



Discussion on "Issues in Credit Data Reporting in Microfinance"

Poorest States Inclusive Growth (PSIG) Programme

Hotel Samrat, New Delhi

12/8/2014



Access to Finance for the poor has been a critical development agenda that the government, civil society, bilateral and multilateral agencies, other donors, technical agencies and financial institutions have been focusing on. Different states are at varying levels of Financial Inclusion, and states with high poverty are predictably those with low penetration of financial services. These underserved poor states therefore need specific strategies and substantial dedicated resources to support innovations and scaling up of financial inclusion programmes and strategies.

The Government of UK's Department for International Development (DFID) has launched a large 7 year programme titled Poorest States Inclusive Growth Programme (PSIG) with Small Industries Development Bank of India (SIDBI) as the implementing partner, to enhance the income and employment opportunities of poor households in the underserved states in India. The purpose of the programme is to improve income and reduce vulnerability of poor people and small producers by expanding their access to finance and markets. The PSIG Programme presently being implemented in 4 poorer states-viz Bihar, Madhya Pradesh, Odisha and UP. It is envisaged to benefit the poor and vulnerable people, especially women by providing financial access to 12 million poor people, thereby helping in enhancement of their income and employment opportunities.

ACCESS-ASSIST has been assigned the task of implementing the critical policy component under PSIG, undertaking activities that will together provide a mechanism to support policy initiatives in all the areas including microfinance (challenges of both the SHG and MFI channels), other financial services (micro-insurance, micro-pensions etc) and the issues of access to banking services (BC model, mobile banking, no frills accounts etc).

The **Dinner discussions on "Issues in Credit Data Reporting in Microfinance"** was organized under the aegis of PSIG, on the eve of the Inaugural Day of Inclusive India Summit (**December 08, 2014 at 18:15 hrs**) at **Hotel Samrat (Kautilya Hall), New Delhi**. The event included an introduction on objectives, highlights from credit data from four PSIG states followed by a panel discussion on the theme, an interactive discussion with participants on thrust areas for policy action as well as possible partnerships and potential for convergence under the programme, followed by Networking Dinner.

The event was participated by Banks (PSU banks, private banks, RRBs and Cooperative banks), Microfinance Institutions, SHG promoting institutions, BCs and BCNMs, Credit Bureau, Technical agencies, IFC and other organisations.

The event started with a welcome address by Mr. David Elliot, Senior Private Sector Development Expert, DFID. This was followed by presentation on key finding of credit data reporting from four PSIG states viz. Uttar Pradesh, Bihar, Madhya Pradesh and Orissa conducted during Jan – March, 2014 by Mr. Shubhgranshu Chattopadhyay from High Mark Credit Information Services. The presentation covered potential, scope and coverage for microfinance

in the four PSIG states, riskiness with respect to over indebtedness/ over leveraging of borrowers and its effect on the repayment, growing ticket size of MFI loan, exit of borrowers, level of penetration of microfinance at district/ taluk level and other alternative channels in access to finance. This was followed by question and answer session on the Hi Mark presentations. The participants raised pertinent questions on the topic, which were addressed by Hi Mark.

The key point that came out of the question and answer session include:

- There is a pattern of growing loan ticket size loan and its effect on the repayment of microfinance borrowers.
- The microfinance institutions are active in areas where there is high concentration and are densely populated.

This was followed by panel discussion by eminent speakers comprising Mr. Sushant Kumar Tripathy, Senior Vice President, Yes Bank Limited, Dr. Sudha Kothari, Managing Trustee, Chaitanya, Dr. N. Jeyaseelan, Group CEO, Hand in Hand India, Mr. Manu Sehgal, Business Development Leader, Equifax and Ms. Sakshi Varma, Operations Officer, Finance & Markets, The World Bank Group. The discussion was moderated by Ms. Ragini Chaudhary, Technical Expert, DFID India. This was followed by an open discussion on the theme by the participants, including SHPIs and banks. The discussion held on the scope of covering SHGs under credit data reporting, sharing of members data of SHGs, challenges and issues in SHG data reporting by banks and SHPIs and steps, support that needs to taken to address these issues.

The key point that were discussed during the dinner discussion on credit data reporting in microfinance are as follow:

- Some SHG promoting institutions like Chaitanya and AMPL are currently reporting the data of SHG through the lending banks, especially SHPIs working with the Yes Bank.
- Though Banks are not mandated to report the microfinance data to credit information companies, some active banks like Yes Bank are reporting their SHG data to HighMark.
- Credit data reporting of SHG data will be critical to address multiple lending and over indebtedness of microfinance.
- Credit data reporting has been possible in MFI model as MFIs have large number of borrowers and have the necessary technology support to capture, monitor and report to the credit information companies.
- SHGs promoting institutions need to upgrade their MIS and reporting system to collect and report the SHG data to the credit bureau.
- There is a need to include banks promoting SHGs under SHG bank linkage programme and other agencies like govt. departments that promote SHGs as a part of their

schematic programme beside the SHPIs towards reporting their SHG data to credit bureau.

- Banks, especially PSU bank branches are facing difficulty in reporting data of SHGs as they are thinly manned and have business pressure of managing day to day operation.
- Lending banks have a very important role to play in facilitating the reporting of SHG data to the credit bureaus.

The discussion concluded with highlighting the need to building more consensus among the stakeholders like banks, SHPIs and other institutions promoting SHGs to report their data of SHGs to the credit information companies to address multiple lending in microfinance. Lastly, Ms. Ragini Chaudhary expressed gratitude towards all the speakers and the audience for their participation in the discussion and for staying up so late.

Agenda for the PSIG Dinner Discussion on Credit Data Reporting in Microfinance

6.15-6.25 pm	Welcome and Opening remarks – DFID India
6.25- 6.40pm	Highlights from 4 credit data from four states - Presentation by Highmark
6.40-6.50 pm	Questions
6.50 – 7.25pm	<p>Panel discussion: Extending credit data reporting beyond MFIs</p> <p>Moderator: Ragini Chaudhary, Technical Expert, DFID India</p> <ul style="list-style-type: none"> • Mr. Sushant Tripathi, Senior Vice President, Inclusive & Social Banking, Yes Bank • Dr. Sudha Kothari, Managing Trustee, Chaitanya • Dr.N.Jeyaseelan, Group CEO, Hand in Hand India • Mr. Manu Sehgal, Business Development Leader, Equifax • Sakshi Varma, Operations Officer, Finance & Markets, The World Bank Group
7.25- 8.10 pm	Open Discussion
8.10-8.15 pm	Closing remarks – SIDBI
8.15 pm onwards	<i>Dinner</i>

Glimpse of the Dinner Discussion at Hotel Samrat, New Delhi





**List of Participants in the Dinner Discussion on
“Issues in Credit Data Reporting in Microfinance”
(Poorest State Inclusive Growth Programme)**

8th December 2014

6.15 – 8.30 pm

Hotel Samrat

Sl. No.	Name	Designation	Organisation	e-mail address	Phone No.
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