
Date: 19 August 2013  
Time: 11:00 A.M. to 2:45 P.M.  
Venue: UN Conference Hall, UNDP, 55, Lodhi Estate, New Delhi, 110003, India

Background

For the past seven years as part of Microfinance India Summit, State of the Sector Report (SOS) report—Microfinance has become an important annual initiative. The document covers not only the status of MF in India but also issues, innovations, practices, and models of microfinance sector. This report has consistently been brought out by ACCESS Development Services and considered as an authentic national level document that describes the state and growth of the Indian Microfinance sector. Moreover, this has been a unique and widely referred to document not only in India but also in other parts of the world. The SoS 2012 report is available at: ftp://ftp.solutionexchange.net.in/public/mf/resource/res26081303.pdf

Role of UNDP facilitated Microfinance Community of Practice

Since last five years, Microfinance Community – Solution Exchange, United Nations has been proactively contributing in the formulation of the SoS report by holding e-discussions on SoS report and also conducting roundtables wherein leading MF practitioners of the country participate and contribute. This makes the whole process more democratic as suggestions on the structure of SoS are also taken from the members and initiatives of both small and big players of MF sector are duly recognised. Full report of roundtable on SoS 2012 is available at: ftp://ftp.solutionexchange.net.in/public/mf/resource/res28081201.pdf

Roundtable on State of the Sector Report 2013

Rationale and objectives of conducting SoS Roundtable

While E-discussions have its own importance and relevance as practitioners from various parts of the country can give their inputs in various forms by sharing views, documents, reports and case studies etc., roundtable on SoS gives a chance to go deeper into the themes and issues of MF and also provide chance to those who missed contributing to the e-discussions. With this background, following objectives of Roundtable on SoS 2013 were envisaged -

- To strengthen the structure, design, contents and coverage of the report by getting first-hand information from the practitioners, professional, researchers and policy makers
To enhance the ownership of the report amongst Government, RBI/NABARD, UN agencies and other international organizations, NGO/MFIs, various networks, federations, independent thinkers and promoters of MF

To provide a platform for a larger audience to contribute to the state of the sector report by discussing the issues face to face

Participants of the roundtable

The SoS – Roundtable 2013 witnessed the presence of a good mix of members representing NGOs, MFIs, UNDP, Training and Research Institutions, Government and MF promoting institutions. Besides representatives of a range of organizations, individual experts and practitioners of microfinance sector have also participated in the roundtable.

Welcome note

Welcoming the participants and introducing about the roundtable, Dr. Navin Anand, Resource Person and Moderator, Microfinance community mentioned that the e-discussion has its own importance as practitioners are able to contribute as per their convenience, whereas roundtable is important to have more in-depth face to face discussions on various issues. He mentioned that every day new experiments are going on in the Microfinance Sector and it is important to capture new initiatives and models in the SoS report. He quoted the example of Madhya Pradesh Model of Financial Inclusion wherein a system of family UIDs and individual UIDs is introduced to have a comprehensive and integrated data base for direct benefit transfers through ultra small branches and business correspondents. He also informed that UNDP will be undertaking documentation and evaluation of MP model of financial inclusion through a team of experts.

He welcomed authors of both SoS report 2013 as well as Social Performance Management report 2013 and informed the participants about the themes/questions of discussion in the roundtable.

SoS 2013: Key themes of discussion

- Targeting Financial Inclusion Strategies - Microfinance Programmes and projects
- Policy and regulatory environment
- Innovative products and services in context of rural and urban, various segments of population and farm and non-farm sectors.

SPR 2013: Themes/Questions

- In the southern states where the SHG movement is widespread, there is report that a fatigue is setting in SHGs, Is this true? Where is the movement falling short to address the members need and what steps are needed to reengineer the movement.
- Banks are concerned about the falling recovery rates. What measures can build confidence in SHG lending?
- In case of MF RBI regulation is ensuring customer protection, regular review through boards and by a regular regulator is undertaking but in case of SHGs how can we ensure customer protection.
- SHG-II of NABARD what is the progress made in different aspects of SHG-II, voluntary savings, Self-Monitoring, JLGs for enterprise loans.
- What are the regulatory issues in Micro insurance and Micro pensions? Does the regulatory framework adopt responsible financing aspects?
Opening remarks and a brief about the SoS report – Mr. Vipin Sharma, CEO Access Development Services

