bank of India. It was formed with a focus on providing microfinance services to urban and rural poor as well as micro and small businessmen in the underserved geographies of India, primarily Bihar. The geographic regions served by SAVE MicroFinance are amongst the poorest in India and grossly underserved by formal financial institutions.



SHARE Microfin is a Hyderabad-based NBFC-MFI dedicated to providing financial and support services to marginalized sections of the society, particularly women belonging to rural and semi-urban areas across India. Through its income generating loans and business development services, SHARE reaches out to help underserved women populace build productive microenterprises, thereby contributing to the development of sustainable communities. SHARE has an effective Management Information System (MIS) to monitor borrower repayment as well as individual employee accountability.



Sindhuj Microcredit is a Delhi NCR based NBFC-MFI spread across three states - Bihar, Jharkhand & Uttar Pradesh with 23 branches. Through Microfinance and Micro-enterprise loans, it aims to reach the lives of the 'bottom of the pyramid' and the 'missing middle' customers and contribute towards financial inclusion. Access to financial services is a key element in the process of socio-economic empowerment of the financially underserved sections of the society and Sindhuj aims to provide access to entrepreneurs who have the requisite skill but lack capital.



Svamaan Financial Services is a new generation Mumbai based NBFC-MFI established in 2019. Svamaan believes that each customer has unique and evolving financial needs which needs to be understood and catered-to in a sustainable manner to drive long-lasting impact. The approach of the operations rests on the 3 pillars of Factful Methodology, Digital DNA and Driving Impact.

Associates



MFIN launched its Associateship programme in January 2014. The objective was to be more inclusive by taking into consideration the many businesses, apart from NBFC-MFIs, that are also lending to Microfinance borrowers or are connected with the sector. MFIN believes that all such entities along with its primary members can work together by participating in all MFIN forums particularly the State and district levels and thus achieve the larger goal of financial inclusion. MFIN Associates include Banks, Small Finance Banks, NBFCs, Credit Bureaus, Housing Finance Companies, Insurance Companies, Business Correspondents, Private Equity Social Investors, Foundations, Fintech companies, among others.

The MFIN Board has one Director who is elected by the Associates to be their nominee.



**Buldana Urban
Management
Services Pvt. Ltd.**

Buldana Urban Management Services Pvt. Ltd. (BUMSPL) is a Pune based Business Correspondent established on 27th June 2017 and is a new subsidiary owned by Buldana Urban Co-Operative Credit Society Ltd. Formed to bring in the exclusivity and more focus towards microfinance, BUMSPL is currently working across various districts of Maharashtra with a focus on the region's underserved rural and semi-urban areas. BUMSPL is an intermediary for promoting financial inclusion in the country. The aim of the organization is to facilitate access to finance by providing credit and micro-insurance facilities to the unbanked clients in targeted geography. BUMSPL is an appointed Business Correspondent (BC) of Yes Bank Ltd. (YBL) for promoting, extending and administering microfinance loans for the Bank.



**Equirus Capital
Pvt Ltd**

Equirus Capital was founded in July 2007. It is a one stop Investment bank, for all financial needs of growth oriented mid-market companies, led by seasoned bankers, invested by reputed investors and built on trust. Equirus has built impeccable credential and market standing across domains and has created a niche for itself in its ability to structure and deliver transactions in-line with the client's requirement. With a view to broad base its service offerings, it launched Portfolio Management Services in October 2016.



**Equitas Small
Finance Bank**

Equitas Small Finance Bank is a Chennai based new age bank that gives children, youth, families and business people across India a new way to bank. As a NBFC-MFI, Equitas was enabling livelihoods and elevating lives whereas today, as a small finance bank, the focus is changing the very way banking is imagined, delivered and experienced - with TRUST being the key driver. Equitas transitioned from an NBFC-MFI to a small finance bank in 2016.



**Friends Capital
Services Limited**

Friends Capital Services, an NBFC, was founded in 1996. It primarily engages in micro-finance businesses and provides loans to various women-run self-help groups across rural India. The entity is of the belief that to help women reach their utmost potential, it is crucial to start women empowerment from the roots of the country. By providing various levels of loans to the underprivileged, Friends Capital ensures it makes the poor self-sustainable.



**Kotak Mahindra
Bank**

Kotak Mahindra is one of India's leading banking and financial services groups offering a wide range of financial services that encompass every sphere of life. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group's flagship company, received banking license from the Reserve Bank of India (RBI), becoming the first non-banking finance company in India to convert into a bank - Kotak Mahindra Bank Ltd.

ING Vysya Bank Ltd. merged with Kotak Mahindra Bank Ltd in the year 2015. The Bank has four Strategic Business Units – Consumer Banking, Corporate Banking, Commercial Banking and Treasury, which cater to retail and corporate customers across urban and rural India.



**Sampark Fin.
Services Pvt Ltd**

Sampark Fin. Services (SFS) is a Bhubaneshwar (Odisha) based NBFC. Its mission is to create opportunities for the people who are inadequately served and to augment their income by furnishing them with financial services. SFS is a microfinance venture of Mahashakti Foundation that came into existence in the year 2013.



Vivriti Capital

Vivriti Capital is a Chennai based NBFC - wholesale established in 2017. The institution works across Chennai and Mumbai by providing services across pan India. It has previously collectively assessed more than 500 retail lending organisations in India and abroad, developed underwriting frameworks for various types of retail lending in India and used capital markets to deepen financial inclusion in India. Vivriti Capital has a strong digital spine which aids in customer sourcing, underwriting, customising, and offering products at the clients' fingertips.

WATER *A Smart Investment*

One obstacle stands between billions of people and a bright future—access to safe water and managed sanitation.

Water.org works to remove that obstacle by helping people get access to safe water and sanitation through affordable financing, such as small loans. Together with nearly 100 partners around the world, Water.org has catalyzed more than \$1.7 billion USD, reaching at least 22 million people. India accounts for nearly half the total number of people Water.org has helped to realize the dream of a tap and a toilet. Water.org India has a network of partners that include microfinance institutions (MFIs), self-help group promoting institutions, and banks that have made approximately 2.3 million loans to households for their water and/or sanitation needs, mobilizing ₹ 30.2 billion in capital.

Water.org, a non-profit organization founded by Gary White and Matt Damon, offers a portfolio of smart solutions that breaks down the financial barriers between people living in poverty and access to safe drinking water and sanitation. One of the key solutions is WaterCredit, the first to put microfinance tools into the water and sanitation sector. WaterCredit helps bring small loans to those who need access affordable financing and expert resources to make household water and toilet solutions a reality. It is a pay-it-forward system that makes it possible to help more people in ways that will last.

Lessons learned from WaterCredit include:

- Those who live on \$1 - \$6 USD a day represent an eager, able and viable consumer base for water and sanitation financing.
- Water and sanitation loans create social and economic value for lending institutions.
- These loans have strong social and economic impact for borrowers and their families.

- Water and sanitation lending helps close the gap and helps meet ambitious national and global targets, including Sustainable Development Goal 6.1 and 6.2 – universal clean water and sanitation by 2030.
- The core concept—affordable loans—is successful in multiple operating environments, with various types of partners and through diverse channels.

Loan repayment tops 99 percent. And every repaid loan can empower another family with safe water.

Water.org has proven that water is a smart investment—the best investment the world can make to reduce disease, increase family income, keep girls in school and change lives.



"We are proud of our association with MFIN from the time that we were an NBFC-MFI and are pleased to have continued the association even after getting the banking license. At Fincare Small Finance bank, our view is that irrespective of the legal format, a common body governing the entire JLG business is an absolute essential and MFIN has played this role in a very efficient and diligent manner.

It is heartening to see MFIN stepping up advocacy and intervention on sensitive topics like loan waivers, natural calamities etc. We believe that in future, MFIN should consider consolidating its efforts in the areas of a. participation in employee bureaus and b. identification of negative database of ring leaders, in order to further strengthen the microfinance sector."

Mr Soham Shukla

Chief Operation Officer – Rural Banking, Fincare Small Finance Bank

"I view our association with MFIN as being mutually beneficial. MFIN has been receptive to our feedback as a lender to MFIs and has been forthcoming in sharing information about their primary members. MFIN being the premier industry body & SRO in the microfinance sector has been at the forefront in driving responsible lending practices. MFIN has been engaging closely with banks & MFIs alike to help them understand and effectively address the developments & challenges in this evolving sector."

Mr. Tapobrat Chaudhuri

Senior Vice President, Kotak Mahindra Bank

The mission of Sampark Fin Services is to create opportunities for the people who are inadequately served and to augment their income by furnishing them with financial services. For that, MFIN is providing us a platform to connect with other MFIs, stakeholders & regulators to gather ideas on how the MFI market is functioning. The contribution of MFIN in sharing knowledge as well as advocating for sustainability of micro finance industry with the regulators is laudable as it has been a great help to all its members & associates to take key decisions.

We are expecting a long and continued relationship with MFIN and work together for the common objective of Financial Inclusion of poor households.

Mr. Jugal Kishore Pattnayak

MD, Sampark Fin Services Pvt Ltd

"It is indeed a pleasure to see MFIN evolving into a formidable sector wide body, recognizing the role of players such as BCs and opening up to make space for associate members in its governance. MFIN is regarded as a strong voice among policy makers and practitioners alike. The kind of activities taken up of late by MFIN and its state chapters, be it in managing the political risk, coordinating an HR bureau, arranging much needed funding to members through a common platform or championing mutually agreed COC, are highly commendable. Proud to be an associate member of MFIN and look forward to working together in further strengthening the sector.

Mr. Sasidhar Thumuluri
CEO, BASIX Sub-K

Voices from Associates

Our Work in 2018-19

The Enabler



1. Creating a Supportive Ecosystem

- 1.1 Advocacy at the National Level
- 1.2 Advocacy at State and District Levels
- 1.3 Indian and International Forums
- 1.4 Collaboration with Sa-Dhan
- 1.5 Investors and Lenders
- 1.6 Mutual Fund Analysts in Mumbai & Chennai
- 1.7 Media

2. Supporting Members & Associates

- 2.1 Raising the Bar through Surveillance
- 2.2 Information Hub
- 2.3 Capacity Building
- 2.4 Catastrophe Management
- 2.5 Elections
- 2.6 Microfinance Radar
- 2.7 Digital Finance
- 2.8 Securitization of Pools of Assets
- 2.9 Media Visibility

3. Protecting the Client

- 3.1 Rules and Standards
- 3.2 Grievance Redressal
- 3.3 Financial Literacy Programme

THE ENABLING EFFECT

The growth of Microfinance is dependent on the availability of an enabling environment which encompasses 1) supportive ecosystem for the industry 2) improving the capabilities of MFIN Members and Associates to deal with risk and challenges and 3) protection of millions of microfinance clients.

1 CREATING A SUPPORTIVE ECOSYSTEM

MFIN strives to create a favorable environment wherein its Members can carry on microfinance operations with ease and ensure that their business is sustainable and profitable. This in turn helps the country achieve its financial inclusion agenda. To do this, MFIN invests in building strong relationships with all its stakeholders.

1.1 Advocacy at the National Level

The Advocacy efforts of MFIN are guided by the Advocacy Task Force, Chaired by Mr Udaya Kumar of CreditAccess Grameen Ltd.

MFIN is in constant dialogue with the key stakeholders of the microfinance industry including Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Ministry of Finance (MoF), Micro Units Development & Refinance Agency (MUDRA), Small Industries Development Bank of India (SIDBI) and Unique Identification Authority of India (UIDAI). MFIN is also a part of various think tanks and discussion forums including the RBI's Financial Inclusion Advisory Committee, the MUDRA Board, and the ACCESS Assist Advisory Group.

Developments in the year:

- CEO, MFIN met the RBI Governor in the year to discuss about the constraints facing the sector.
- MFIN and Board Directors met senior officials in RBI's Department of Non-Banking Supervision to build mutual understanding and advocate for supportive policies
- MFIN met officials from the Department of Banking Regulation on issues related to

Credit Information Companies (CICs) and update in KYC guidelines

- RBI held a day long workshop in Pune on the 20 November 2018 on the future of microfinance
- MFIN met SIDBI Chairman and other senior SIDBI officials to advocate for greater financial support to MFIN Members
- MFIN met with officials from CERSAI to discuss various challenges being faced by MFIN Members with respect to submitting data to C-KYC, among other issues
- MFIN has met the Chairman, NABARD and other officials to increase their financial support to MFIN Members
- MFIN engaged with UIDAI after Aadhar judgement to seek clarity on microfinance operations
- Senior officials in Department of Financial Services, GOI were met around the issue of support to small and medium MFIs
- MFIN met CEO Mudra for increasing the pace of their funding support to MFIN members.

1.2 Advocacy at State and District Levels

MFIN's objective of creating an enabling ecosystem is met by the team's active engagement with State Governments. This is driven by the Task Force on State Initiatives, Chaired by Mr. Dibyajyoti Pattanaik of Annapurna Finance.

MFIN works closely with Ministers, Senior Officials and elected representatives in key States to create a positive understanding of the objectives, implementation and impact of microfinance. MFIN has thirteen State Chapters and organizes over 350 district forums across the states and UTs in India.

Each State Chapter has its Coordination Committee Members who facilitate the smooth functioning of the chapter. Similarly, each district forum has a lead MFI, responsible for district level coordination among member MFIs. The MFIN Secretariat's regional representative closely works with the State Coordination Committee and the District Lead Coordinators.

MFIN was invited to participate in a few State Level Bankers' Committee Meetings and State Level Credit Conferences for the first time.

State Chapters	No. of Districts in the State	No. of Individual District Forums in the State	No. of Composite District Forums in the State	District Covered
P-HP-J&K	22	19	3	21
UK	13	4	0	4
DL & HR	12	12	0	12
RJ	33	15	1	17
MP	52	42	2	46
CG	27	19	0	19
MH	36	14	8	36
GJ	33	2	7	33
OR	30	24	3	30
JH	24	7	7	24
BH	38	30	3	38
NE	86	18	4	28
TN & Puducherry	33	0	12	33
Total		206	50	341

Regional Wise Segregation	Name of the State Chapter
North	Delhi & Haryana Composite Chapter
	Northern Composite Chapter (Himachal Pradesh, J&K, Punjab)
	Rajasthan
	Uttarakhand
	Uttar Pradesh*
Central	Madhya Pradesh
	Chhattisgarh
North-Eastern	North-East Composite Chapter (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim & Tripura)
	Orissa
	West Bengal*
East	Bihar
	Jharkhand
Western	Gujarat
	Maharashtra
Southern	Tamil Nadu
	Karnataka*
	Kerala*
	Andhra Pradesh & Telangana

* State Associations

1.3 Indian and International Forums

To further strengthen the microfinance universe and leverage from the combined learnings of various organizations in the sector, MFIN closely works with Associations and Forums in the space.

MFIN has also been engaging with international agencies like IFC, World Bank, Banking with the Poor, Afghanistan Microfinance Association, African Microfinance Association and South Asia Micro-Entrepreneurs Network (SAMN).

SAMN is a regional network aiming at enhancing capacity, financing and regional dialogue in the microfinance sector of South Asia. It is represented by leading apex institutions from the countries of the region along with the Agency for Technical Cooperation and Development (ACTED). Current SAMN Members include Afghanistan Microfinance Association (AMA), Credit Development Forum (CDF), Bangladesh, Centre for Microfinance (CMF), Nepal, Lanka Microfinance Practitioner's Association (LMFPA), Sri Lanka, Pakistan Microfinance Network (PMN) and Microfinance Institutions Network (MFIN) in India. In addition, Sa-dhan has been included as a Member.

- MFIN, CEO has been elected Chair for SAMN for 2019-20
- MFIN CEO spoke in the Power Talk Session on "Risk Mitigation by Microfinance Industry in India" at the Regional Microfinance Bootcamp organized by Pakistan Microfinance Network in April 2019 at Dubai.
- MFIN met with officials from Bill and Melinda Gates Foundation, Michael & Susan Dell Foundation, Accion and Boulder Microfinance to increase their understanding of microfinance in India.

1.4 Collaboration with Sa-Dhan

MFIN has stepped up its relationship with Sa-Dhan and invited it for the first ever Joint Meeting on 6th of March 2019 where both the Associations decided to put their combined learnings and efforts into crisis management, exemplified in their joint working during Cyclone Fani in Orissa. The Code of Conduct and the Code for Responsible Lending are also being jointly revised with the support of Sa-Dhan.

1.5 Investors and Lenders

Investors and Lenders are an important part of our ecosystem. In the year that went, MFIN arranged the following platforms to engage with these key stakeholders.

Investors Meet in Mumbai

MFIN in association with Unitus Capital hosted the 6th edition of Investors & Lenders Meet on 11th September 2018 in Mumbai. The objective of organizing the event was to provide a platform for interaction between Members, Lenders and Investors with a focus on small and medium MFIs.

Lenders Roundtable in Mumbai

The Roundtable was well attended by both MFIN Members and various category of lenders including Banks, SFBs and NBFCs. MFIN Secretariat presented data on ALM of Member institutions, which highlighted the healthy ALM for the NBFC MFIs. In addition, CRISIL made a presentation that reiterated the positive outlook towards the sector. During this meeting, the idea of creating a pool of asset for securitization was further discussed.

1.6 Mutual Fund Analysts in Mumbai and Chennai

MFIN participated in the roadshow organised by Equirus Securities at Mumbai and Chennai where the MFIN CEO briefed fourteen analysts and fund managers of mutual funds like Axis MF, Birla Life, Birla MF, Franklin Templeton, Goldman Sachs, HDFC Life, ICICI Pru MF, Mahindra MF, Reliance MF, SBI MF and several others.

MFIN CEO also spoke to investors and analysts about microfinance at conferences organised by Centrum Financial Services and Equirus Securities.

1.7 Media

MFIN is in constant engagement with the media at the national, state and district level to build a positive and informed perception about the industry with a focus on building the sector's image, dispelling common myths around the nature of the business and emphasising the role of the sector in achieving financial inclusion.

MFIN also attempts to establish how microfinance has helped build scale and meet the needs of the unserved population of India besides promoting an entrepreneurial mindset among micro-enterprises.

- No of Coverages & Stories: 574
- Total No of Coverage with Editions: 728
- Feature stories - Industry feature / Soft Stories, Human Interest Stories: 295
- Press Releases: 40

Social Media

In order to stay relevant, MFIN is active on social media platforms, creating awareness about the activities undertaken by MFIN and developments in the microfinance industry. The following activities were carried out:

- Industry/Sector News & Updates
- Highlights of Micrometer, MFIN's flagship publication
- Overview of the Microfinance industry with relevant posts
- Customised posts about MFIN Members and Associates
- Introductory posts of new Members and Associates
- Highlights about MFIN Events
- Milestones achieved

Social Media Analysis



Tweet Impressions: 2,00,000
Profile Visits: 15,000



Impressions: 3,00,000
Followers Gained: 3500

2 SUPPORTING MEMBERS & ASSOCIATES

MFIN works to support its Members and Associates in the delivery of their operations and helps them develop capabilities across different areas for them to do business in a more responsible manner.

2.1 Raising the Bar through Surveillance

MFIN as an SRO monitors industry compliance and takes action on non-compliances as and when necessary. Industry and member NBFC-MFIs are monitored through different sources, such as, data from NBFC-MFIs, data from Credit Information Companies (CICs), periodic investigation, peer reporting and independent Third-party Evaluations which are conducted by empaneled agencies.

MFIN monitors whether NBFC-MFIs have a robust framework to deal with issues. These initiatives also allow the NBFC-MFIs to systematically measure, manage and integrate responsible business practices through gap analysis, benchmarking and tracking.

A well-defined Enforcement Framework guides the 'monitor and enforce' function of the SRO in order to ensure a fair, consistent and transparent process which progressively moves the NBFC-MFIs, individually and collectively towards higher degree of adherence with industry regulations and standards.

Third Party Evaluation

In the year under review, eighteen Third Party Evaluations were undertaken. It was observed that the most common lapses were related to disclosures to the customers. If required, lapses are escalated to an Enforcement Committee and RBI.

2.2 MFIN's Information Hub

MFIN has, over the years, conceptualized and developed a range of well-researched and data intensive publications providing in-depth analysis from state to district level, pan India with Annual,

Quarterly and Monthly frequency. Today, MFIN publications are eagerly awaited by Members and Associates, Investors, Media and other stakeholders associated with the industry.

Micrometer - Quarterly

MFIN's flagship publication, Micrometer has found pride of place with every microfinance stakeholder owing to its exhaustive quarterly updates on the key operational and financial indicators of the microfinance industry at a pan India and State level. 29 issues of Micrometer have been released since its inception.

Microscope - Annual

An annual publication, Microscope captures the financial health of the microfinance industry.

Microdive

MFIN's latest offering, Microdive is the first customer-level analysis of the full customer base of 4.8 Crore, available for all microcredit lending submitted to the microfinance segment of the credit bureau. Two issues were released in this year.

Monthly Monitor

Is a publication exclusively for Members capturing pan India/State/District level information on portfolio, disbursement and portfolio quality of MFIN members.

2.3 Capacity Building

MFIN takes upon itself to help Members and Associates build capacity through various initiatives. Some are:

Workshops

MFIN organised several workshops on the following subjects:

- Compensation and Benefits Study with Aon Hewitt
- Training of HR, Risk & Operation Heads in field-level issues and challenges of the sector in various states
- Two workshops for senior HR executives of Member MFIs were organized covering the

employee bureau, best practices, skilling and recruitment

- Compliance - focused on the compliance requirements of NBFC-MFIs, covering Regulatory requirements (RBI, IRDA, SEBI), SRO, Companies Act, Tax among others.
- Training Programme on 'Embracing Digitisation for Finance and Governance'
- In partnership with KPMG team, MFIN organized a workshop on IndAS covering many topics related to IndAS including Expected Credit Loss.
- Training on C-KYC in August 2018 where 23 participants from seventeen Member MFIs attended the training. The participants were trained on the registration, uploading and updating of accounts.
- MFIN has also entered into an agreement with TSS consultancy through its brand Trackwizz to sponsor MFIN Tech training and through this guide MFIN members to comply with C-KYCR norms of CERSAI. The training was organized in September 2018.

PROSPER

Prosper is a training and certification application co-developed by MFIN and Banking Financial Services Insurance Sector Skills Council (BFSI-SSC) with support from the Ministry of Skill Development and Entrepreneurship (MSDE) under the Recognition of Prior Learning (RPL) scheme of Prime Minister Kaushal Vikas Yojna (PMKVY).

The program will provide better orientation to customer-facing micro-credit staff such as loan officers and branch managers on various aspects of customer engagement such as speaking, transacting, understanding customer requirements, prioritizing customers' interests, maintaining privacy of customer information and handling complex situations.

This tool for training, assessment and certification of loan officers and branch managers will also contribute in sensitising, retaining and motivating the ground staff. The app was launched in 2019 and the training and certifications process is ongoing with 1,061 candidates already been certified.

Employee Bureau

MFIN, along with Equifax, created and launched an Employee Bureau to address the various manpower issues faced by the industry including cross movement, negligence of duties or untoward behaviour and practice. This Employee Bureau serves as a database of non-financial information of employees, playing an important role in mitigating employee fraud.

As on 31 May 2019, 1,31,897 employees are registered with the Bureau.

Particulars	#
Number of institutions signed up	100
Of which, number of MFIN members and Associates	53
Number of Institutions that submitted data in last month	31
Number of employees registered	1,31,897
Number of employees registered during the month	12,018
No of queries raised during the month	7,242
% Match found	8.7%

2.4 Catastrophe Management

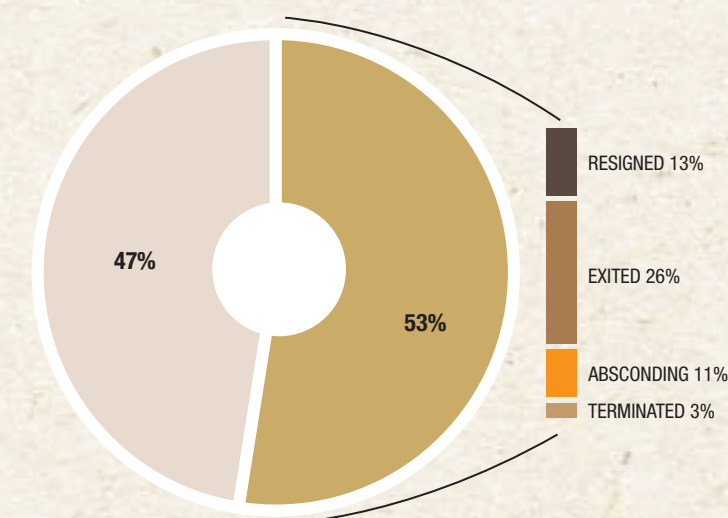
Borrowers in Microfinance come from an unserved community and generally belong to the bottom of the pyramid. Natural calamities can be devastating for the community. MFIN from its experience of handling natural disasters in various parts of India has developed a robust crisis management Standard Operating Procedure for its Members to deal with such catastrophes. In the year that went by, MFIN provided guidance and support to the Members during:

- Kerala floods
- Cyclone Gaze in Tamil Nadu
- Drought in Maharashtra
- Cyclone Fani in Odisha

2.5 Elections

MFIN took proactive measures before and after Elections to inform all stakeholders about Microfinance operations and ensure that the Election Code of Conduct was followed in spirit and action. Some initiatives it took are:

EMPLOYEES CATEGORY AS PER DATABASE

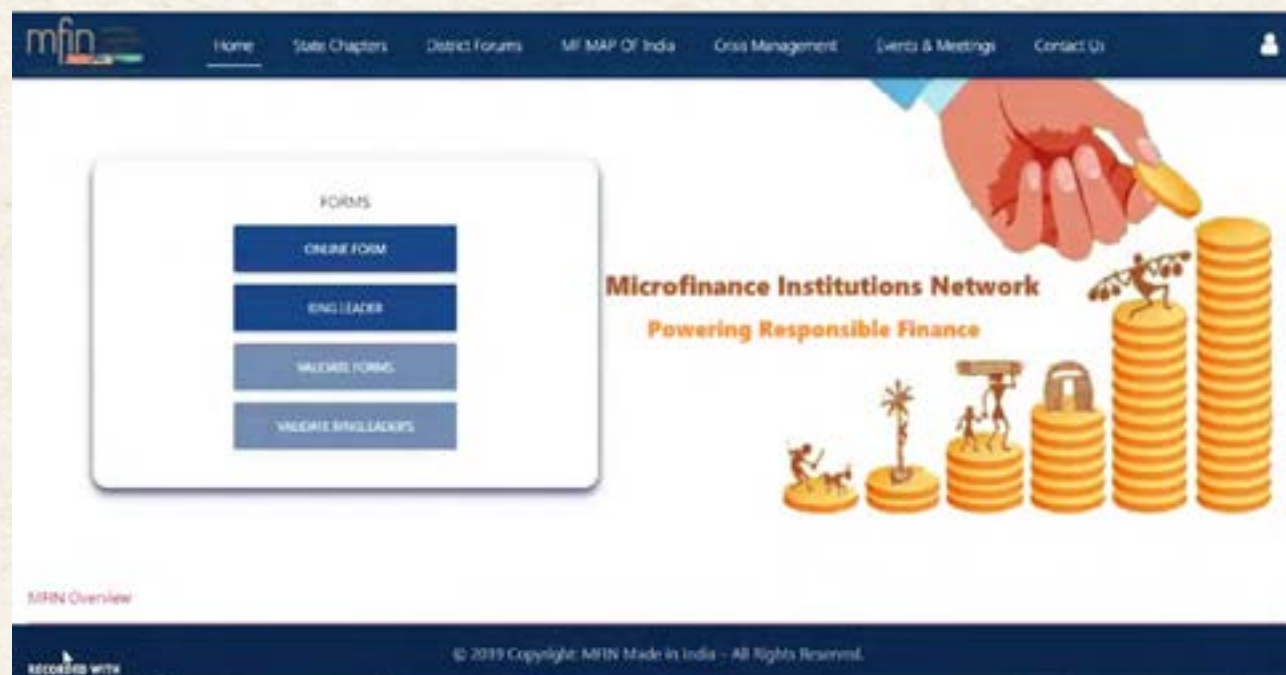


- Before the 2019 elections, MFIN wrote to all State Chief Electoral Officers, apprising them about the microfinance industry at large and the NBFC-MFIs operating in their State along with their outreach. This proactive step familiarized the electoral machinery with the industry
- Acknowledged copies of letters to the Chief Electoral Officer from all States were then circulated amongst Members and Associates
- MFIN shared the list of MFIs as institutions regulated by Reserve Bank of India with various offices creating awareness about the microfinance institutions' operational methodology
- Members were advised to avoid cash transactions
- In certain states, MFIN worked with senior officials and political leaders to successfully circumvent the potential issue of loan waivers.

2.6 Microfinance Radar

Another comprehensive database MFIN is developing is a Geo-mapping Application which will be one of its kind in the industry and serve as a central repository of Microfinance information pan India.

Using latest technologies and hosted on Indian servers, this application will strengthen the existing risk mitigating systems of Member institutions and



would be available to MFIN members only with a restricted access. The application was presented in the 66th board meeting of MFIN in March 2019 and is presently under field testing in Tamil Nadu, before it is applied across the country.

2.7 Digital Finance

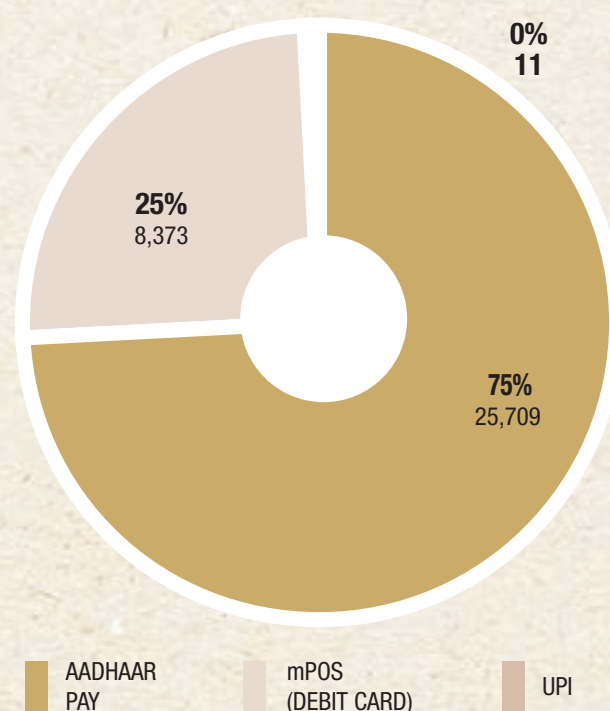
Digitalizing cash-based operations has the potential to bring a host of benefits to MFIs as it mitigates cash carrying risks and improves operational efficiency by saving time for frontline staff.

It can aid in the diversification of products offered to consumers and enable the innovation of customer centric offerings based on critical insights sourced from digital data collected over time on customer behavior.

It was under this context that MFIN, in its endeavor to bring digital payments to the last mile, conducted a pilot project to evaluate digital payments model for MFI transactions for collections.

Funded by HSBC India and supported by six NBFC-MFI members in eight states across 16 branches, the project aimed at finding an appropriate model to provide a basic standard of digital engagement to facilitate cashless collection of repayments. The idea was to test cashless models – Bhim Aadhar Pay, mPos (Debit) and UPI

NO. OF TXNS ATTEMPTED THROUGH DIFFERENT CASHLESS MODE IN PILOT PROJECT



that were cost effective for the customer as well as the MFI, scalable and easy to implement and could create a positive customer experience and demonstration for wider use. Though the pilot is over, the partner MFIs are continuing to use the digital methods to collect repayments at the pilot branches and plan for scaling-up at other branches as well.



MFIN conducted workshops in Kolkata, Mumbai, Delhi and Bangalore for knowledge dissemination. The workshops were attended by NBFC, NBFC-MFI, Banks, Fintech companies, Regulators and telecom companies. The project report can be viewed on the MFIN website.

Persona of Kamla and Vimla didi were developed to project two different personalities. While Kamla was aware of digital payments and benefits of banking, Vimla didi kept cash at her home, facing theft and other risks. Kamla and Vimla didi were used in creating engaging communication material to show the benefits of digital transactions. These pamphlets were printed in six languages.



Securitization of a Pool of Assets for Small and Medium Members

In November 2018, MFIN deliberated on various solutions to address the liquidity stress that the member (NBFC-MFIs) were facing, one of which was pooling of assets for securitization.

A securitization sub-committee was formed to select a suitable facilitator and appointed Northern Arc Capital to structure and arrange funding for multiple MFIs through a series of Multi

Originator Securitization (MOSECTM).

Advocacy efforts finally paved way for two Securitization deals. 20 members pooled in their assets for securitisation and Northern Arc was selected as the arranger. The first securitization deal, of Rs 79 crore was concluded on 31st December 2018. The transaction facilitated funding for 11 MFIs. Hinduja Leyland Finance (HLF) was the senior investor in this transaction. The multiple pools were bound together by a common Second Loss Facility being provided by Northern Arc Capital. The second transaction of a deal size of Rs 203 crore was closed on 4 February 2019, with Kotak Mahindra Bank being the senior Investor.



Dr Aruna Sharma, Board Member along with Mr Harsh Shrivastava, CEO - MFIN, and the best performing MFIs under the HSBC Pilot project

2.8 Media Visibility

Case Studies

MFIN has used Member case studies* as a tool to share the impactful work of NBFC-MFIs at ground level. Case studies covered month-wise in the year are:

Month	Institution	Focus Region
Jul'18	Adhikar Microfinance Pvt. Ltd.	Odisha
	Arohan Financial Services (P) Ltd.	Assam
	Shikhar Microfinance Pvt. Ltd.	Ghaziabad
Aug'18	Fusion Microfinance Private Limited	Uttarakhand
	Village Financial Services Ltd.	West Bengal
	Saija Finance Private Limited	Bihar
Sept'18	Sambandh Finserve Private Limited	Jharkhand
	Arohan Financial Services (P) Ltd.	West Bengal
	Satin Credit Care Network Limited	Uttar Pradesh
Oct'18	Margdarshak Financial Services Ltd.	Uttar Pradesh
	Light Microfinance Pvt. Ltd.	Gujarat
	Village Financial Services Ltd.	Sikkim
Nov'18	Unnati Microfin Private Limited	Maharashtra
	Growing Opportunity Finance India Pvt. Ltd.	Chhattisgarh
	Satin Credit Care Network Limited	Rajasthan
Dec'18	Sambandh Finserve Private Limited	Chhattisgarh
	NEED Livelihood Microfinance Pvt. Ltd.	Uttar Pradesh
	Shikhar Microfinance Pvt Ltd.	Rajasthan
Jan'19	SagGraha Management Services	Odisha
	Adhikar Microfinance Pvt. Ltd.	Chhattisgarh
	Fusion Microfinance Private Limited	Madhya Pradesh
Feb'19	Arohan Financial Services (P) Ltd.	West Bengal
	ESAF Small Finance Bank	Madhya Pradesh
	Satin Credit Care Network Limited	Assam
Mar'19	Fusion Microfinance Private Limited	Uttar Pradesh
	Axis Bank	Karnataka
	Greenlight Planet Inc.	Assam
Apr'19	Sambandh Finserve Private Limited	Chhattisgarh
	Friends Capital	Uttar Pradesh
	Greenlight Planet Inc.	Assam
	Annapurna Finance Private Limited	Odisha
May '19	Adhikar Microfinance	Chhattisgarh
	Water.org	Odisha
	Village Financial Services	West Bengal
June '19	CreditAccess Grameen	Karnataka
	Fincare Small Finance Bank	Gujarat
	Chaitanya India Fin Credit	Karnataka

* Case studies have been formulated based on inputs received from Members & Associates without any preference.