Giving the opening remarks, Mr. Vipin Sharma, CEO, Access Development Services welcomed all the participants and thanked UNDP and Microfinance Community, Solution Exchange for all kind of knowledge support. He mentioned that SoS report is in its 8th year now and SoS 2013 report will be the 8th Volume in the series. Mr. Vipin shared his views on the need and relevance of SoS report and mentioned following important points on State of the Sector Report:

- SoS report is not like any other annual reports published by different stakeholders but it is a holistic report that covers various themes and initiatives of microfinance sector. It is an aggregate of all other reports published by different stakeholders in the sector. SoS report helps stakeholders to track in totality the way in which the sector has moved over a period of time.

- The report has now become a reference document for the sector on the achievements of microfinance in the country as it incorporates all major MF issues and challenges.

- The report requires a lot of suggestions and inputs from all the stakeholders and practitioners to come in its final form. The feedback received from the members of Solutions Exchange is incorporated in the best possible form in the report.

- The report provides information on SHGs and MFIs; the crisis that happened in the past; recent developments that took place in Financial Inclusion (FI) domain; and current issues as well as trends and practices.

- Capturing data and other information on such a wide range of subjects is a Herculean task. Therefore, in order to capture wide information and add more quality to the report, there are two lead authors Mr. Ajay Tankha and Dr. Tara Nair, for SoS report 2013.

- Based on the learning from the criticism which sector got from the crisis in Andhra Pradesh, we have tried to capture the good practices in MF sector in the form of 'India Social Performance Report' for last two years. Ms. Girija Srinivasan is authoring this report and she has got lot of support from different stake holders like MIX market, Grameen Foundation etc. The participants should share their thoughts and experiences on Social Performance Management report also.

- In addition to SoS 2013 and Social Performance Report, an important knowledge product on Housing Microfinance will also be launched during MF India Summit - 9th & 10th December 2013.

- This is going to be the 10th year of MF India Summit and on this occasion a commemorative publication on the journey of Microfinance in India during last 10 years will also be launched.

- This is a very useful forum. There is immense benefit of the round table in getting ideas and inputs from diverse stakeholders and practitioners.

Introduction and briefing by Dr. Tara Nair and Mr. Ajay Tankha - the Authors of SoS 2013

- SoS 2013 will keep the legacy of previous reports as these reports are widely used and recognized as a reference document for policy advocacy.

- Overarching theme of the report will be – 'Financial inclusion'.
As there has been much of policy engineering and multiple programmes and projects are being introduced in FI space, therefore there is a need to critically assess the role of Microfinance into the process of inclusion.

The report will cover SHG movement as well as MFIs role in financial inclusion.

The report will critically analyze the significance of Business Correspondent (BC) model for financial inclusion and provide a glimpse of the present status of BC Model.

The report will also incorporate recent initiatives on the role of technology in facilitating/triggering the financial inclusion process.

The issue of gender will be reintroduced in the report. We are planning to reclaim space of gender in MF sector and will reintroduce the theme in a new way. SPM report will cover gender aspects more comprehensively.

The report will capture the innovative work that is going on in the microfinance sector. SHG – BC space and financial inclusion are handicapped because of lack of data.

Documentation of viable models in Financial Inclusion and BC needs a lot of research.

The key question is - How can both SHGs and MFIs together hook on to the financial inclusion strategies? NABARD, GIZ are working and trying to figure out a way. MFIs are also looking at to reinvent themselves to adopt the old partnership model.

**Briefing by Ms. Girija Srinivasan, Lead Author, Social Performance Management report 2013**

Ms. Girija Srinivasan informed the participants that the Social performance report is going to cover five themes out of which three themes are pre-existing themes of last year with an addition of two new themes. The five themes will be –

- Outreach and social matrix of Social performance
- Code of Conduct and other external assessments of MF and how far are they contributing in making actual difference by improving best practices on the ground.
- Role of lenders and bankers in promoting responsible finance. How responsive the Banks are?
- HR Practices in MFIs, how responsible we are to the staff of MFIs.
- Responsible finance practices in SHG Bank Linkage programme, where are we and how can we improve it.