3 PROTECTING THE CLIENT

MFIN's motto is powering responsible finance. As an SRO of the RBI regulated NBFC-MFIs, MFIN has been instrumental in supporting and implementing an effective framework for responsible lending and client protection. As SRO, the priority is to ensure interest and welfare of its clients as they engage with the NBFC-MFIs. This is achieved through ensuring 1) Adherence to common Codes and circulating updated Directives and Advisories to Members 2) Grievance redressal mechanism providing the client direct access to MFIN helplines and 3) Client education through financial literacy programs.

3.1 Rules and Standards

To ensure responsible lending in an evolving industry, within the broad framework provided by the RBI Master Directions for NBFC-MFIs, RBI Fair Practices Code, Industry Code of Conduct (CoC), SRO has framed rules, standards and benchmarks for MFIN members. Adherence to Industry CoC and MFIN Standards is mandatory for the membership of MFIN, ensuring client protection.

In 2018-19, the following steps were taken by MFIN:

Revision of the Industry Code of Conduct

MFIN is presently working to revise the Industry Code of Conduct which was drafted in 2015. The Industry Code of Conduct is a joint effort of MFIN and Sa-Dhan and defines core values and fair practices for the microfinance sector to ensure that microfinance services through MFIs are provided in a manner that benefits clients.

Code for Responsible Lending (erstwhile Mutually Agreed Code of Conduct)

The fundamental challenge for the micro-credit sector today is that microfinance customer is served by differently regulated entities with no

uniform regulation. 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 quite vulnerable, is becoming increasingly challenging.

Hence it was essential that all providers of micro-credit come together on a uniform set of business conduct rules, which are sector specific and entity agnostic. The Code of Responsible Lending (CRL) is applicable to all providers of un-secured micro-credit under the group liability. The implementation of the CRL is guided by the Steering Committee comprising representatives from different Providers. It is Chaired by Mr. Manoj Nambiar, Managing Director at Arohan Financial Services.

Code for Responsible Lending was revised in April 2019 and circulated with the following recommendations:

- Cap of three lenders (regulated entities as per CIR) per customer
- Cap of Rs 100,000 per customer
- Weekly submission of data to CICs
- Use of a valid CIR (15 calendar days validity)
- Restrictions on lending to customer who has NPA account with other lender (dpd > 90 days, loan amount outstanding > Rs 1,000, point regarding lending to NPA customer affected by natural calamities has been factored)

The Steering Committee members are now approaching their peer group for sign-off.

Directives and Advisories

MFIN proactively issues two categories of documents, Directives and Advisories. Directives are mandatory to comply by the member NBFC-MFIs while Advisories are recommendatory in nature. In the year 2018-19, MFIN issued two advisories and one directive. Till date, MFIN has issued eleven Directives and four Advisories. A compendium of MFIN Directives and Advisories, updated on 5th April 2019, was shared by MFIN with its members and is available for viewing on the website <http://mfinindia.org/resource-center/mfin-publications/>

3.2 Grievance Redressal

Redress customers' grievances

Recognition of the SRO status, among other things, required MFIN to have a grievance and dispute redressal mechanism for the customers of NBFC-MFIs. MFIN introduced a Customer Grievance Redressal Mechanism (CGRM) number in July 2015, giving customers of NBFC-MFIs direct access to the SRO to address their grievances. Today, MFIN's CGRM has evolved into a dedicated six-member team covering ten languages.

In the event of clients reaching out to MFIN, the SRO facilitates communication of client complaints to the concerned NBFC-MFI and tracks its resolution. If not resolved within the stipulated Turn Around Time (TAT), MFIN's Enforcement Committee steps in to resolve the issue and lack of compliance can lead the NBFC-MFI being penalized by the Enforcement Committee.

In FY 18-19, MFIN's CGRM received 1.42 lakh calls, translating into an average call volume of about 12,000 calls a month or 400 calls per day. A total of 883 complaints were received translating into an average complaint to loan account ratio of 0.0029%. Key reasons for complaints were related to insurance claims, third-part products or dispute with CIR.

3.3 Financial Literacy

Financial literacy is crucial to financial inclusion and plays a critical role in client protection. An educated client can take informed decisions. As an SRO, MFIN has taken several initiatives including creating collateral to educate the clients about the credit bureaus and how it impacts their ability to access credit from formal financial institutions.

RBI has entrusted MFIN with the task of conducting 2,250 workshops across India to

educate the depositors on the various financial aspects of banking under the aegis of its Depositor Education and Awareness (DEA) Fund Cell. In this mega initiative, MFIN will deliver the workshop through the Training of Trainers (TOT) model where it will train its partners to make the initiative sustainable and far reaching.

The project is being conducted in three phases (i) Pilot, (ii) Training of Trainers (ToTs) and (iii) Delivery of workshops in selected districts by various partner MFIs of MFIN.

In the pilot, workshops were conducted in three locations, one each in rural, semi-urban and urban, in Uttar Pradesh and Madhya Pradesh with support of Fusion Microfinance. MFIN developed:

- workshop modules covering various topics prescribed by RBI and following the adult learning pedagogy
- participant's booklet - aggregation of collaterals in form of a book that were distributed to the participants
- trainers' guidelines essentially note and script for the trainers to help them deliver the workshops and to be used during ToTs.

The module and booklet were translated into Hindi for the benefit of the participants. MFIN has now moved to the second phase of the project, Training of Trainers (ToT), where it will conduct eight TOTs (2 in each region) to train a cadre of around 240 trainers who in turn will be responsible to not only lead the delivery of workshops in the third phase but also to train others in their respective MFIs.

Knowledge Dissemination through MFIN Events



HUMAN RESOURCE & PR / COMMUNICATIONS TRAINING

MFIN hosted the second in series Workshop on Human Resource in New Delhi on the 23rd & 24th August, 2018. The event brought together Human Resource and Communications & Public Relations Representatives from the member NBFC-MFIs under one roof.

The workshop, segregated into various sessions, focussed on operationalisation and utilisation of HR Bureau, requirement for a common skilling platform particularly for field staff, exposure to various Best HR Practices within the industry. The key initiatives on Human Resources that have been introduced by MFIN are Equifax Employee Database, Talent & Reward Dipstick & new initiatives on Code of Conduct for loan officers.

The second day included a session titled "Media and Messaging – dealing with the media" which was addressed by Dr. Sanjay Nigam, Consulting Strategy, Perfect Relations. The training programme focused on media landscape, how media works, understanding the messaging and crisis exercise for participants. This was an extension of the PR activities that MFIN has been carrying out for its members especially at the regional level.



6TH INVESTORS & LENDERS MEET

MFIN in association with Unitus Capital hosted the sixth edition of Investors & Lenders Meet on 11th September 2018 in Mumbai. The objective of organizing the event was to provide a platform for interaction between Members, Lenders and Investors. The focus of the event was on small and medium MFIs. The pitchbook was shared with investors during the event. The special address was delivered by Mr. Prakash Kumar, Chief General Manager, Small Industries Development Bank of India. The event stakeholders included investors, lenders, small and medium NBFC-MFIs, SFBs and Banks.

BC ROUNDTABLE

As a part of the Associates Round table, MFIN in association with New Opportunity Consultancy Pvt. Ltd and SAGGRAHA organised an exclusive event for Banking Correspondents in Mumbai. The event saw participants from institutions like BASIX Sub-K iTransactions, Swadhaar FinServe, Nirantra Fin Access, IFMR Rural Channels, IDFC Bharat etc.





ASSOCIATES ROUNDTABLE

MFIN hosted the third edition of Associates Roundtable on 31st October 2018 at Mumbai. The objective of the roundtable was to understand the priorities and expectations that Associates have of MFIN and the ecosystem. As part of the Roundtable, MFIN organised discussions focussing on MFIN's vision on Associates Programme, Risk Appetite and Third-Party Products.

Mr. Harish Venkata Raghu, SagGraha was elected on MFIN Board to represent the Associate Members. Mr. Aalok Gupta, Managing Director & Chief Executive Officer, MUDRA graced the event as the special guest and addressed the audience.

HSBC PROJECT REGIONAL WORKSHOPS

Four Regional Workshops were organized under the final stage of HSBC Project to disseminate the



experiences and findings followed discussions for the next phase of the project. The workshops were conducted in Kolkata on 26th February, Mumbai on 12th March, Delhi on 15th March and Bengaluru on 19th March 2019, following the completion of the field execution of HSBC-sponsored pilot project on 'incubating models of digital transactions for microfinance lending'. The workshop had interesting discussions around the solutions tested during the project and dissemination of key learnings. The pilot was conceptualized to test three digital payment tools for loan repayment collection - Aadhaar Pay, Debit Card Payment/ mPOS and UPI.

The list of participants included NBFC's, NBFC-MFI's, Banks, Fintech and Regulators.

ROUNDTABLE FOR BANKS

MFIN hosted the Roundtable for Banks including Small Finance Banks on 30th April 2019. The objective of the event was to reach out exclusively to Banks, they being the second largest contributors within the microfinance industry. The roundtable looked at understanding the challenges faced by Banks, emphasize on signing the Code for Responsible Lending, expectations from MFIN etc.



WORKSHOP ON COMPLIANCE

MFIN organized a two-day workshop on Compliance in Hyderabad on 13th-14th June 2019. The workshop focussed on the compliance requirements of NBFC-MFI's with the following as key compliances.

- Regulatory (RBI, IRDA, SEBI)
- SRO
- Companies Act
- Tax (to be partially covered for key elements)

- HR (PF, maternity benefits, gratuity, minimum wages)
- State specific compliances such as PID Act, Shop & Establishment Act, Minimum Wages
- Information & Technology

REGIONAL EVENTS

Uttar Pradesh Police Conclave

MFIN in association with Uttar Pradesh Microfinance Association (UPMA) - a state level association of microfinance institutions in UP organized a special interface event 'Strengthening Financial Inclusion: Role of Microfinance' on 13th February 2019 at the Police Training Centre Mahanagar, Lucknow. The session was organized with an aim to sensitize UP Police about the operational model of regulated microfinance providers such as Non-Banking Finance Company-Microfinance Institutions (NBFC-MFIs), Small Finance Banks etc.

The event was attended by 170 participants with 130 participants from Police department representing different districts of Uttar Pradesh. The Programme was presided over by DG (EoW) and senior officers from the police department including ADGP (EoW), representatives from NABARD, SIDBI, SFBs, NBFC-MFIs, NBFCs etc. During the event, the police were made aware of the challenges faced by regulated micro credit providers and the frauds and economic offences faced by microfinance clients.

Bihar Police Conclave

MFIN organized the second State level Police interface at Police Headquarters - Sardar Patel



Bhawan, Patna on 25th February 2019. The event was attended by 410 participants with 350 delegates from the Police department representing various districts of Bihar. The Programme was presided over by Director General of Police, Sh. Gupteshwar Pandey, Ex-DGP Sh. Neelmani, ADGP (EOU) Sh. J S Gangwar, SP (EOU) Sh. Sushil Kumar other senior officers like IGs, DIGs, SSPs, SPs along with representatives from RBI, SFBs, NBFC-MFIs, NBFCs etc.

Regional Meets for Member Institutions

MFIN organized four regional Meets across the nation which were attended by senior functionalities like CEO/CFO/MD etc. The objective of the meets was to discuss the clinical and analytical responses observed on field of the microfinance operations with required interventions and preventive measures necessary both internally and externally for a balanced industry growth. The schedule of the Meet was as follows:

#	Regions	Location	Date
1	Western Region (Maharashtra, Gujarat, Rajasthan)	Mumbai	10 May, 2019
2	Central & Northern Region (Chhattisgarh, Delhi, Haryana, J&K, Punjab, Madhya Pradesh, Himachal Pradesh, Uttarakhand, Uttar Pradesh.	New Delhi	21 May, 2019
3	East & North East Region (Bihar, Jharkhand, Odisha, West Bengal, North East	Bhubaneshwar	29 May, 2019
4	Southern Region (Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Kerala & Karnataka	Chennai	11 June, 2019

Microfinance Industry in India

Microfinance in India started in the late 1980s in response to the gap in availability of formal sources of credit and lending to the underserved and low-income population. Most of the institutions that forayed into the sector were from the social sector and hence the legal entities comprised Trust, Societies or Section 25 Companies. As the industry continued to grow, the non-profit form became a limiting factor in making these institutions sustainable and scalable. Based on the recommendations of the Malegam Committee January 2011, RBI created a new subset under the Non-Banking Finance Companies (NBFCs) for institutions specialising in microfinance and called them NBFC-MFIs. In the decade leading up to 2009, the NBFC-MFI model proved itself to be viable and a sustainable means of providing access to finance to meet the requirements of low-income households.

NBFC-MFIs have been playing a significant role in taking forward the financial inclusion vision of the Government of India. What sets the NBFC-MFIs apart is the fact that they do not depend on grants or subsidies to provide unsecured loans to people with low incomes and with negligible access to the banking system. The industry has used market-oriented solutions that encourage self-reliance and entrepreneurship amongst its clients. As on 31st March 2019, NBFC-MFIs provided credit to over 3.17 Cr. clients pan India, with a total lending more than Rs. 68,207 Cr.

Microfinance
Industry

**Core
Strengths**

- Regulated by the Reserve Bank of India with MFIN as the SRO for the industry
- Stringent Industry Code of Conduct in place
- Feet on Street delivery model, which ensures doorstep delivery to clients
- Bouquet of products such as microcredit, microinsurance and micro pension
- Presence in underbanked and underserved places
- Financial literacy and awareness integrated to product delivery
- Conducive environment for clients with local culture, local employees and high customer connectedness



Industry Trends

MARKET PLAYERS

There are around 192 lenders in the microfinance segment. This group comprises NBFC-MFIs, NBFCs, Banks, SFBs, and other non-profit entities. Out of these players contributing to more than 90% of microfinance lending are MFIN Members/Associates. As of 31st March 2019, NBFC-MFIs accounted for 36.8% of microfinance lending. The aggregate gross loan portfolio (GLP) of MFIs stood at Rs 68,207 Cr.

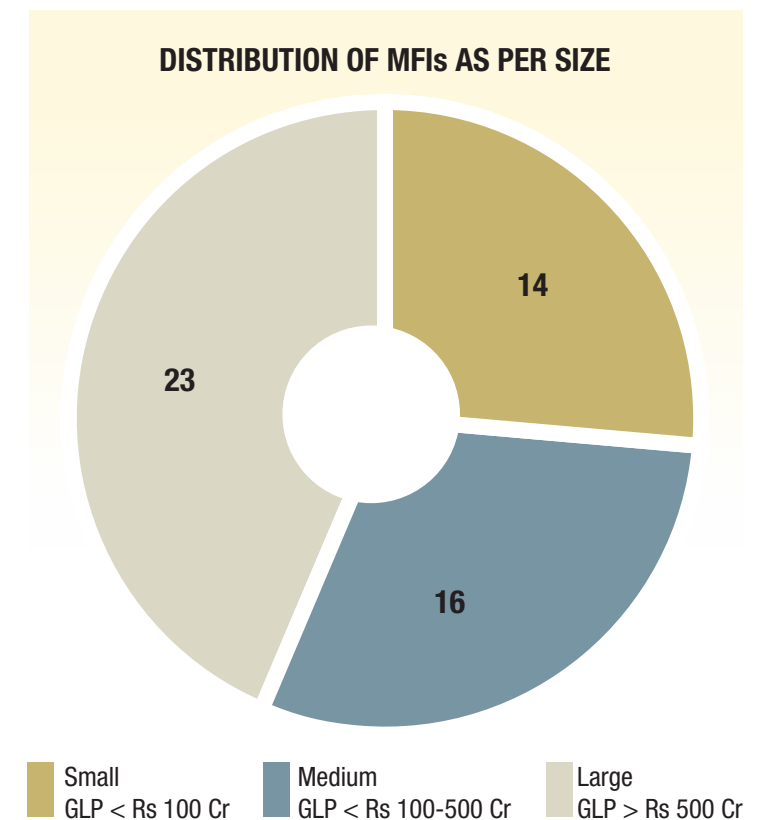
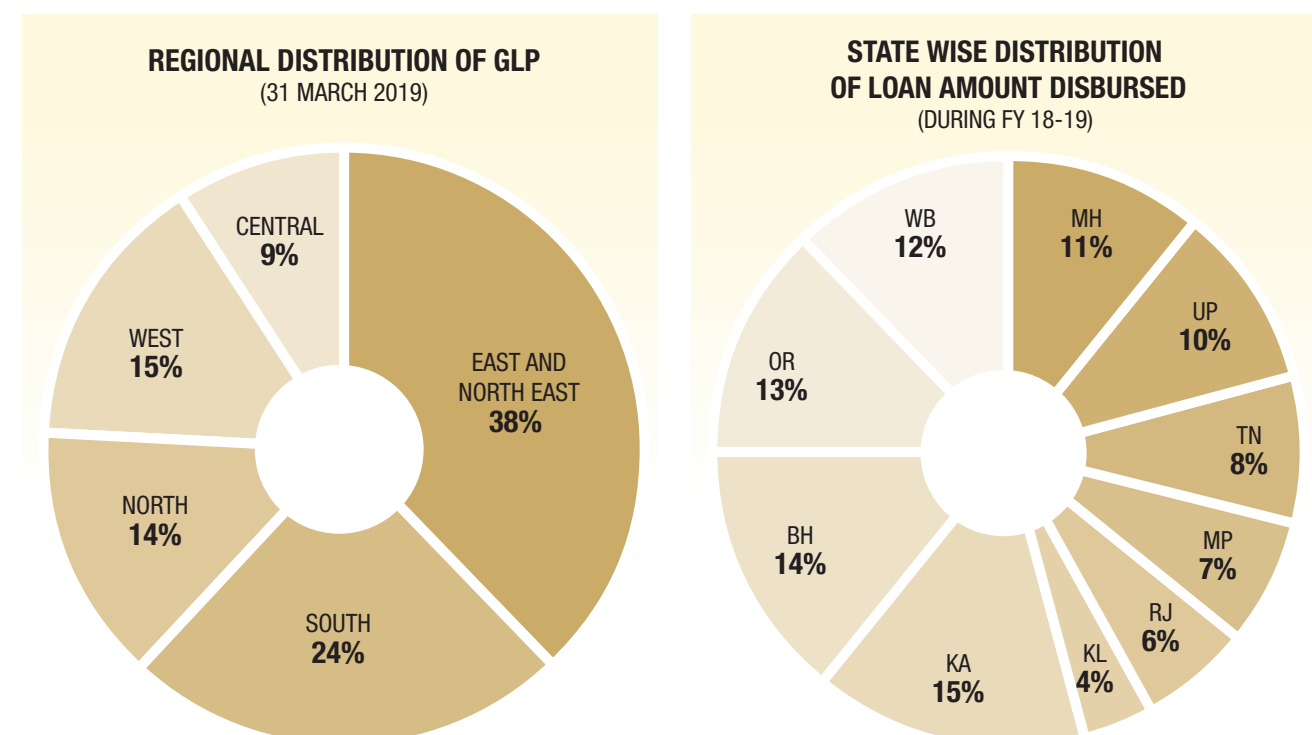
Performance of NBFC-MFIs in FY 18-19 is given below:

Indicator	FY 18-19, March 2019
Branches	12,277
Employees	1,04,973
Clients~ (Cr)	3.17
Loan accounts (Cr)	3.88
Gross Loan Portfolio (Rs Cr)	68,207
Loans disbursed (during the year, Cr)	3.25
Loan amount disbursed (during the year, Rs Cr)	82,928

This represents a YoY growth of 42% over FY 17-18.

Pan-India presence of NBFC-MFIs

In terms of regional distribution of portfolio (GLP), East and North East accounts for 38% of the total NBFC-MFI portfolio, South 24%, North 14%, West 15% and Central contributes 9%. Five top states in

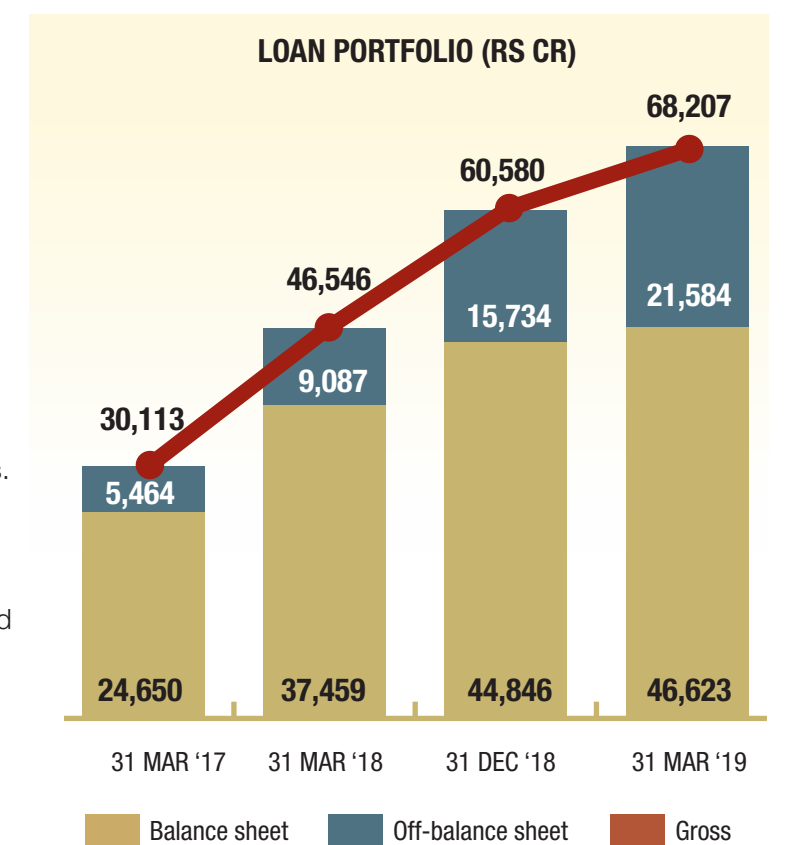


terms of loan amount outstanding viz. Karnataka, Bihar, Odisha, Maharashtra & Uttar Pradesh, account for 52% of GLP and top ten states account for 84% of the total industry loan amount outstanding.

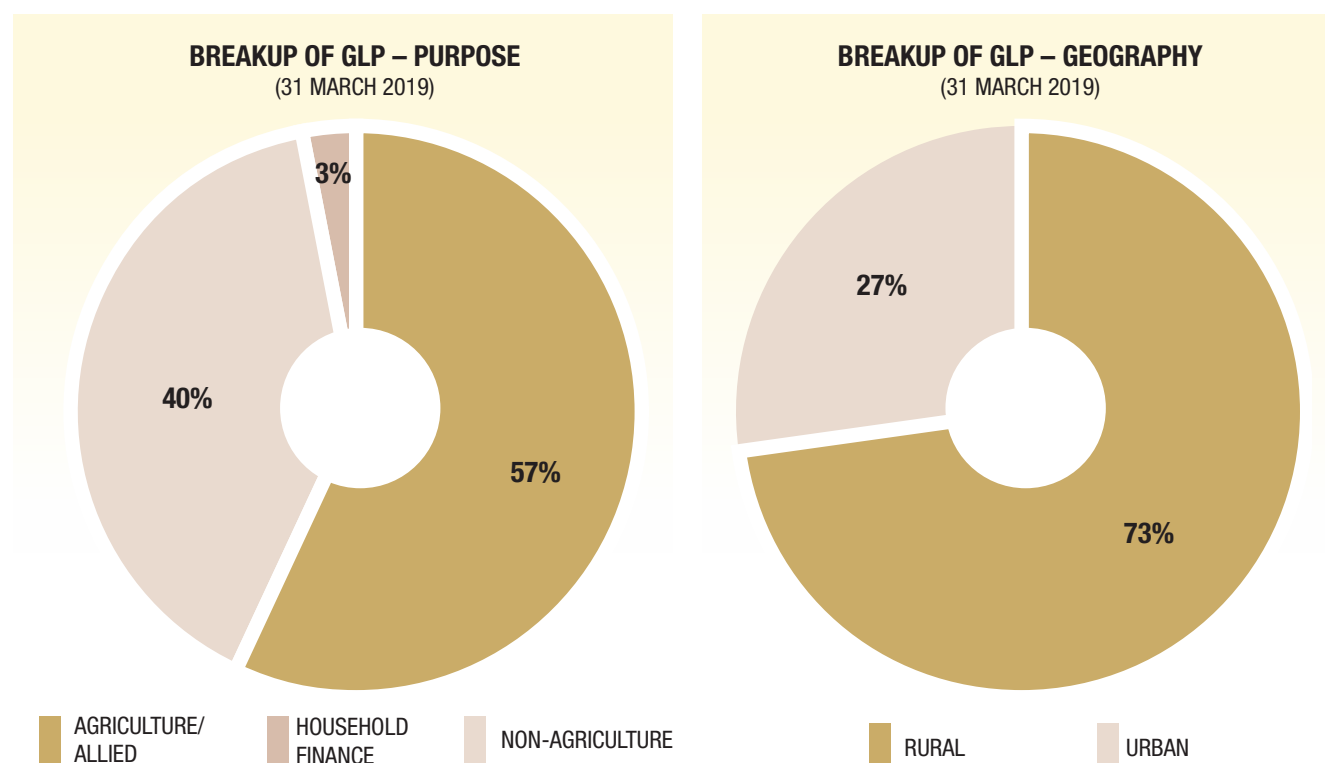
Outreach

As on March 2019, MFIN Member MFIs have a network of 12,277 branches and 1,04,973 staff, of which 62% are loan officers (64,960) who provide door-step credit to low-income clients served by the NBFC-MFIs. There has been a growth of 34% in employees, 28% in loan officers and 32% branches compared with last Financial Year.

As on March 2019, MFIs have reported 3.17 Cr clients with 3.88 Cr loan accounts. It may be noted that client number given here is not unique and does not factor for overlaps. Compared with FY 17-18, there has been YoY growth of 32% in clients and 46% in loan accounts.



Break-up of Portfolio as per purpose and geography



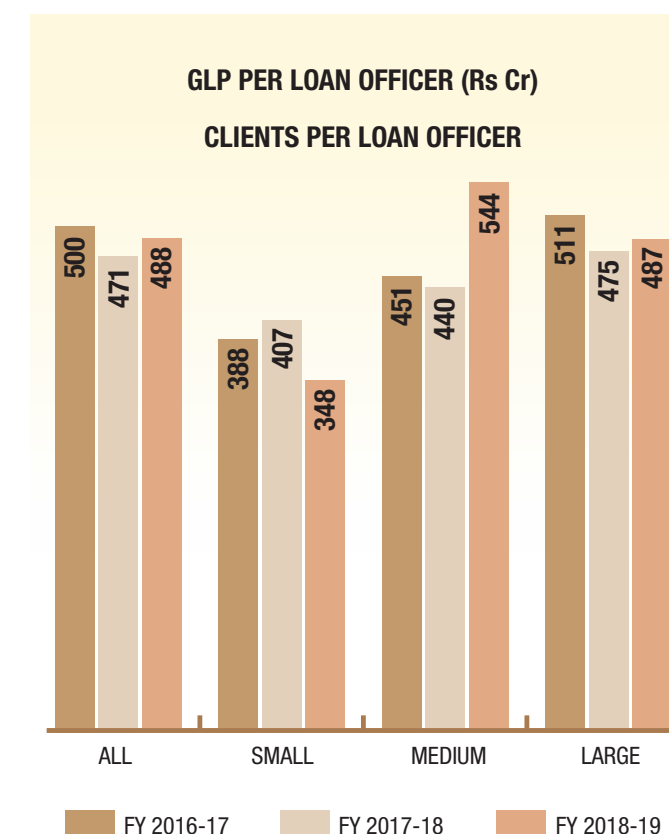
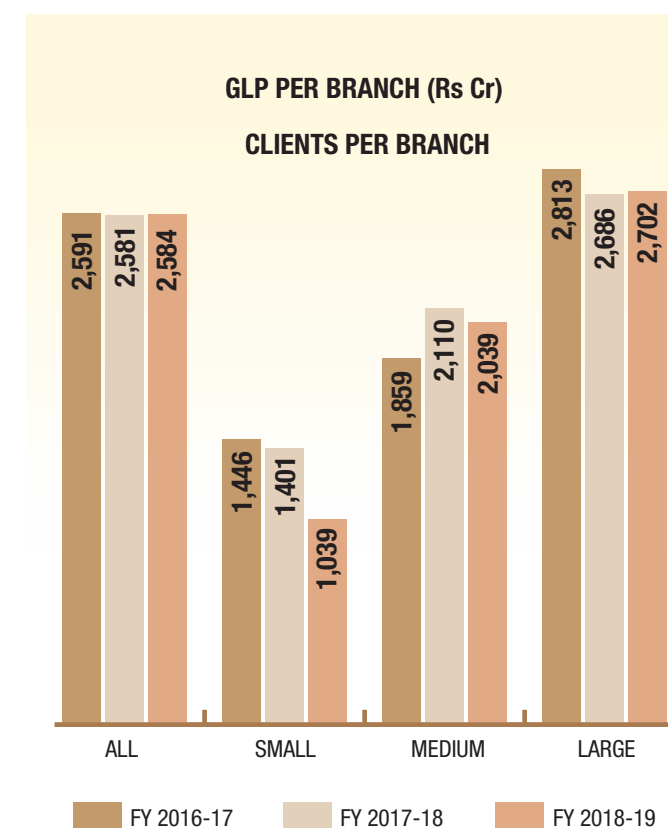
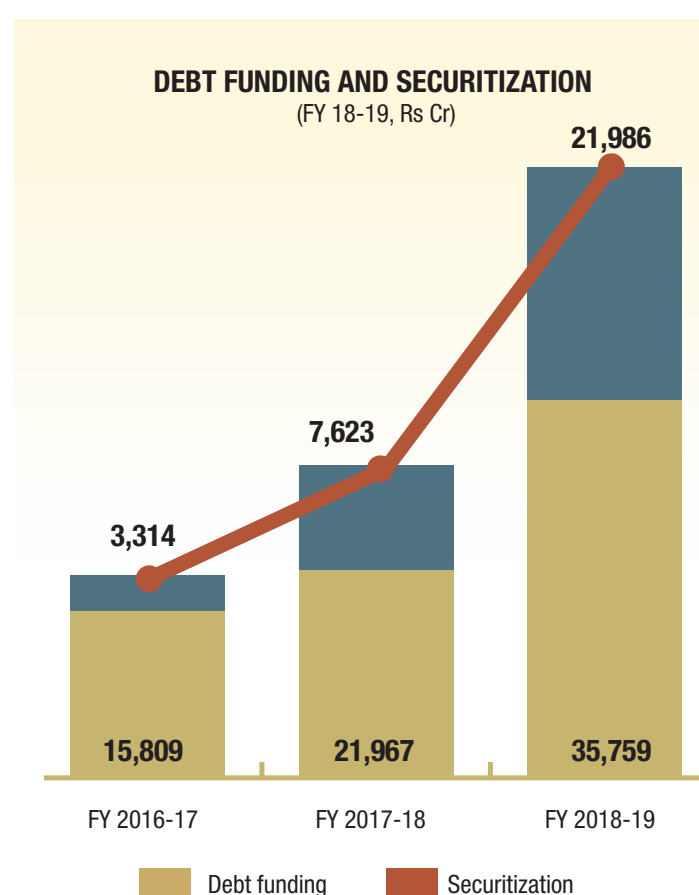
Average loan outstanding per account as of 31 March 2019 is Rs 17,583 which has remained almost constant for the last financial year. As of 31 March 2018, the average loan outstanding per account was Rs. 17,569.

Portfolio of NBFC-MFIs

Industry Funding:

During FY 18-19, NBFC-MFIs received a total of Rs 35,759 Cr in debt funding (from Banks and other Financial Institutions). This represents a growth of 63% compared to FY 17-18.

Large MFIs continue to source majority of their debt from banks (~69%). Medium and Small sized MFIs continue to source majority of their debt funding from Other FIs.

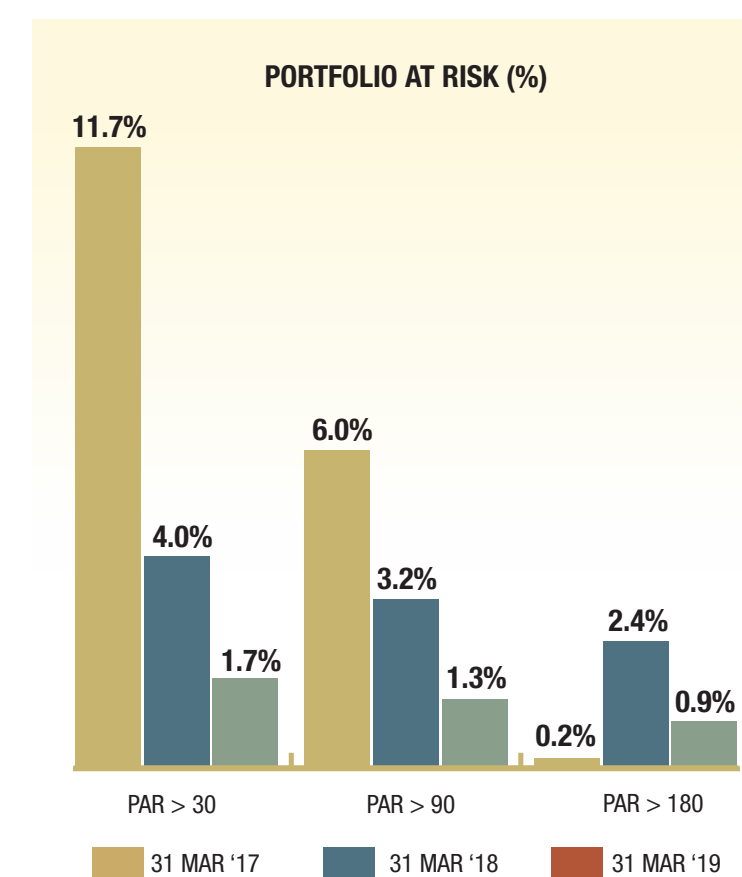


Productivity

On an average a loan officer caters to 492 clients with a portfolio of Rs 1.1 Cr. Similarly, on an average a branch caters to 2,571 clients with a portfolio of Rs 5.5 Cr.