**Views and Suggestions of the participants –**

**On Overall Structure of the report**

- This year, the SoS report should be shorter and sweeter with latest updates happened in the last one year.
- SoS Report has gained a stature and recognition in the microfinance sector. The report should be positioned in a manner as the focus remains in Microfinance. MF is a strategy for financial inclusion.
A nicely presented executive summary of 25-50 pages on various themes of MF can be released on quarterly basis as knowledge product.

The introductory part of the report should be put in perspective to Microfinance. Macro view of demand and supply side of financial services for weaker sections, less privileged regions, SC/STs, minorities etc. should be discussed in the first ten pages as this is missing in every report related to MF. Excerpts of report, especially introductory part of the report would be helpful for the students.

The report should discuss positive and good studies whose sample size is large enough to represent the industry. Small Studies can be given in the report however, not for drawing inferences or generalization on any specific issue. Sample of the studies should be representative.

The numbers in last two reports show that there is a shift of MF from rural to urban space. Is this shift heading from marginal towards mainstream lending? There is a need to analyze this.

The report may incorporate the answers of - How have these MFIs responded after MF crisis? Is this through change in products, services, use of technology, focus on urban MF services, changed funding structure of the company, change in loan size, customer base? How consolidation has taken place?

Mix market has come up with data of 110 MFIs that can be referred for the report.

While highlighting the issues related to MF sector, the authors should keep the upcoming elections in 2014 and the new government in mind. There has been a policy paralysis in the government for last two years.

It is good to focus on single state in financial sector and focus on neglected groups like migrants. It would be a good idea as migrants are in large number and they face a lot of issues especially the one related to their identity.

Financial Inclusion triad as overarched by RBI consists of financial literacy and consumer protection and the report should highlight these in respect of Microfinance industry.

Credit information provided by agencies like High Mark Credit Information Services and CIBIL should be brought to people at ground level and made public for larger good.

(Mr. Manab Chakraborty, Mr. C S Reddy, Ms. Liz Larson and Dr. H K Pradhan)

**Gender Aspects**

- Include gender aspects in context of empowerment, management and decision making; promotion of community based microfinance.
- Focus on gender equity - how MF loans have been helpful in making the difference, its outcome indicators should be identified. Also how far the access of finance has benefitted the Ultra poor women.

(Dr. Smita Premchander, Ms. Veena Pandia)

**Financial Literacy**

- Financial Literacy should be made an integral part of MFIs and one should also come up with measurable indicators to identify the outcome of Financial Literacy (FL) in order to be meaningful. Different components of Financial Literacy, both for financial and non-financial products should be undertaken.
The demand side of financial literacy should also be taken in the report. Profiling of MF clients in terms of access to finance for tribal and minorities should be included. A cost effective implementation scheme for financial literacy under financial inclusion should also be discussed in the report.

Providing financial literacy is important in the process of SHG formation. Right to borrow from the bank should be given to the poor. Village should be taken as unit to deliver the products. Chit fund and other spongy schemes should be highlighted to protect innocent clients. Building financial capability of the clients should be given importance. Backend management of money should be focused and highlighted.

Financial literacy is another area to be focused and needs to be broad based. Agencies like SEBI through its financial literacy programme are creating awareness on investments. RBI is also taking up financial literacy programmes in a big way. Banks are going to villages and showing films but what are we delivering? We have to adopt a client centric approach for this.

(Dr. H K Pradhan, Mr. Resham Singh, Mr. Avik Kedia, Ms. Veena Padia, Mr. Sashi Kumar, and Dr. Smita Premchander)

Microfinance for PwDs, Minorities and Dalits

- Inclusion of Persons with disability (PwDs) is an important issue in the present context. All the delivery models of Microfinance have excluded the PwDs. Issues of heterogeneity exists within different types of disabled groups. A research study should be carried on how to include the disabled within different models of MF delivery.
- National Handicapped Finance and Development Corporation lends to NGOs for on-lending to PwDs but the issues within disabled group still need a suitable model to serve the disabled. Access to Finance for disabled should come at a reasonable cost.
- There should be a culture to mix the disabled with the able bodied people rather than creating a homogenous group of disabled. Disability also has a social security side and social security schemes should be leveraged upon.
- People have apprehensions on repayment capacity of the disabled and therefore PwDs are excluded from the mainstream Self-help groups.
- Tamil Nadu has a special programme for disabled people. Learning of the project can be incorporated in the report.
- Emphasis needs to be given on going beyond credit products like micro pensions, remittances and savings for the PwDs.
- The level of consciousness towards special categories like disabled, minorities and dalits in the Microfinance programmes should be studied.