Portfolio Quality

PAR >30 has reduced considerably from 4% as on 31 March 2018 to 1.7% as on 31 March 2019.



Microfinance Plus



Our Members choose to go beyond profit generation to develop communities and positively impact the society. They undertake many CSR activities across all fields – Water and Sanitation, Education, Health Awareness, Environment Protection and Financial Literacy, among others. The following pages are a representation of some of these ‘Microfinance Plus’ activities being undertaken by MFIN Members.

AROHAN FINANCIAL SERVICES

Arohan serves people from economically and socially marginalised communities where illiteracy, unemployment and under-employment are widespread. It seeks to create value beyond business by offering a holistic financial inclusion platform to its customers through the provision of saving and safety-net products.

Arohan has been fostering third-party partnerships with insurance agencies like Bajaj Allianz Life Insurance Co. Ltd. and DHFL Pramerica for enhanced Group Term Insurance and Future Generali India and Aditya Birla Group for general insurance products to customers.

A mobile app called E-Bazaar was introduced through which customers can directly browse various utility products provided by third party partners on mobile device. As a project participant in the UNFCCC Program of Activities 9181, "Micro Energy Credits – Microfinance for Clean Energy Product Lines – India", Arohan was certified for its distribution of clean energy products such as solar lamps, bicycles, water purifiers and impacting the lives of over 2.2 lakh people.

CSR Initiatives

The institution's social interventions are designed to best cater to the communities it operates in with a medium-term vision to touch over 1,00,000 lives.

The five-pronged approach focuses on Skill Development and Education, Women's Empowerment and Health, Eco – Sustainability, Disaster Relief and Employee Volunteering Initiatives.

Skill Development and Education:

- **Skill Training:** Arohan partnered with NSHM Udaan Skills Foundation to impart skill training to 450 youths of the underserved section of the society and provide placement opportunities to 70% of trainees. Under this program, activity-based classroom trainings are imparted on trades of Hospitality, Retail Sales, IT and Beautician course.
- **Encouraging Innovation:** To foster innovation among kids from an early age, Arohan partnered with 'Going to School' to fund the project "Pitch It! Kids Sustainable School Challenge". Kids submitted projects on school-enterprise ideas. The contest was unique as it was conducted offline and was for government schools in Bihar. The objective was to promote education by creating design driven stories to help children imbibe contemporary entrepreneurial skills at school. Arohan funded 33 projects which covered over 20,000 children participating in schools with innovative projects on sports, library,

laboratory, clean water and clean environment.

- **Shiksha Scholarship:** The Shiksha Scholarship in partnership with Swaraj Foundation, financial aid was awarded to 100 girls from marginalized and tribal communities to ensure their continued access to quality education. The candidates were selected based on their academic merit over a month-long evaluation process conducted by Swaraj Foundation. Additionally, 600 school bags were distributed to government school children in Siliguri in West Bengal, Ghazipur in Uttar Pradesh and Guwahati in Assam.
- Vidya Scholarship – In order to encourage the customers to send their girl child to schools and colleges for further studies, Vidya Scholarship Award was launched where 18 students in Uttar Pradesh were awarded an amount of Rs. 5,000 each.
- Library and Computer Lab – The organization provided financial assistance for opening a library at BDJJ Inter College, Hazaribagh. More than 2,600 students were benefitted.
- Integrated Child Development Services – Arohan has provided financial aid to Swaraj Foundation for the implementation of a Model Angawadi in Chatra in Jharkhand and Gaya in Bihar. Each ICDS aims to impact 10,000 people in the community.

Women's Empowerment and Health:

25 health camps across the branches in West Bengal, Bihar, Jharkhand and Assam were organised in partnership with Bihar Voluntary Health Association, Bondhu Ek Asha, Satarupa Samajik Samiti, COSEHDA and Narayana Health. The objective of the camp was to screen for diseases like hypertension, hypotension, diabetes and associated complications, tachycardia associated with pulse rate, overweight and its associated factors, measurement of refractive error of lens, haemoglobin estimation in blood and lungs function test. Diagnosed patients were offered medical advice and referred to the nearest primary health centre, district hospital or medical college. An awareness session was also conducted on sanitation and cleanliness by the physician assisted by the paramedical staff along with the compulsory measurement of blood pressure, pulse, height, weight and sugar test. Liquid soap dispensers were distributed to encourage proper hygiene and sanitation habits. Free eye check-up was conducted by ophthalmologists and glasses were provided to prescribed customers.

Eco-Sustainability: Three WASH Units were launched in Boral and Purulia in West Bengal and Hojai in Assam. It is a community partnership model for access to water and sanitation where participatory decision is facilitated with technology support, strategic assessment and adaptive management. The core objectives are developing awareness for wise usage of

water resources, importance of safe drinking water and water borne diseases, rainwater harvesting to rejuvenate both surface and underground water stock and water wastage minimization. The unit supplies WHO quality safe drinking water to the communities, the wastewater being used in sanitation units, and the bio-waste being used for community kitchen or electric supply.

Disaster Relief: In order to contain the destruction caused by severe floods in Assam in FY 18-19, employees and volunteers from Arohan identified affected households and procured food and other relief materials to be distributed. 1,200 families in distress were reached out with relief material.

Employee Volunteering Initiatives: It is essential that employees have a sense of purpose and a way of giving back to the community. In addition to their work employees are encouraged to volunteer by engaging with local Non-Profit Organisations by providing aid and assistance to the disadvantaged communities. 1,500 hours of voluntary participation from employees during the health camps, school

bag distribution, NGO and orphanage visits, art competition, flood relief camps and scholarship award distribution was clocked.

BELSTAR INVESTMENT AND FINANCE

BELSTAR has been creating a loyal customer base through fostering effective Credit Plus Services towards building strong relationship and personal bonding within customers. The fitting strategies of Customer Connect Programmes have yielded numerous social impacts and driven customer centeredness towards the expected business upshots.

During the reporting period, BELSTAR undertook the Rapid Need Assessment Exercise with 53,120 customers and triggered doorstep awareness on enterprise promotion. It has buttressed effectual customer connect and enabled the field team to understand the prevailing needs of the customers towards advancing enterprise activities. Consequently, it organized





business skill training for 11,243 customers and various technical skill training for 1279 customers. moreover, 34,080 new customers in the Women Self Help Groups have been given capacity building training on group dynamics and enterprise development and awareness on government schemes and programmes. Besides, the field team has created linkages with District Financial Literacy Centre and organized training for 7,240 customers on financial inclusion and digital literacy for fulfilling the procedural requirements.

By effective facilitation and handholding support, 23,874 customers have accessed Government Schemes and fulfilled the procedural requirements like subsidized Social Security Schemes, Udyog Aadhar, among others, for fortifying the enterprise opportunities. Also, with the support of Veterinary Centres and AH Departments, the team organized 22 Veterinary camps for deworming the milch animals and goats belonging to 960 customers.

5,228 customers have benefitted through 588 general and specialized medical camps. 72 customers have been given intensive treatment with the support of Pondicherry Institute of Medical Science (PIMS) and 19,820 Customers have got awareness on personal hygiene and environmental sanitation. In total, these resulted in strong customer connect in terms of

a maintaining a good customer relationship, effectual retention, reinforcement of borrowing power and prompt repayment.



CREDITACCESS GRAMEEN

CreditAccess Grameen Limited popularly known as 'Grameen Koota' has followed a strategy of a contiguous district-based expansion across regions and, as on 31st March 2019, it has covered 157 districts in eight states and one union territory in India serving over 2.4mn borrowers through 670 branches.

Highlights 2018–19:

- The institute contributed Rs. 10 Lac to the Chief Minister's Calamity Relief Fund for the state of Karnataka. It also carried relief work and assisted 1500 customers with necessities and ration in the month of August 2018.
- It carried out relief work in Gaja cyclone hit districts like Thanjavur, Tiruvarur and Pudukkottai by providing necessities to affected. It provided blankets, ration, clothes, etc. to over 1300 customers of CreditAccess Grameen.
- 90 sewing machines were donated to women belonging to families impacted by untimely loss of their main bread earner in Maharashtra to enable them to start their own unit and support

Activities	No. of Sessions	No. of Students Attended
WASH training session for 8th Std. students	2,267	115,254
Financial Literacy session for 9th Std. students	2,254	126,054
Career Guidance for 10th Std. students	2,239	120,681

- their families economically.
- Health Awareness and Wellbeing Camps were organised for employees in 221 branches this quarter. More than 2500 employees underwent free physical examination and diagnostic tests.

Snapshot of CSR and Microfinance Plus activities:

A balanced blend of economic and social programs is essential to promote the development of poor and low-income households. Social initiatives such as customer education, financial literacy, healthcare, clean energy and water & sanitation projects are intended to complement the economic services to achieve the balance. Navya Disha, a Bangalore based NGO is the exclusive partner to implement CSR related projects of CreditAccess Grameen.

WASH (Water, Sanitation and Hygiene program): The main objective of the program is to promote a hygienic environment through prevention of open defecation, reduce the incidence of water and soil-borne diseases and create awareness on importance of safe drinking water and sanitation.

- 220 Social Awareness Campaigns, periodic workshops were organized at the district level, attended by 70,000 customers.
- Around 2500 branch level staff were oriented on the importance of WASH in day-to-day life and its usefulness in educating and creating awareness to customers.
- WASH awareness sessions were conducted in around 4600 group meetings, registering an attendance of 58,000 customers.
- Around 82,000 customers participated in 1772 cluster level training programs (a group of 100–150 customers) on WASH.

- Created 845 wall paintings to promote awareness and change on WASH.
- 4402 street plays were conducted which witnessed participation of more than 3 Lakh people.
- Distributed 1.5 Lakh flyers related to creating WASH awareness.

Susikshana – learning that empowers: These are special module-based sessions on various topics such as WASH, financial literacy, career guidance for the students in 8th, 9th and 10th standard in Government and aided high schools.

Sugrama: A village adoption program with an aim to improve the quality of life of communities living in rural areas. The Company has adopted two-gram panchayats in Tumkur districts of Karnataka which covers 25 villages. The program includes various activities such as sessions on personal hygiene and healthy lifestyle practices, capacity building trainings on natural farming and better farm practices, etc.





Jagruiti: A client education program covering subjects ranging from food, nutrition, health to money management, etc. The message is read out at every centre meeting, every week in the form of storytelling. This program reaches 2.9mn women customers every week.

Pilot program – financial literacy app for the customers: An app was launched for the customers to train and orient them on various aspects of financial planning and management. The app includes audios, videos and pictorial lessons. In the pilot phases, 53 customers were trained.

Free Health check-up camp for the customers: A Comprehensive Health Checkup Camp was organised at the Chennapattna branch in Karnataka. Niramai Health Analytix and Narayana Health offered free thermal breast screening and health check-ups for 123 customers.

FUSION MICROFINANCE

Fusion through its various social initiatives reaches out to underprivileged people living in the rural areas of India. The initiatives help provide an equitable and inclusive growth to the marginalised communities especially women and children. Mentioned below are the programs implemented during FY 2018–19:

Financial Literacy Program (FLP):

FLP was conducted across 10 states to impart knowledge on important aspects of financial management such as household budgeting, investment, prevention from over-indebtedness, developing positive attitude towards savings and financial security from the current income source etc. The sessions

were interactive which ensured full participation of community people through games, quizzes, role plays, storytelling and simulation exercise. At the branch level, FLP is conducted by field officers using a pictorial toolkit designed specifically for women from the rural background. Topics like purpose of taking loan, utilization of loan in the right direction, over indebtedness, necessary/unnecessary expenses and savings etc. are discussed through the toolkit.

Healthcare and Sanitation:

- Healthcare facilities are provided to clients, their families and the communities through health awareness camps. The platform is used to sensitize women towards living a healthy life. Several health camps were organized across different rural areas benefiting more than 6000 clients. Diagnosis by qualified gynaecologists, paediatricians, ophthalmologists and general physicians, medical tests and medicine distribution were facilitated under one roof.



- National Nutrition week:** Health check-up camps were organized across various districts of Madhya Pradesh, Uttar Pradesh and Haryana to celebrate National Nutrition Week where women and children participated in masses. Patients diagnosed with nutritional and iron deficiencies were given special supplements. Awareness on adopting healthy eating habits was spread through counselling sessions by Aanganwadi workers and Nukkad Natak.
- Sanitation:** Toilets were constructed in the rural areas of Uttar Pradesh, Madhya Pradesh, and Odisha to promote hygiene and sanitation at the community level. Few of them were constructed in government schools for girls which resulted in increased attendance. The initiative supports the Government's 'Swachh Bharat Abhiyan'.
- Sanitation Awareness Program:** Awareness programs were organized during the inauguration of toilets constructed inside the school premises and community to sensitize the students, teachers and community people on the importance of using toilets. The programs were attended by officers from UNICEF, Govt. and development organizations who further emphasised on the benefits of maintaining hygiene.



Jivika: Skill development trainings were provided to women in food product making, tailoring and beauty culture.

Relief Material including blankets and tarpaulin etc. were distributed to 750 households of Pattokotai, Thanjavur and surrounding villages of Tamil Nadu affected by Gaja Cyclone in 2018.

Food items, clothes and other relief material were provided to the residents of Saraiya village, Bihar who lost their houses and belongings to a natural fire.

Wheelchair Donation Program: Wheelchairs were donated to physically challenged

women, men and children across seven states to mark International Day of Individuals with Disabilities.

Stationery and Sanitary Napkins Distribution Program:

Awareness programs were organized to educate rural community on the importance of usage of sanitary napkins for maintaining hygiene. This was followed by distribution of sanitary napkins to women and children of the beneficiaries were provided with school bags along with the stationery.

Joy of Giving Week (Daan Utsav): Fusion celebrated 'Joy of giving week' during which women and children living in the





backward areas of Odisha, Bihar and Jharkhand were distributed school bags with stationery items and woollen shawls.

Project Jal: Fusion installed a water purifier and water tank at a Govt. primary school at Laksar, Uttarakhand. This is Fusion's first intervention towards providing safe drinking water solution. Earlier, the students and teachers of the school including staff of nearby Anganwadi were using a high Total Dissolved Solids (TDS) level water for drinking and cooking mid-day meal which was harmful for their health. To generate awareness amongst the students, a theme-based painting competition and awareness session were also organized.

Environmental Protection: On Pollution Prevention Day, over 810 trees were planted in three villages of Uttarakhand covering two government schools and bank of the Ganga river which is also a flood prone area. The Plantation will help prevent the effect of flood to the surrounding villages.

Sponsorships:

Fusion contributed to GoSports Foundation towards training of three athletes, Bhavani Devi, Swapna Burman and Namita Chandel. All of them are national level players and have won numerous medals in their fields.

Educational sponsorship was provided to the underprivileged girls studying in Udbhav School, Hyderabad.

Donation to Indian Cancer Society was done through HDFC Charity Fund for Cancer Care for the treatment of cancer patients.

MUTHOOT MICROFIN

Microfinance Plus activities of Muthoot Microfin (MML) are an integral part of the company's operations. MML considers such activities as business actions that reiterate the institution's social commitment and philosophy of giving back to the society.

Kerela Flood Relief:

Muthoot Microfin coordinated relief activities during the unprecedented Kerala floods. The organisation formed a special task force of employees to coordinate relief measures and started a community kitchen to distribute food items to relief camps. The kitchen served 5000 affected people. The team also distributed one lakh litre of drinking water in the affected communities.

During the rehabilitation, the institution supplied 2000 kilograms of bleaching powder and 1000 litres of phenyl to clean inundated households across the affected areas. The task force further assisted in cleaning submerged houses to control infectious diseases and ensure safe return of people to their houses.

Early Cancer Screening:

Muthoot organised cancer screening camp at Govt Victoria Girls higher secondary school, Chittur, Kerala where hundreds of nearby localities participated where they were screened for pap smear test, USG, FNAC test and mammography. The medical team also offered awareness about risk factors, symptoms and promoting healthy lifestyle for cancer prevention.

Skill Training: 1000 women benefitted from the skill training programs during FY 2018-19. Apart from regular skill training programs, MML further offered financial literacy and market linkage programs.

Rath Yatra Drinking Water Distribution: The organisation distributed clean drinking water



to thousands of devotees during Puri Rath Yatra, providing relief from scorching heat and humid conditions at the festival site. More than 30,000 drinking water pouches were distributed to devotees along Rath Yatra procession routes where thousands of pilgrims congregated.

Odisha Cyclone Relief

Operations: Muthoot distributed relief kits that included emergency medicines to the residents across worst hit areas. MML task force responded proactively to the emergency and held a rapid assessment of needs and arranged supply of relief items for thousands of affected people.

Swachh Bharat Abhiyan:

In response to government's call for participation in 'Swachh Bharat Mission', the organisation organised cleanliness drives and awareness programmes

across the operating areas. The campaign was conducted as an attempt to create awareness among local communities for swachh bazaars, streets, lanes and drains. As part of the campaign, Muthoot Microfin employees undertook cleanliness drives and ensured local participation at all programs.

Nipah Prevention & Awareness Campaign:

Following the outbreak of deadly Nipah virus in northern parts of Kerala last year, Muthoot organised awareness programmes. Medical officers from government hospitals led the sessions and explained about the virus and its preventive measures and provided counselling to the participants.

World Environment Day

Programmes: Muthoot Microfin celebrated World Environment Day with a host of programs. Sapling planting and

distribution and special camps on environment protection were organised in almost all branches. More than 2000 different varieties of saplings were planted across the nation.

General Health Camps:

Muthoot Microfin organised several health camps across the nation to provide free and specialised medical treatments to underprivileged communities. In one such program, Nagamangala branch in Karnataka organised a mega healthcare camp at its premises. The one-day camp witnessed an overwhelming participation as around 600 people, mainly from the underprivileged sections of the society partook and benefitted from the program. Participants were also offered free medicines.



NAMRA FINANCE

Women's Hygiene:

A woman spends almost 2500-3000 days of her life in her menstrual cycle, which is almost 6-7 years of her life and only 12-15 percent women in India use sanitary pads due to



lack of awareness, education, accessibility and affordability of high cost disposable sanitary pads. Stigmatization has produced an immense gap in knowledge about hygienic practices among women and girls, leading to increased health risks, absence from school and work, and loss of dignity.

Namra's solution oriented approach:

Namra Finance Ltd. collaborated with a specialized organization, Unipads India Pvt. Ltd, which drives menstruation hygiene

campaigns amongst the deprived. A phased drive was rolled out:

- **Awareness and Education** – A team of women from Namra and Unipads travelled to more than 50 villages providing awareness and education to interested women. Vernacular brochures were distributed. This campaign directly and indirectly benefited thousands of women for Menstrual Hygiene Management (MHM).

- **Sustainable Solution and distribution** – A special set of reusable cloth pads made by Unipads were provided to all interested women, which could be washed and reused for a year. The cloth pads were made from technology, which was environment friendly, suitable and economical to rural women, and are healthy & skin friendly as no chemicals and gels were used in their manufacturing.



PAHAL FINANCIAL SERVICES

Pahal is an 800 strong work force and on 29th April 2019, Pahal crossed a major landmark of achieving 500 crores of Assets under Management (AUM) in the 100 branches that it operates in. The continuous endeavour of

each Pahalite will aid in improving the lives of the financially vulnerable section of the society.

Financial Literacy – SAMAVIT Application:

- Pahal believes in the thought of Benjamin Franklin, “An investment in knowledge pays the best Interest”, and therefore has spearheaded the initiative of Financial Literacy for the clients. For Pahal, it means providing people with sound financial information and skills so that they can make informed financial decisions. It is also about working on their attitude and beliefs to ensure that the transformation in financial behaviour ensures a future of financial independence and security.
- Pahal in association with Asian Development Bank and Basix India is running this initiative which is a part of its Technical Assistance Program. In order to sensitize the borrowers through a digital learning platform, the Samavit Mobile Application was developed. The application has modules which emphasize on the importance of responsible borrowing, savings, insurance, pension, banking, government schemes, while helping them understand the cycle of poverty, identify needs and planning of finances.
- The literacy initiative was launched in December 2018 and was piloted across selected branches



in Gujarat, Madhya Pradesh, Maharashtra, and Rajasthan from January 2019. Automation results in higher productivity, reliability, availability and increased performance and can reduce operating costs. To factor this, Samavit application was designed for the field officers who have constant connect with the borrowers. Pahal has covered 12,155 clients across the 29 pilot branches by Q4 of 2018–19.

Financial Literacy – Sa-Dhan & RBI Workshops:

Workshops on financial literacy were organized by Pahal in association with Sa-Dhan & RBI. The agenda was to create awareness among clients about importance of savings, digital banking, KYC Documents and youth skill development schemes. The workshops were conducted across three branches in Gujarat i.e. Chatral, Mehsana and Baroda in January 2019 and saw participation of over 250 members in three days.

International Women's Day Health Checkup Camp: Health and fitness are the key to a long, active and enjoyable life.

To make a difference on the lives of the women borrowers, a Health Check-up program was organised with the support of Zydus Hospital on International Women's Day, 8th March 2019 at our Chatral Branch. The medical teams at the camps created awareness about women's health, diabetes, blood pressure, among others.



SAMBANDH FINSERV

Credit-Plus Services provided by Sambandh:

Sambandh constantly engages with clients offering different value-added services and responsible financial products. It also organizes financial literacy trainings for the clients to inform





them about the benefits of being a part of a group (JLG/SHG), on maintaining cashbook and develop saving, investment habits while opening accounts at banks/post offices and accustom to a culture of regular and timely repayment of their monthly instalments.

Designing Responsible

Products: Sambandh integrates credit with that of socially responsible services like WATSAN (Water & Sanitation) – it is a complete package of services given to the clients that includes awareness building on safe sanitary usage and providing financial services to build toilets. The clients are offered financial assistance to construct toilets close to their households through this product.

The Credit Linked Life Insurance is a cover for the loan amount given to the clients, and the client can take the insurance for herself and spouse. In any unfortunate incidents of death of the client or the spouse, the family gets the instalments back that were already been paid to

Sambandh, and on the other hand Sambandh gets back the remaining outstanding amount.

Showing Empathy: The organisation takes the client–MFI relationship to the next level and provides “Get Well Soon” service. Under this service, in case of any unfortunate accidents of the spouse or the client, the field staff visits the hospital or the client’s residence and provides them with health–drinks, assorted fruits and a “Get Well Soon” card signed by the staff in vernacular language. Similarly, in the incident of unfortunate demise of the client or her spouse, funeral ex–gratia amount of Rs.1000 or Rs. 500 is provided to the family.

In every two months, Sambandh organises health camps where visiting physician’s advice on communicable diseases and developing daily healthy habits along with regular health check–ups. General medicines are distributed free of cost.

In the event of natural calamities, Sambandh comes forward to support the affected clients and non–clients. It had very recently

stood by its clients under its Bhubaneswar branch where the super cyclone Fani had adversely affected the livelihoods and properties of some of its clients. Last year also, Sambandh reached out to the people in Kerala which was ravaged by severe floods.

Financial Literacy Initiatives:

The clients are upskilled in managing their expenses and given technical input on individual’s/group’s economic activities to scale up and diversify their sources of income. Financial Literacy Trainings are organized every month across operational branches spread across the states. This has been taken upon more systematically with the success of the following SIDBI–PSIG program.

As a part of that program, Sambandh piloted Financial Literacy and Women Empowerment program along with ACCION Technical Advisor India, under SIDBI–PSIG (Poorest States Inclusive Growth) program supported by DFID to improve understanding on financial services of the poor. About 12,000 clients were benefited through trainings provided by the Master Trainers in Odisha. These master trainers were provided trainings on application of Information Communication Technology to train the SHGs/JLGs through digital media, interactive games, mass awareness camps, role plays etc by ACCION in partnership with Sambandh. Through this program, women’s capacity to address financial and gender

issues was also addressed by empowering them towards making their own decisions, on their rights and on efficient financial planning.

ADB’s (Asian Development Bank) Technical Assistance on imparting digital financial literacy aspects has helped Sambandh in establishing client connect in a much deeper way. Here in this initiative, clients are shown short videos that cover benefits of taking an insurance product, inculcating a savings habit, CB Checks, awareness about different Government Schemes and how the clients can take the benefits out those schemes among many other such aspects.

Deepening Client Relationships:

Client retention is an important objective of any business and MFIs are no exception. Understanding the importance and its overarching effects on making Sambandh a preferred lender within many, client relationships and engagement are given high prominence. However, establishing a periodic personal connection with the clients increases operating costs, hence the team looked for a cost–effective module that would help them continuing with the client engagement activities with greater emphasis on building the financial capability of the target clients.

While considering all the above aspects, the team thought of using IVRS based push calls to reach out to as many clients as possible. And to establish this cost–effective IVRS method



of engaging with clients, Sambandh tied–up with Awaaz. De, which develops low cost mobile technologies for the benefit of last mile clients. The objective of the association has been to devise mobile–specific technology to increase the level of financial literacy among Sambandh’s clients, understand the satisfaction level and seek feedback about the loan application process and products/services from its one lakh plus clients.

In the current partnership, Awaaz.De develops story–based modules (in Hindi & Odia languages) to enhance the understanding on financial planning, household budgeting, developing savings/banking habit, benefits of investment, and insurance for the clients. The topic specific stories developed by Awaaz.De in consultation with Sambandh team, are delivered to the target clients’ mobiles using IVR technology.



SATIN CREDITCARE NETWORK

Building Difference, to create a Difference

SCNL has made their social charter an integral part of their corporate culture, with community enrichment central towards the business growth. As a responsible corporate citizen, they believe in creating a differential organization by making a difference not just in the lives of its employees, partners and investors but also the society in which they operate and thrive.

The financial services offered aims at improving the lives of financially excluded clients and their families to widen the range of opportunities for communities. It also engages in various other socially relevant services to reach out to, and empower, the most



disadvantaged sections of the society.

Women Leadership Empowerment Workshops:

The organization's center leader workshops, leadership empowerment workshops, financial literacy trainings and similar initiatives help the clients showcase their finished products, dispel information about various government social schemes, bring about financial literacy and open windows of discussion on social issues affecting them.

During FY19, with the support from Nordic Microfinance Initiative (NMI) – a Public-Private partnership between Government of Norway and a leading Norwegian financial institution – eight Women Leadership Empowerment Workshops were organized across the operational network. More than 250 center leaders participated in each of these workshops, where representatives from district administration, RBI, NABARD, District Lead Bank interacted with the center leaders. The center leaders displayed their handicrafts, artefacts and other

products, besides sharing stories of their inspirational journey.

Health Check-up Camps:

SCNL organizes health check-up camps regularly along with campaigns focusing on health and hygiene concerns of the community. During the year, five health check-up camps were organized for the clients and their families. On an average, around 300–350 villagers attended each of these camps and benefitted from free health examination and medical care provided by expert doctors.

Flood Relief Camps: Relief activities were undertaken along with distribution of ration to flood-hit villages in Assam and Bihar during the monsoons. The field team at the affected locations performed a need analysis and alerted the company to the specific requirements for victims and flood relief plans to enable them to reach out to as many affected families as possible. Apart from ration distribution at the branch offices, the relief teams reached out to flood-hit areas in jeeps and boats to distribute ration packages and blankets.

Loan Products to Enhance

Clients' Quality of Life: In the quest to make a difference in the standard of living of the clients, they have developed and are offering customized loans to facilitate access to clean energy, better mobility, safe water and sanitation facilities, in addition to the business loans.

Clean Energy Loans:

Launched last year, these loans have considerably reduced the dependence of women's households and businesses on kerosene oil for lighting purpose. Loan to facilitate access to solar powered home lighting systems is currently being offered to our clients in eight states (Assam, Bihar, Haryana, Odisha, Punjab, Rajasthan, Uttar Pradesh and West Bengal). During FY19, a total of 35,550 clean energy loans were disbursed in these regions. The organization is working with several Solar Home lighting distribution companies to distribute solar lights to empower rural households in these states.

Water and Sanitation (WASH)

Loans: During FY19, a total of 68,941 families secured safe water or sanitation facility at their homes through WASH loans, which was offered in Bihar and Assam. The increased demand for such loans suggests a growing awareness on this count.

Bicycle Loans: A total of 17,355 bicycle loans were disbursed to women clients in Assam and Bihar during the year, facilitating them to travel independently to markets, production centers, banks etc. An added advantage is the freedom the bicycles give to their daughters



to continue with their studies by commuting safely to school.



SATYA MICROCAPITAL

Satya MicroCapital Limited is a Delhi based NBFC-MFI which received its MFI license from the Reserve Bank of India in 2017. Satya aims at creating livelihood through entrepreneurship by progressing with trust, transparency, teams, technology and training which form the soul and essence of the company as well.

As a socially responsible organization, Satya's main aim has been to promote financial literacy i.e. owning a savings bank account and developing secured saving habits; eradicating malnutrition; spreading awareness about health, social entities, security and most importantly encouraging micro entrepreneurship among the people of India.

Satya understands that every individual has different needs and aspirations, therefore the company provides access to credit through its various

innovative products and services across the spectrum by leveraging technology to serve these diverse needs and fuel these aspirations.

Satya highly values its employees and ably equips them with best-in-class training so that they can address any and every query of their clients. In order to reach every region, Satya has partnered with Prime M2i Consulting and created an Application called "SatyaM2i" to deliver high quality training through mobile devices. Satya has introduced niche concepts like Holiday Festive

Product wherein the clients get a unique privilege where they are provided the benefit for four festivals (based on the regions where they live) in a year and the instalments for the said period are adjusted and added in the next series of instalments. This is done in a manner that repayment becomes comfortable for the clients and eases the financial burden on them specially during festival periods.

Beyond merely making access to credit possible for the underprivileged, Satya addresses another pertinent struggle in the





lives of their clients— of arranging finances during the times of crisis. To battle this effectively, Satya launched its most coveted loan product “Satya Emergency Loan”. This has been one of the most important and successful launches for Satya and the company has experienced reinforced client loyalty because of this.

In addition to this, as part of a joint initiative undertaken by Satya MicroCapital and Sa-Dhan, supported by HSBC, the Digital Financing Literacy Training was hosted from February 11 to February 16, 2019. Multiple workshops were held across five locations, namely Sangrur, Dhuri, Bhawanigarh Mandi, Sunam Mandi and Chintawala regions of Punjab, and attended by people from 25 villages. The aim of the joint project was to impart digital financial literacy to 500 women clients in Punjab.

At the core of all of Satya’s endeavours is their driving philosophy, i.e., to constantly innovate and transform – to be ready not only to embrace but also to shape the future of the under-served people of India and

equip and empower them in all stages of life.

SV CREDITLINE

Client Workshops on Financial Literacy and Importance of Good Credit History:

Workshops on ‘Financial Literacy & Credit Discipline’ were organized in November 2018 where the objective was to create awareness among clients on financial literacy and importance

of maintaining good credit history. They were conducted across eight locations and about 1800 borrowers were covered under the initiative.

VILLAGE FINANCIAL SERVICES

VFS (Village Financial Services), has been providing credit for income generating activities since 2005–06, reaching out to underprivileged and backward



sections of our society. This has helped them become economically independent and in sensitizing women about empowerment issues, bringing about a qualitative change in them and their families. In 2018–19, VFS executed many developmental activities in its operational areas:

Old Age Home Programs:

VFS has established an Old Age Home, where hapless women are given shelter and cared for, ensuring they live a respectful life with dignity. Since 1st December 1993, the old age home for the most marginalized women was set up in Pancharul village in Udaynarayanpur block under Howrah district of West Bengal State with the financial support of Ministry of Social Justice and

Empowerment, Government of India.

Initiative on Education: A scholarship program for children of poor families was introduced to encourage them to pursue higher studies and make a difference in their lives.

Medical Aid: As part of the Village Group, Outpatient Clinics (OPCs) have been introduced in several areas where VFS has operations. These OPCs provide medical services to patients through qualified medical practitioners. Mobile clinics have been arranged for patients in remote localities. Doctors visit the camps 2 days a week. Through this activity, VFS has reached out to 1839 patients in Hooghly and North 24 Parganas district of West Bengal.

Solid Waste Management:

Through its group organization, VFS organized street plays and puppet shows on the importance of hygienic food and solid waste management. Trainings were organized for food hawkers on hygiene and nutritional aspects of street food in collaboration with National Food & Nutrition Board, Kolkata.

Sustainable Farming: Village Group has taken an initiative to educate farmers about the benefits of sustainable agriculture through awareness training on organic farming to farmers, input support on bio fertilizers and bio pesticides.

A Save Soil Campaign (a complete package of practices on organic farming) was also organized for 530 farmers



covering various districts of West Bengal like Howrah, Hooghly, Burdwan, South 24 Parganas, Jalpaiguri, Haldibari etc. and parts of Assam.

Drinking Water Project: VFS, along with Indian Oil Corporation Ltd. completed and handed over three community-managed drinking water projects at:

Banshra, Ranigunj block, Burdwan, Gurap, Dhaniakhali block, Hooghly, and Satidaha, Dhaniakhali block, Hooghly in West Bengal.

Dengue Awareness campaign:

VFS launched a massive awareness campaign on dengue. VFS distributed bleaching powder at different dengue infected areas. The villagers were briefed about the cause of dengue and preventive action that could be taken. Villagers were advised to get the water tanks cleaned periodically and ensure that there was no stagnant water for mosquitoes to breed.