(Mr. AK Dey, Dr. Smita Premchander, Dr. Navin Anand)

Micro Insurance

- State of the Sector Report so far has not focused much on micro insurance. The government companies like LIC should take initiative.
- RSBY is facing a lot of challenges in operations. Crop insurance also needs a client friendly product. There has been no product innovation in micro insurance space.
• Role of Government is minimal in terms of regulations or promoting Micro insurance.
• Now MFIs can’t charge extra for insurance from their clients according to new regulations, in such case, how far MFIs will be interested in promoting insurance product.
• Micro insurance products itself are very complicated with so many riders. In such a situation, it is difficult to ensure the right product for the poor.
• CARE India had launched a MF programme for Tsunami hit people. It worked very well initially but later insurance companies had service cost issues and were trying to cover the cost under the name of training fee. CARE dissociated with companies thereafter.
• Even the simplest product of LIC is usually not accepted by the clients. There is lack of trust in insurance products.
• 'Abhay hastam’ and 'Janashree Bima Yojana' in Andhra Pradesh have covered more than 10 million plus families. We could continue learning good and bad things in AP.
• LIC and other insurance schemes have huge IRRs and do not deliver good returns, the cost of delivery is too high for the poor and this should be communicated to people as a part of financial literacy.

(Mr. C S Reddy, Dr. Tara Nair, Mr. Sashi Kumar, Ms. Girija Srinivasan, Dr. H K Pradhan)

**Business Correspondent Model**

• Business Correspondent model is an effective channel for delivery of wide range of MF services. There are certain challenges on business model part of BC but a lot of progress has happened in the recent past as various MFIs have been taking up BC model of service delivery. It would be really worth to document their experiences.
• On the remittance part also lot of progress has taken place. NGOs-MFIs have taken up this initiative. However urban focused MFIs have not been able to pick this up.
• Sanchayan's Financial Inclusion Network - Sanchayan Suraksha Solutions Pvt. Ltd. is a BC with Indian Overseas Bank (IOB). To achieve financial inclusion, Sanchayan has undertaken a field-level mapping of as many BC/CSP outlets across Delhi/NCR. Sanchayan Suraksha has a database of 1500 points which are doing remittances (domestic and international). Sanchayan Suraksha is looking at rolling out more than 1000 SSP outlets and another 2500 Sanchayan Saathis (individual agents) for financial inclusion in Delhi/NCR.
• Ponzi schemes - We are finding high incidence and prevalence of ponzi schemes in all the slums where Sanchayan is working. This should be checked by the Government of India.
• GIZ supported CASH NEFT project - This is a remittance project supported by GIZ and undertaken by Sanchayan Society. CASH NEFT facility allows migrants to send money home using any bank/branch without having accounts at the sending bank. Thus only the receiver needs to have an account.
• Building the capability of banks and investors to understand the segment should be reflected in the report. BC and Banks should be motivated to take up this model and visualize the change and impact it is going to bring down the line. The responsibility of providing financial literacy to people should be taken up at all levels, right from schools. Financial literacy should be incorporated as a subject in school Curriculums.

(Mr. Avik Kedia, Mr. Sachin Kumar, Mr. Chandra Prakash Joshi)
Urban Microfinance issues

- Urban poverty and MF issues should be highlighted. Urban SHGs and Urban Livelihood Mission should also be mentioned in the report. More than 350,000 SHGs have been linked to Banks in Andhra Pradesh. Similar initiative has also started in Bihar with the support from DFID.
- Urban SHGs and Federations, their issues and challenges could be covered in a separate sub section in the report.

(Mr. Subrata Sarkar, Mr. CS Reddy)

Cost of Delivering MF Services and need for Cross Subsidization

- We should be realistic about the cost of delivery of MF Services and the entire spectrum of the cost involved should be taken into consideration. Financial inclusion model of MP government is a good work done. It is worth replicating in other states, however all other states may not be willing to bear the cost of providing financial services to the poor.
- Through BC model MF services are provided at the doorsteps of the poor. It is important to study the value chains of different products and services. It is also important to ensure that cost of delivery of MF services is not entirely borne by the poor beneficiaries.
- Is cross subsidization a solution to meet the cost of delivery? MFIs were delivering the services and charging the customers. Now BCs are also delivering the services but who should actually bear the cost? We need to focus on this important issue. Government agencies and organizations like NABARD should come out with a model that promotes cross subsidization so that the burden is not on the clients.

(Mr. Avik Kedia, Dr. Navin Anand)

MF Products and Services

- There is an entire range of products and services ready to get into financial inclusion sector, right from credit and insurance to remittances, and we should also consider the cost of providing financial literacy to the customers for the entire range of products available and should not keep it restricted to insurance only. Moreover, the basic fundamentals of financial literacy should be made clear to the customers in order to bring change in their financial behavior.
- Cash Credit Limit (CCL) in SHGs should be deciphered clearly for policy makers, SHGs and practitioners. In number of places the banks have converted the term loans into cash credit facility and the groups are not even aware of this. CCL should be explained and the transition from term loan to CCL should be highlighted as a box item in the report.
- All MF programmes should be under one organisation/umbrella. RRBs are one of the most appropriate institutions to promote and work for SHGs in rural areas.

(Dr. Usha Gopinath, Mr. CS Reddy, Mr. Resham Singh)
Housing Microfinance

- Housing Microfinance is seen as a natural progression to MF Loans. Informality of income and tenure are key issues in HMF. Unsecured loans for housing should be backed by surrogate collaterals. In urban areas, lease deeds are taken in notified slums. In case of new dwellings, Government schemes based on subsidy like IAY should be preferred.
- Lack of clear land/property ownership titles are a big issue in housing microfinance and this excludes rural household from availing mainstream housing finance services. Swarna Pragati Housing Finance Ltd. has created a system of Para legal ownership documentation leveraging on the panchayat system which is a recognized entity to create para legal documents. This paralegal document is then being used as collateral to mortgage the house. Though technically it is not the valid mortgage document. However, a Gram Sabha resolution in the village recognizes the ownership of land/property holder and ensures community consent to it. Transactional cost required for the right mortgage document will be much higher. This is an issue that needs policy and regulation support.
- Community endorsement is much better model in housing finance and such model should not be killed simply because it is not in line with the conventional housing finance practice. Housing finance players coming up with such models in the market should be supported.
- Swarna Pragati Housing Finance Ltd. finances only to the members of SHG/JLGs interested in housing loan products but the group guarantee policy is followed in this case. Initially only 3-4 members in a group avails this loan based on the demand and when some amount of seasoning happens other members also avail the product. Swarna Pragati Housing Finance Ltd. started in the worst possible region of Vidarbha and now has a portfolio of 18 crores plus spread across three states. The organization is using partner organisations/NGOs to administer the loan with supervision through their own staff. The model gives decent revenue to the partner organizations as well.
- Asset protection is a big risk to financer and community member in HMF. Financial literacy is definitely required and should be inbuilt within the loan product.
- In order to bring the size of SoS report down a separate publication on some of the sub themes like Housing Microfinance is being taken up.

(Ms. Radhika Agashe, Dr. H K Pradhan, Mr. Sashi Kumar, Mr. Sachin Hirani, Mr. A. Ramesh Kumar, Ms. Shruti Gonsalves)

Voluntary Savings

- As there is acute shortage of database on demand supply gap, it is always good to have feedback from the customers on various microfinance products and services. This feedback will be of great help to MFIs, bankers, regulators and all the organizations on the supply side. NPS lite is a good pension product and Invest India Micro Pension Services (IIMPS) has done good work on financial literacy as well.

(Mr. Sachin Kumar)
National Rural Livelihood Mission

- National Rural Livelihood Mission should also be featured in the report. Some good models of partnership need to be shared. We can be positive and critical about it while having a mention in the report. Partnership guidelines with NGOs have been finalized under NRLM.
- The report should look and track - how entry of NRLM has contributed to the existing SHGs on the ground. Good insights and knowledge supported by evidence should be included in the report. What is the scope of convergence with SHPIs in terms of providing financial services to poor and vulnerable groups?
- As far as interface between NRLM and microfinance is concerned, there is no definite conclusion. Voice of customers should also be taken up.
- It should be noted that there are two types of partnership MoUs that have been signed between NRLM and PRADAN, one on the implementation in Jharkhand and the other on working as a National Resource Agency on capacity building.