Financial Statements



AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of 'Micro Finance Institutions Network [MFIN]' (herein after 'the Society') which comprise the Balance Sheet as at March 31, 2019 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, 2019, 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 the 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

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:

- 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.
- 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,
- 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. 91479

Place: New Delhi
Date: 7th June 2019

AUDITED FINANCIAL STATEMENTS BALANCE SHEET AS AT 31 ST MARCH 2019			
		Amount in ₹	
		As at 31/03/2019	As at 31/03/2018
	Note No.		
I. SOURCES OF FUNDS			
Corpus Fund - General	1	4,00,00,000	4,00,00,000
Corpus Fund - SRO	2	5,00,00,000	5,00,00,000
Contingency Reserves	3	1,00,00,000	1,00,00,000
Reserves and Surplus	4	4,71,28,338	4,30,66,543
Total		14,71,28,338	14,30,66,543
II. APPLICATION OF FUNDS			
Fixed assets	5		
Gross Block		35,74,742	33,29,504
Less: Accumulated Depreciation		21,20,601	15,23,746
Net block		14,54,141	18,05,758
Investments (at Cost)	6	7,34,90,041	11,20,58,739
Current Assets, Loans and Advances			
Cash and Bank Balances	7	5,24,23,866	34,84,487
Loans and Advances	8	2,95,73,244	4,11,64,780
Total [A]		8,19,97,110	4,46,49,267
Less: Current Liabilities and Provisions	9	98,12,954	1,54,47,219
Total [B]		98,12,954	1,54,47,219
Net Current Assets [A-B]		7,21,84,156	2,92,02,048
Total		14,71,28,338	14,30,66,543
Segment-wise Expenditure	20		
Significant Accounting Polices and Notes to Accounts	21		

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

In terms of our report of even date

For Ray & Ray

Chartered Accountants

Firm's Registration no. 301072E

sd/-

(Samir Manocha)

Partner

M. No.: 091479

**For and on behalf of Board Members of
MICRO FINANCE INSTITUTIONS NETWORK**

sd/-

Udaya Kumar

(President)

sd/-

Harsh Shrivastava

(Chief Executive Officer)

sd/-

Dibyajyoti Pattanaik

(Vice President)

Place: Gurugram / New Delhi

Date: 7th June 2019

AUDITED FINANCIAL STATEMENTS STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 ST MARCH 2019			
		Amount in ₹	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
	Note No.		
REVENUE			
Subscription			
(i) Annual Subscription			
Primary Members		8,10,61,839	7,22,42,573
Associate Members		1,64,57,866	1,55,68,367
		9,75,19,705	8,78,10,940
(ii) Initial Membership Fee			
Primary Members		6,06,000	5,55,000
Associate Members		2,55,000	4,08,000
		8,61,000	9,63,000
Income from other Activities			
Sponsorship Income	10	19,74,500	1,22,33,472
Grants Received for Projects		99,72,094	22,69,486
		1,19,46,594	1,45,02,958
Other Income			
Income on Investments		13,74,985	14,37,028
Interest from Savings Bank Account		20,39,922	4,13,234
Other Income	11	21,96,006	6,97,910
		56,10,913	25,48,172
Total		11,59,38,212	10,58,25,070
EXPENDITURE			
Human Resource Cost	12	5,26,48,101	4,42,70,127
Professional and Consulting Fees	13	1,97,37,897	1,37,15,637
Travelling Expenses	14	1,11,53,668	1,02,39,640
Conference and Meeting Expenses	15	95,26,658	1,51,27,431
Media and Publication Expenses	16	55,36,277	1,13,67,080
Special Campaign for Demonetisation (Media Cost)		-	1,30,488
Administrative Overhead Expenses	17	92,92,943	83,63,112
Sponsorship Fees paid by MFIN	18	7,78,400	21,84,000
Governing Board/Committee Meeting Expenses	19	5,08,640	6,61,834
Loss on Disposal of Fixed Assets		-	10,10,864
Depreciation on Fixed Assets	5	6,60,508	5,87,927
Total		10,98,43,091	10,76,58,140
Surplus before Provision for Income Tax		60,95,121	(18,33,070)
Less: Provision for Income Tax			
Current Year Income Tax		9,00,000	-
Surplus transferred to Reserve and Surplus		51,95,121	(18,33,070)
Segment-wise Expenditure	20		
Significant Accounting Policies and Notes to Accounts	21		

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

In terms of our report of even date

For Ray & Ray

Chartered Accountants

Firm's Registration no. 301072E

sd/-

(Samir Manocha)

Partner

M. No.: 091479

**For and on behalf of Board Members of
MICRO FINANCE INSTITUTIONS NETWORK**

sd/-

Udaya Kumar

(President)

sd/-

Harsh Shrivastava
(Chief Executive Officer)

sd/-

Dibyajyoti Pattanaik
(Vice President)

Place: Gurugram / New Delhi

Date: 7th June 2019

NOTES TO AUDITED FINANCIAL STATEMENTS AS AT MARCH 31, 2019

NOTE 5: FIXED ASSETS

Amount in ₹									
Name of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on April 01, 2018	Additions before 30 th September 2018	Additions after 30 th September 2018	Deductions	As on March 31, 2019	As on April 01, 2018	For the Year	As on March 31, 2019	As on March 31, 2018
A. Tangible assets									
Furnitures and Fixtures	1,96,196	-	-	-	1,96,196	8,697	18,750	1,68,749	1,87,499
Computers	25,98,713	1,14,509	1,57,729	-	28,70,951	13,82,896	5,63,676	9,24,379	12,15,817
Computers -FCRA	46,600	-	-	-	46,600	3,728	17,149	25,723	42,872
Office Equipment	4,24,339	46,656	-	10,000	4,60,995	64,772	60,933	3,35,289	3,59,567
TOTAL [A]	32,65,848	1,61,165	1,57,729	10,000	35,74,742	14,60,093	6,60,508	14,54,141	18,05,758
B. Intangible assets									
Software	63,657	-	-	-	63,657	63,657	-	-	-
TOTAL [A+B]	33,29,502	1,61,165	1,57,729	10,000	36,38,399	15,23,746	6,60,508	14,54,141	18,05,758

NOTES TO AUDITED FINANCIAL STATEMENTS

Amount in ₹		
	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 1: CORPUS FUND - GENERAL		
Opening balance	4,00,00,000	4,00,00,000
Add:- Amount transferred from Statement of Income and Expenditure	-	-
Closing Balance	4,00,00,000	4,00,00,000
NOTE 2: CORPUS FUND - SRO		
Opening balance	5,00,00,000	5,00,00,000
Add:- Amount transferred from Statement of Income and Expenditure	-	-
Closing Balance	5,00,00,000	5,00,00,000
NOTE 3: CONTINGENCY RESERVES		
Opening balance	1,00,00,000	1,00,00,000
Add:- Amount transferred from Statement of Income and Expenditure	-	-
Closing Balance	1,00,00,000	1,00,00,000
NOTE 4: RESERVES AND SURPLUS		
Income and Expenditure Account		
Opening balance	4,30,66,543	4,48,99,613
Add/(Less): Surplus/(Deficit) transferred from Income & Expenditure A/c	51,95,121	(18,33,070)
Less: Interest earned on Restricted Grant (HSBC Project) - Transferred to Restricted Grant	4,22,580	-
Less: Adjustment on account of Provision for Gratuity for earlier years	7,10,745	-
Total	4,71,28,338	4,30,66,543
NOTE 6: INVESTMENTS		
Investments:		
A: Fixed Deposits:		
RBL Bank	2,20,000	2,20,000
B: Mutual Funds:		
Investment in debt oriented Mutual Funds	7,32,70,041	11,18,38,739
(Market Value - Rs. 8,79,42,045/-, Previous Year - Rs. 12,20,11,832/-)		
Total	7,34,90,041	11,20,58,739
NOTE 7: CASH AND BANK BALANCES		
Cash in Hand	13,000	8,495
Balance with Scheduled banks		
- RBL Bank	4,92,49,499	29,26,455
- HDFC Bank - FCRA	30,69,571	3,88,831
- HDFC Bank	91,796	1,60,706
Total	5,24,23,866	34,84,486
NOTE 8: LOANS AND ADVANCES		
Annual subscriptions receivable	87,55,454	1,55,87,432
Contribution for Special Campaign - Demonetisation		
<i>Due from Members</i>	78,46,869	1,30,52,768
<i>Due from Ex-Members</i>	43,28,535	44,33,321
<i>Due from Associates</i>	16,00,000	27,00,000
Income Tax Recoverable	24,17,900	24,27,864
Security deposit against Rent	16,16,628	16,16,628
Advance to vendors / employees	2,09,924	10,14,622
Other Debtors	1,67,680	2,99,232
Accrued Interest on FD	32,221	15,434
Prepaid expenses	8,75,481	17,479
GST Input Credit	17,22,551	-
Total	2,95,73,244	4,11,64,780

NOTES TO AUDITED FINANCIAL STATEMENTS

Amount in ₹

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
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NOTE 9: CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

Restricted Grant - HSBC (FCRA)	10,59,306	1,04,81,703
Trade Payable	43,02,188	5,31,417
Tax Deduction at Sources Payables	11,13,907	7,95,351
Advance Subscription Recd.	4,50,000	10,83,367
Other Payables	1,97,788	4,44,972
Employees Provident Fund Payable	3,68,705	2,89,662
Provision for General Expenditure	1,38,533	1,23,772
Audit Fee Payable	1,08,000	4,49,042
Provision for Leave Encashment	-	8,49,723

Total [A] **77,38,428** **1,50,49,009**

B. Provisions

Provision for Gratuity	11,74,526	3,98,210
Provision for Tax (Net of Advance Tax)	9,00,000	-

Total [B] **20,74,526** **3,98,210**

Total [A+B] **98,12,954** **1,54,47,219**

NOTE 10: INCOME FROM OTHER ACTIVITIES

A: Sponsorship Income

MFIN Awards	18,62,000	-
MFINTech Training	1,12,500	-
International Conclave	-	1,22,33,472

Total [A] **19,74,500** **1,22,33,472**

B: Grant received for Projects

Grant from HSBC (<i>incubating models of Digital Transactions for Microfinance lending</i>)	98,44,975	6,09,254
Grant from DEA Fund Scheme-RBI (<i>Conducting Workshop on Depositors' Education and Awareness</i>)	1,27,119	-

Grant from SIDBI (*Client Education & Awareness Programme, Adoption of Cash Life Model among MFI's in India and Assistance for Specific Interventions to Strengthen MFIs Ecosystem for access to Finance*)

	-	16,60,232
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Total [B] **99,72,094** **22,69,486**

Total [A+B] **1,19,46,594** **1,45,02,958**

NOTE 11: Other Income

Compliance Charges for Self Regulation	35,000	36,448
Contribution from Members and Associates for Legal Expenses for AP Case	6,00,000	-
Contribution from Members and Associates for Other Expenses	7,56,000	3,14,000
Honorarium	1,01,694	-
Provision written back	5,52,678	-
Misc. Income	1,50,634	3,47,462

Total **21,96,006** **6,97,910**

Amount in ₹

NOTES TO AUDITED FINANCIAL STATEMENTS

For the Year Ended
March 31, 2019

For the Year Ended
March 31, 2018

NOTE 12: HUMAN RESOURCE COST

Salaries, Bonus and Allowance to employees	4,73,89,025	4,05,30,677
Employees Provident Fund - Employer's Contribution	20,72,072	15,27,066
Leave Encashment	-	12,80,342
Staff Welfare	5,19,301	2,59,015
Gratuity Expenses	5,67,245	3,56,835
Staff Mediclaim Insurance Premium	2,45,213	1,46,291
Employee Training Expenses	42,377	1,62,746
Recruitment Cost	18,12,868	7,155

Total **5,26,48,101** **4,42,70,127**

NOTE 13: PROFESSIONAL AND CONSULTING FEES

Professional Charges - Third Party Evaluations	54,85,568	61,11,922
Professional Charges - Projects	64,65,608	-
Professional Charges - Data Requirement	17,97,431	17,38,008
Professional Charges - Surveillance	14,61,026	17,01,331
Professional Charges - Lawyers' Fee for AP Case	13,11,500	7,01,123
Professional Charges - MFIN Awards	8,85,000	8,85,000
Professional Charges - Conference Management	2,06,500	4,72,000
Professional charges - Others	6,15,264	11,10,253
Governing Board/Committee Meeting Sitting Fee	15,10,000	9,96,000

Total **1,97,37,897** **1,37,15,637**

NOTE 14: TRAVELING EXPENSES

Traveling Expenses	47,59,968	48,31,232
Boarding & Lodging Expenses	34,48,048	28,80,629
Local Conveyance (Cab charges)	29,45,652	25,27,779

Total **1,11,53,668** **1,02,39,640**

NOTE 15: CONFERENCE AND MEETING EXPENSES

State Chapters Meeting / Workshop Exp.	37,44,488	13,57,266
MFIN Awards	39,00,253	-
Project Meetings - FCRA	5,22,821	-
Other Conference and Workshop Exp.	13,59,096	18,99,414
Sponsored Conference Charges - International Conclave	-	1,08,78,749
Meeting Expenses - SIDBI	-	9,92,002

Total **95,26,658** **1,51,27,431**

NOTE 16: MEDIA AND PUBLICATION EXPENSES

Public Relationship (PR) expenses	46,47,501	45,68,345
Publicity Expenses	5,90,000	17,42,330
Printing Charges	2,45,098	3,76,823
Others	53,678	2,09,782
Development of Mobile Application	-	19,92,050
Film Production on MFIN Activities	-	24,77,750

Total **55,36,277** **1,13,67,080**

NOTE 17: ADMINISTRATIVE EXPENSES

Office Rent	31,31,074	28,85,052
Communication Expenses (<i>Telephone/Internet</i>)	12,67,357	15,35,127
Website Maintenance Charges	5,81,021	12,98,350
Auditor's Remuneration	3,20,000	4,78,900
Repairs and Maintenance	6,72,205	9,23,282
Office Maintenance	18,56,974	10,29,857
Subscription of Previous Year no Longer Recoverable - Write off	12,04,786	-
Advance against Expenses no Longer Recoverable - Write off	1,86,336	-
Miscellaneous Expenses	73,189	2,12,544

Total **92,92,943** **83,63,112**

Amount in ₹

NOTES TO AUDITED FINANCIAL STATEMENTS

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
NOTE 18: SPONSORSHIP FEES PAID BY MFIN		
UPMA	2,00,000	1,00,000
AKMI	1,50,000	-
Lanka Microfinance Practitioners Association	4,28,400	-
Access Assist	-	5,00,000
Assocham	-	1,00,000
Indian Chamber of Commerce	-	1,50,000
Civil Society	-	2,50,000
Economic Times	-	7,30,000
Sa-Dhan	-	3,54,000
Total	7,78,400	21,84,000
NOTE 19: GOVERNING BOARD/COMMITTEE MEETING EXPENSES		
AGM / EGM Expenses	3,23,738	5,14,009
Board Meeting Expenses	1,84,902	1,47,825
Total	5,08,640	6,61,834

NOTES TO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE: 20: SEGMENT-WISE EXPENDITURE

Amount in ₹

Description	Self Regulatory Organization (SRO)	Mutuality Based Operations	Grants		Total 31/03/2019
			Domestic	FCRA	
EXPENDITURE					
Human Resource Expenditure					
Salaries, Bonus and Allowance to Employees	98,62,540	3,58,97,644		16,28,841	4,73,89,025
Leave Encashment, Gratuity & EPF		26,39,317			26,39,317
Insurance Reimbursement		2,45,213			2,45,213
Employee Training Expenses		42,377			42,377
Staff Welfare		5,19,301			5,19,301
Recruitment Cost		18,12,868			18,12,868
Travel and Conveyance Expenditure					
Traveling Expenses	5,68,701	36,83,990	10,345	4,96,932	47,59,968
Boarding & Lodging Expenses	2,68,532	28,72,959	53,228	2,53,329	34,48,048
Local Conveyance (Cab Rental)	2,36,339	25,78,152	8,303	1,22,858	29,45,652
Professional Fee					
Professional Fees - Project	83,72,150	17,59,643	31,706	61,98,340	1,63,61,839
Professional Fees - Legal Case		13,11,500			13,11,500
Professional Fees - Others		5,54,558			5,54,558
Sitting Fees (Governance)	7,70,000	7,40,000			15,10,000
Media Expense		52,37,501			52,37,501
Website Maintenance		5,81,021			5,81,021
Sponsorship		7,78,400			7,78,400
Publications		2,98,371	405		2,98,776
Conference, Board Meeting, etc.					
Board Meeting Exp		1,84,902			1,84,902
Annual General Meeting Exp.		3,23,738			3,23,738
State Chapters Meeting / Workshop Exp.		37,44,488			37,44,488
SRO Committee Exp.	3,530	-			3,530
Other Conference & Workshop Exp.	1,95,681	49,70,328	89,810	5,22,821	57,78,640
Administration Exp and Others					
Office Rent		27,23,569		4,07,505	31,31,074
Communication Expenses		12,53,197		14,160	12,67,357
Annual Report Printing		3,54,000			3,54,000
General Office Expenses		12,893			12,893
Repairs and Maintenance		6,72,205			6,72,205
Miscellaneous Expenses		55,656			55,656
Office Maintenance		15,02,974			15,02,974
Auditor's Remuneration		3,20,000			3,20,000
Assets Written Off		4,640			4,640
Subscription of Previous Year no Longer Recoverable		12,04,786			12,04,786
Advance against Expenses no Longer Recoverable		1,86,336			1,86,336
Depreciation on Fixed Assets		6,60,508			6,60,508
Total	2,02,77,473	7,97,27,035	1,93,797	96,44,786	10,98,43,091
Administration includes travel, boarding and lodging expenses related to Governing Board Meetings of Rs. 20,82,742/-.					

A) GENERAL INFORMATION

Micro Finance Institution 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 Andhra Pradesh 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 so as to strengthen the capacity of institutions engaged in microfinance in general, including those who are members of the Society.

The total number of members, Non-Banking Finance Companies-MFI, as on March 31, 2019, was 53. In addition, the Society includes 39 institutions as Associates as per its byelaws, which are Banks, other NBFCs, etc.

The Society carries out three activities to support microfinance in India.

- A self regulatory organization as per Society’s byelaws and recognized by the Reserve Bank of India.
- Mutuality based operations to ensure a supportive policy environment at the Centre and in the states for its members. This has three categories: advocacy; state initiatives; and communications.
- Sponsorship and grant based activities to advance the above objectives.

B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Basis of preparation of financial statements:

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

5. Use of estimates:

The preparation of financial statements is in conformity with Indian GAAP which requires management to make judgements, 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.

6. Appropriation to Specific Funds:

(viii) Corpus Fund – General

Out of the surplus earned during the year, a specified amount as decided by the Board from time to time and as required by the society’s byelaws, is transferred to Corpus Fund – General for future sustainability of the organisation.