(Ms. Shashi Sudhir, Dr. Tara Nair, Ms. Meera Mishra)

Cooperatives

- 97th Constitutional amendment has brought some regressive restrictions on self-reliant cooperatives and this will have implications on financial cooperatives. MP and Orissa have repealed the liberal cooperatives Acts in the state.
- MF Bill (2012) includes about cooperatives which is at present before standing committee. According to the present bill - the requirement of net owned fund (Minimum Rupees Five Lakhs), size of individual loan (up to five lakhs and may be permitted to 10 lakhs) is suitable for 'For Profit MFIs', however these threshold limits are too high for community based organizations. It is becoming an important issue of discussion - Whether cooperatives should be excluded from mainstream MF regulations? It should be noted that Malegam Committee and MF Bill 2011 excluded cooperatives from the ambit of this bill. Further the Report of the Sub-Committee of the Central Board of Directors of Reserve Bank of India to Study Issues and Concerns in the MFI Sector, 2011 has recommended that entities where aggregate loan portfolio (including the portfolio of the associated entities) does not exceed Rs.10 crores may be exempted from registration with regulator.
- No data on new self-reliant cooperatives is available. SoS report is not a research capitalization report but topical report about the sector.

(Mr. C S Reddy, Dr. Smita Premchander, Mr. Arshad Ajmal)

Interest Free Microfinance

- Status report on minorities and financial inclusion should be part of the report. There is a need to identify and locate minorities.
- There should be mechanism for interest free microfinance as an alternate model which is based on fees and risk and profit sharing principles.
• There are several questions to be answered - Where are minorities located and how to address the question of interest- how to meet the cost if not interest based - how to recover service charge?

(Mr. Arshad Ajmal)

**Responsible Financing**

• Responsible financing is not only limited to SHGs and Banks but Government also has to play an important role in this. Views of SRLM directors are also required to be captured to have a clear picture.
• Larger MFIs are growing in urban space but smaller MFIs who were serving in rural areas are not able to serve because of lack of funds. Sa-dhan report, if comes out, will have some number on smaller MFIs, while MFIN report focuses on NBFC- MFIs.
• Poorest of the poor programmes are at experiment stage and last year SPM report captures Bandhan’s Poorest of the poor programme. Good research has been done by professors from Harvard University on the impact of the programme.

(Ms. Girija Srinivasan)

**Regulations – Status of Microfinance (Development AND Regulation Bill)**

• Microfinance Bill- what are the positives and negatives and what has been the progress on that needs to be captured in the report.

**Rastriya Mahila Kosh**

• The report should have value for the the government. As the government is working on policies related to institutional frameworks like Rastriya Mahila Bank, a comparative analysis of operating models and strategies that works for inclusion can add lot of value.
• RMK is utilizing the existing institutional structures for learning better practices.
• Continuum from FI to empowerment and sustainability of SHGs without the intermediaries should also be tracked and documented.

(Ms. Rashmi Singh)

**Direct Benefit Transfers**

• Ongoing programme on Direct Benefit Transfers (DBTs) and experience of the role played by SEWA in MP on unconditional Cash Transfer can be a part of report as it is related to FI issues.
• Different models of cash transfers including BC model should be analyzed in terms of cost.

(Ms. Shruti Gonsalves)
**Employment in MF Sector**

- Micro finance institutions (MFIs) have given large employment opportunities to the people, even better than banks. The data related to employment given by MFIs should be highlighted. Size of employment in the sector should be discussed and the difference it has made in the lives of the rural youth.