(ix) Corpus Fund – SRO

Out of the surplus earned during the year, a specified amount as decided by the Board from time to time and as required by the society’s byelaws, is transferred to Corpus Fund – SRO for specifically carrying out activities under the SRO vertical of the organisation.

(x) Contingency Reserve

Out of the surplus earned during the year, a specified amount as decided by the Board from time to time, is transferred to Contingency Reserve for meeting industry requirements in emergency situations.

7. Revenue recognition:

The Revenue is recognized as follows:

(i) Subscription:

Subscription fee comprising of Annual Subscription fees and Initial Membership Fees is recognized as income when it becomes due with the amount of the invoice, irrespective of the period to which it relates. The amount of the annual subscription fees is decided each year by the Board which is ratified by all the members in the Annual General Meeting.

(ii) Special Activities

- Sponsorship Events: Income is recognized on accrual basis as and when the invoice is raised.
- Grant Received for Projects: The society receives funds from both local & foreign sources which are restricted with regard to its utilization as per donor agreements. As such, the restricted funds received during the year are in the first instance credited directly under the “Restricted Grant” account in the Balance Sheet and is thereafter transferred to the Income & Expenditure Account to the extent of related expenditure incurred during the year. The balance amount is carried forward in the Restricted Grant account under the current liabilities in the Balance Sheet for use in future periods.

(iii) Other Income

Interest income on fixed deposits with banks is recognized on the basis of proportionate lapse of time as applied to the amount outstanding and rate applicable. Income earned from investments in mutual funds are accounted for as & when the funds are redeemed.

8. Fixed Assets:

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.

9. Depreciation:

Depreciation has been provided on assets based on written down value method at the rates prescribed under the Income Tax Act 1961. Written Down Value as on 1st April 2018 has been considered to calculate the depreciation for the period from April 2018 to March 2019.

10. Valuation of Investments:

All investments are held at cost and are valued at market price or cost, whichever is lower. Any diminution in value in respect of all investments, other than long term investments (which are held to maturity or withdrawn before maturity), are provided in the accounts, while appreciation is accounted for when realized.

11. Employee Benefits:

Short Term Employee Benefit is recognized as an expense in the Statement of Income & Expenditure in the year in which related service is rendered.

Post-employment and other long-term employee benefits are provided for in the Accounts in the following manner:

- (i) *Provident Fund contribution:* Contribution are made with Provident Fund Commissioner as per the provision of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (ii) *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 and is treated as liability.
- (iii) *Leave Encashment:* According to the prevailing practice, employees are allowed to enjoy leave instead of encashment of the same.

12. 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 in the Statement of Income and Expenditure on a straight-line basis over the lease term.

13. 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, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. 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.

14. Taxes on Income:

The Society is operating under the "Principle of Mutuality" and as a Mutual Benefit Institution no tax liability is anticipated on the mutual contributions received from members and utilized therefor. In respect of other income, provision for taxation is made as per applicable rates and provision of the Income Tax Act, 1961.

15. 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.

16. Prior period adjustments, extra ordinary items and changes in Accounting Policies:

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

17. 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 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 reliable estimate of the obligation cannot be made.

18. Events after the Balance Sheet:

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

C) NOTES TO ACCOUNTS:

1. Details of payment made to Key Managerial Person:

Name of the person	31-03-2019 (Rs.)	31-03-2018 (Rs.)
Harsh Shrivastava (Chief Executive Officer)	63,23,139	69,21,519

2. Foreign Currency:

(i) Income in Foreign Currency

	31-03-2019 (Rs.)	31-03-2018 (Rs.)
Income out of Foreign Receipts – HSBC Project (refer Note No. B-4(ii)(b))	98,44,975	6,09,254
Foreign Currency Receipt – Grant from HSBC for Project – as certified by the banker	NIL	1,10,90,957

(ii) Expenditure in Foreign Currency:

Nature of Expenses	31-03-2019 (Rs.)	31-03-2018 (Rs.)
Sponsorship Fee paid	4,28,200	NIL
Travel costs	NIL	1,18,900

3. Employee Benefits:

(i) Defined Contribution Plans:

The Society makes contribution towards Provident Fund for qualifying employees. The Provident Fund plan is operated by regional Provident Fund Commissioner. The Society is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. The only obligation of the Society with respect to their retirement benefit plan is to make specified contribution at specified rates.

(ii) Defined Benefit Plan

Gratuity

The Society makes annual contribution to Employees Group Gratuity Scheme of 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 recent actuarial valuation

Disclosure relating to Defined Benefit Plan on 31st March 2019 as per Actuarial Valuation using Projected Unit Credit Method and recognized in the Financial Statements in respect of Employees Group Gratuity Scheme:

Gratuity (Funded):

S. No.	Description	As at 31 st March	
		2019	2018
1	Expenses recognized in the statement of Income & Expenditure for the year ended 31st March 2019		
a)	Current Service cost	10,73,504	6,12,455
b)	Interest Cost	1,82,885	1,52,169
c)	Expected Return on Plan Assets	(1,04,631)	(76,549)
d)	Net Actuarial (Gains) / Losses	(5,84,513)	(7,10,278)
e)	Past Service Cost	-	3,50,614
f)	Total Expense	5,67,245	3,28,411
2	Net Asset / (Liability) recognized in the balance sheet as on 31st March 2019		
a)	Present Value of Defined Benefit Obligation as at 31 st March 2019	30,69,735	25,19,079
b)	Fair Value of Plan Assets as at 31 st March, 2019	18,95,209	14,10,124
c)	Funded Status {Surplus / (Deficit)}	(11,74,526)	(11,08,955)
d)	Net Asset / (liability) as at 31 st March, 2019	(11,74,526)	(11,08,955)
3	Change in Defined Benefit Obligations during the year ended 31st March, 2019		
a)	Present Value of Defined Benefit Obligation at the Beginning of the Year	25,19,079	21,20,869
b)	Service Cost	10,73,504	6,12,455
c)	Interest Cost	1,82,885	1,52,169
d)	Past Service Cost	-	3,50,614
e)	Actuarial (Gains)/ Losses	(6,00,227)	(7,17,028)
f)	Benefit Paid	(1,05,506)	-
g)	Present Value of Defined Benefit Obligation at the End of the Year	30,69,735	25,19,079
4	Change in Assets during the year ended 31st March, 2019		
a)	Plan Assets at the Beginning of Period	14,10,124	10,54,391
b)	Actual Return on Plan Assets	1,26,888	69,799
c)	Contributions by Employer	5,01,674	2,85,934
d)	Actual Benefits Paid	(1,05,506)	-
e)	Fund Management Charges	(37,971)	-
f)	Plan Assets at the End of the Year	18,95,209	14,10,124
g)	Actuarial (Gains)/ Losses on Plan Assets	15,714	6,750
h)	Expected Return on Plan Assets	1,26,888	76,549
5	Major categories of plan assets as a percentage of total plan	Invested with LIC in Group Gratuity Scheme	
6	Actuarial Assumptions		
a)	Discount Rate (%)	7.65%	7.72%
b)	Expected Rate of Return on Plan Assets	Invested by LIC	
c)	Mortality Rate	IALM (2006-08)	
d)	Future Salary increase (%)	15%	15%

11. In respect of regular Membership fee due, six members have not paid till the end of this period, aggregating to Rs. 87,55,454/- (previous year Rs.1,55,87,432/-) (either fully or partially). In respect of Contribution for the Special Campaign for Demonetization, contribution from eleven members to the tune of Rs. 1,21,75,404/- (previous year Rs. 1,74,86,089/-) (either fully or partially) and contribution from two associates to the tune of Rs. 16,00,000/- (previous year Rs. 27,00,000/-) (either fully or partially) is outstanding at the end of the Financial Year.

12. The balances appearing under loans and advances are subject to confirmation / reconciliation.

13. 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.

14. Details of Auditor's Remuneration

Name	31-03-2019 (Rs.)	31-03-2018 (Rs.)
Statutory Audit Fee	3,20,000	4,00,000
Income Tax filing and other tax based services	NIL	1,00,000
GST	57,600	90,000
Total	3,77,600	5,90,000

The previous year audit was carried out by a firm other than Ray & Ray Chartered Accountants. Corresponding figures of the previous year has been regrouped, wherever necessary, to make them comparable with the figures of the current period.

As our report of even date
For Ray & Ray
Chartered Accountants
Firm's Registration no. 301072E
sd/-
(Samir Manocha)
Partner
M. No.: 091479

**For and on behalf of Board Members of
MICRO FINANCE INSTITUTIONS NETWORK**

Place: Gurugram / New Delhi
Date: 7th June 2019

sd/-
Udaya Kumar
(President)

sd/-
Harsh Shrivastava
(Chief Executive Officer)sd/-
Dibyajyoti Pattanaik
(Vice President)

Annexures

BOARD ATTENDANCE

S. No	Board Member	Organisation	Date of joining	28 Aug 2018	27 Nov 2018	06 Mar 2019	07 Jun 2019	Attendance
				Delhi	Bengaluru	Delhi	Delhi	(%)
1	Mr. Rakesh Kumar Dubey	SV Creditline Limited	28 June 2016	1	1	1	1	100%
2	Mr. Devesh Sachdev	Fusion Microfinance Private Limited	21 January 2016	1	1	Retired		100%
3	Mr. Dibyajyoti Pattanaik	Annapurna Finance Private Limited	28 June 2016	1	A	1	1	75%
4	Ms. Meenal Patole	Agora Microfinance India Ltd.	21 January 2016	1	1	Retired	0	100%
5	Mr. Mohammad Amin	Adhikar Microfinance Pvt. Ltd.	19 December 2016	1	1	1	A	75%
6	Mr. Udaya Kumar	CreditAccess Grameen Limited	19 December 2016	1	1	1	1	100%
7	Mr. N K Maini	Independent member	11 January 2018	1	1	1	1	100%
8	Mr. K M Vishwanathan	M Power Micro Finance Pvt. Ltd.	30 June 2017	A	1	1	A	50%
9	Dr Alok Misra	Independent member	11 January 2018	1	1	1	1	100%
10	Mr. D R Dogra	Independent member	11 January 2018	1	1	1	1	100%
11	Mr. Harsh Shrivastava	Ex Officio Member Secretary	25 April 2018	1	1	1	1	100%
12	Mr. Manoj Nambiar	Arohan Financial Services (P) Ltd.	28 June 2018	1	1	1	1	100%
13	Mr. Vineet Chatterjee	Svatantra Microfin Pvt. Ltd.	28 June 2018	1	1	1	1	100%
14	Mr. Harish Raghu	SAGGRAHA Management Services Pvt. Ltd.	06 March 2019			1	1	100%
15	Dr. Aruna Sharma	Independent member	06 March 2019			1	1	100%

LIST OF MEMBERS

#	Institution	Website
1	Adhikar Microfinance Pvt. Ltd.	www.adhikarindia.in
2	Adi Chitragupta Finance Limited	www.acfl.co.in
3	Agora Microfinance India Ltd.	www.amil.co.in
4	Annapurna Finance Private Limited	www.ampl.net.in
5	Arohan Financial Services (P)Ltd.	www.arohan.in
6	Arth Microfinance Pvt. Ltd.	www.arthfinance.com
7	ASA International India Microfinance Ltd.	www.asaindia.in
8	Avanti Finance Limited	www.avantifinance.in
9	Aviral Finance Private Limited	www.aviralfinance.com
10	Belstar Investment and Finance Pvt. Ltd.	www.belstar.in
11	Bharat Financial Inclusion Ltd.	www.bfil.co.in
12	BWDA Finance Limited	www.bwda.org.in
13	Chaitanya India Fin Credit Pvt. Ltd.	www.chaitanyaindia.in
14	Centrum Microcredit Private Limited	www.centrum.co.in
15	CreditAccess Grameen Limited	www.grameenkoota.org
16	Fino Finance Pvt. Ltd.	www.finofinance.in
17	Fusion Microfinance Private Limited	www.fusionmicrofinance.com
18	Growing Opportunity Finance India Pvt. Ltd.	www.gopportunity.net
19	G U Financial Services Pvt. Ltd.	www.gufinance.com
20	Hindusthan Microfinance Private Limited	www.hindusthanmfi.com
21	Inditrade Microfinance Ltd.	www.inditrade.com
22	Jagaran Microfin Pvt. Ltd.	www.jagaranmf.com
23	Janakalyan Consultancy and Services Pvt. Ltd.	www.janakalyan.net
24	Light Microfinance Pvt. Ltd.	www.lightmicrofinance.com
25	M Power Micro Finance Pvt. Ltd.	www.mpowermicro.com
26	Madura Micro Finance Ltd.	www.maduramicrofinance.com
27	Margdarshak Financial Services Ltd.	www.margdarshak.org.in
28	Midland Microfin Ltd.	NA
29	Mitrata Inclusive Financial Services Pvt. Ltd.	www.mitrata.in
30	MSM Microfinance Limited	www.msmmicrofinance.com
31	Muthoot Microfin Limited	www.muthootmicrofin.com
32	Namra Finance Ltd.	www.namrafinance.com
33	NEED Livelihood Microfinance Pvt. Ltd.	www.needmfi.com
34	Nightingale Finvest Private Ltd.	www.nightingaleinvest.in
35	Pahal Financial Services Private Limited	www.pahalfinance.com

#	Institution	Website
36	Saija Finance Private Limited	www.saija.in
37	Samasta Micro Finance Limited	www.samasta.co.in
38	Sambandh Finserv Private Limited	www.sambandhfin.com
39	Sarala Development & Microfinance Pvt Ltd	www.sarala.co.in
40	Satin Credit Care Network Limited	www.satincreditcare.com
41	Satya MicroCapital Ltd.	www.satyamicrocapital.com
42	SAVE Microfinance Pvt Ltd	www.savemicrofinance.com
43	Share Microfin Limited	www.sharemicrofin.com
44	Shikhar Microfinance Pvt. Ltd.	www.shikharfin.com
45	Sindhuja Microcredit Pvt. Ltd.	www.sindhujamicrocredit.com
46	Sonata Finance (P) Ltd.	www.sonataindia.com
47	Spandana Sphoorty Financial Limited	www.spandanaindia.com
48	SV Creditline Limited	www.svcl.in
49	Svamaan Financial Services Pvt. Ltd.	www.svamaan.in
50	Svasti Microfinance Private Limited	www.svasti.in
51	Svatantra Microfin Pvt. Ltd.	www.svatantramicrofin.com
52	Unacco Financial Services Pvt. Ltd.	www.unacco.in contact.php
53	Unnati Microfin Private Limited	www.unnatimfi.com
54	Varam Capital Private Limited	www.varam.in
55	Vaya FinServ Pvt. Ltd.	www.vayaindia.com
56	Village Financial Services Ltd.	www.village.net.in

LIST OF ASSOCIATES

The following Associates are part of MFIN's Associateship Construct:

Au Small Finance Bank	www.aubank.in
Axis Bank	www.axisbank.com
BASIX Sub K iTransactions Limited	www.subk.co.in
BSS Microfinance Limited	www.bssmfi.com
Buldana Urban Management Services Pvt. Ltd.	www.bumspl.org
Community Finance Pvt. Ltd.	www.communityfinance.in
d. light Energy Private Ltd.	www.dlight.com
Dvara KGFS	www.dvarakgfs.com
Equifax Credit Information Services Private Limited	www.equifax.co.in
Equirus Capital Private Limited	www.equirus.com
Equitas Small Finance Bank	www.equitasbank.com
ESAF Small Finance Bank	www.esafbank.com
Fincare Small Finance Bank	www.fincarebank.com
Friends Capital Services Limited	www.fcsl.co
Fullerton India Credit Company Limited	www.fullertonindia.com
Greenlight Planet Inc	www.greenlightplanet.com
IDFC Bank	www.idfcbank.com
IndusInd Bank	www.indusind.com
Jana Small Finance Bank	www.janabank.com
Kamal Fincap Pvt. Ltd.	www.kamalfincap.com
Kotak Mahindra Bank	www.kotak.com en.html
L&T Finance Limited	www.ltfs.com
MAS Financial Services Ltd.	www.mas.co.in
New Opportunity Consultancy Pvt. Ltd.	www.nocpl.in
Northern Arc Capital	www.northernarc.com
RBL Bank	www.rblbank.com
RBL FinServe Ltd.	www.swadhaar.com
Reliance Capital	www.reliancecapital.co.in
Religare Health Insurance Co Ltd.	www.religarehealthinsurance.com
SAGGRAHA Management Services Pvt. Ltd.	www.saggraha.com
Sampark Fin. Services Private Limited	www.samparkfin.in
Sarvodaya Nano Finance Limited	www.sarvodayanano.org
Sumeru Software Solutions	www.sumerusolutions.com
Suryoday Small Finance Bank Ltd.	www.suryodaybank.com
TransUnion CIBIL	www.transunioncibil.com
Ujjivan Small Finance Bank	www.ujjivansfb.in
Utkarsh Small Finance Bank	www.utkarsh.bank
Vivriti Capital	www.vivriticapital.com
Water.org	www.water.org
YES Bank	www.yesbank.in

MFIN works closely with regulators and other key stakeholders and plays **an active part in the larger financial inclusion dialogue through the medium of microfinance.**





MICROFINANCE INSTITUTIONS NETWORK

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 [mfin_india](https://twitter.com/mfin_india)

 [Microfinance Institutions Network](https://www.linkedin.com/company/mfinindia)

MFIN is an industry association powering responsible finance in India. It represents 56 microfinance companies and 40 other lenders who together finance the aspirations of millions of women.