**Points shared by Dr. B S Suran, CGM, NABARD, Mumbai on various issues**

- State of the Sector report needs to be much more client centric and not institution centric.
- Microloans and micro-deposits are not merely restricted to SHGs or through MFIs. To get a broader perspective of the extent of micro-loans in India, microloans provided by banks (including cooperatives) needs to be mapped. The banks coverage for such microloans (Rs.50,000) is very high and covers a wide array including small loans for crop cultivation (in small & fragmented landholdings), purchase of a milch animal etc. There are also good practices, which can be shared from this space as well.
- As regards the summit participants, we have hardly seen bankers at the event, whereas they are the predominant providers of debt funds to MFIs and SHGs. What we discuss at the summit have a lot to do with the bankers, their perception, their response, therefore, their presence and follow up action is critical. In the previous meet, banker has been the critical missing link at these events. Therefore, any event of this nature hosted without bankers will have limited post seminar consequence.
- Convergence model –“insurance and pension in AP”- The AP government’s administration of these products also needs a closer look, the way it is administered, the settlement process, the role of ‘bhima mitras’ and the SHGs etc. NABARD has studied this and finds number of takeaways which other providers can learn.
- Janashree Bima Yojna: “insurance has to be sold as it is not bought”. It is least understood by the client to. There are already many insurance schemes in place and we have over 5 lakh SHGs availing insurance product - Janashree Bima Yojna (JBY). JBY is a subsidised product and also a low premium product with many features like life and accidental insurance and also a scholarship for children- to entice them and avoid dropouts from school.
- Codification of Savings and loan accounts of SHGs by banks: Though loan accounts have special client code for SHGs, in some banks the savings accounts were not codified. NABARD had taken up the issue and Ministry of Finance has issued guidelines to this effect and most banks have complied. In 200 of more than 300 district cooperative banks, the CBs work is near complete.
- Similarly, the data of banks’ lending to MFIs is captured by NABARD based on the returns from banks, we have seen large variation in the data reported by associations of MFIs even in the debt part. In the later case too, the compilation is based on self-reporting by institutions without any cross verification. Some attention is needed here too.
- NABARD has been mapping SHGs district wise and we find SHGs in the rural hinterlands too, however, the MFI operations are predominantly in the urban or in the peri-urban areas in limited districts. There are limited mF operations in the conflict-ridden areas; this has been specific focus area for NABARD.
Tier I and II cities are getting saturated now and it is time to penetrate into villages and blocks.

Under NRLM various livelihood initiatives have taken up and national rural livelihood society is proposed to be established.

Besides savings and credit linkages, voluntary savings through SHGs is also promoted by NABARD under SHG -2. There are several initiatives for promoting voluntary savings. An Action Research initiative on voluntary savings has taken up in five states in partnership with 10 NGOs/organizations. Through the research potential of recurring deposits, fixed deposits and other possible savings products is being accessed. For example, voluntary savings for education has also identified as a potential area under voluntary savings.

NGOs are interested in working as Business facilitators (BC). NABARD is implementing programmes in partnership with GIZ where the focus is on SHGs working as BCs. In Vidarbha, youth groups are undertaking the responsibility of working as BCs. There are some good results, which can be captured in the report.

In Vidarbha, SHG members serve as Business Facilitators, virtually taking up all support activities for facilitating quality credit flow from the bank viz.; from filling application for poor HH, monitoring, recovery assistance and the SHG members earn reasonable commission from such operations. NABARD has initiated exposure programmes for bankers to facilitate internalisation.

There are many challenges in the Business Correspondent model. Several successful examples are also identified in the area of BC model. A large number of public sector banks have already taken up BC model. IDBI has also shown interest in BC model.

The observation that SHGs are redundant after introduction of DBT is far from reality, the growth in credit and SHGs stand testimony to this. Further, SHGs and DBT has different aims and objectives to achieve.

Closing Remarks by the authors

- Authentic data is a big problem in Indian MF sector.
- The report will not be very academic and more representative and evidence based.
- All the subsectors may not be covered but most of these will be flagged up in the report and can be picked up later.
- Idea of having short reports on quarterly basis is good but we will try to keep the report short but relevant to its readers.

The roundtable ended with the concluding remarks from the lead author.

Participants’ names and their organizations:

1. A Ramesh Kumar, Swarna Pragati Housing Finance Ltd.
2. A.K. Dey, National Handicapped Finance and Development Corporation, Faridabad
3. Aditi Malhotra, Solution Exchange, UNDP, New Delhi
4. Ajay Tankha, Author SoS 2013 Report, New Delhi
5. Alok Prasad, MFIN, Gurgaon
6. Arshad Ajmal, Sahulat Microfinance, New Delhi
8. Azim Hussain, Sahulat Microfinance, New Delhi
9. B S Suran, NABARD, Mumbai
10. C.S. Reddy, APMAS, Hyderabad
11. Chandraprakash Joshi, Inclusive & Social Banking (ISB), YES Bank Ltd., Gurgaon
12. Elizabeth Larson, Mix Market, Bangalore
14. HK Pradhan, XLRI, Jamshedpur
15. Igor Bosc, UNDP, New Delhi
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