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Inclusive Finance India Awards 2017

The Inclusive Finance India Awards, an initiative of ACCESS institutionalized in partnership with HSBC India, is in its ninth year. Over these years, the Awards have been well recognized and several institutions and individuals have been conferred the Awards. Importantly, to ensure that the Awards stay relevant, they are constantly aligned to the shift and changes, as the financial inclusion space evolves, with new categories added and sometimes dropped. The prestige of the Inclusive Finance India Awards is also enhanced by the layers of scrutiny and screening which the nominations are subjected to.

Given that over a period of time the emphasis on financial inclusion has gained ground in the country, and successive governments have retained it as an important national priority, there was a need to align the Award categories to these shifts in policy priorities. Appropriately, now there are six categories of the Awards that recognize Microfinance Organizations (MFO), Self Help Group Promoting Institutions (SHPI), Enabling Institutions and an award for Life Time contribution to advancing financial inclusion by an individual. While the Self Help Group Promoting Institutions category was added in 2013, given the thrust to last mile connectivity and the role of Business Correspondents (BCs) the BC Network Manager (BCNM) category was added in 2014. The BCNM category was however discontinued last year since the model was still not stabilized and there are a diverse set of delivery models adopted by different agencies with limited standardization of data. The Grand Jury has recommended reintroduction of awards for BCs with adequate technical checks and balances to overcome challenges of data availability.

Over time, ACCESS has also strengthened the process of evaluation. While the in-house Awards Secretariat usually undertakes the first screening; two different Technical Committees make a second level of scrutiny and recommendation for MFOs & SHPIs. The shortlisted recommendations are taken to the Grand Jury. The Grand Jury also directly assesses the nominations for the Enabling Institution and the Individual Award. ACCESS has been very fortunate in bringing together a high profile Grand Jury for the Awards, which strengthens the credibility of the process. Under the chairmanship of Stuart Milne, Group General Manager and CEO, HSBC India, the other members of the Jury for this year included H. R. Khan, Former Deputy Governor, RBI; G. R. Chintala, CGM, Micro Credit Innovations Department, NABARD; Tamal Bandopadhyay, Consulting Editor, Mint; Arvind Kumar, Principal Secretary Investment Promotion and Principal Resident Commissioner, Government of Telangana; Kalpana Pandey, CEO, CRIF-High Mark; Dr. Alok Misra, Professor of Public Policy & Governance, Management Development Institute; and Dr. Pawan Bakhshi, Country Lead (Financial Services for the Poor), Bill & Melinda Gates Foundation.

It is encouraging that a good number of high quality nominations were received for the MFO and SHPI categories this year, and it made the selection process for the Technical Committees and Grand Jury difficult. It's a matter of great privilege that a few other institutions have started supporting the Awards.

While DFID India has been giving bursaries for international programmes to the winning MFOs and SHPIs since 2013; NABARD provides SHG promotion grants to the winning SHPIs under the 2 sub-categories. This has significantly enhanced the prestige of the Awards.

This year the final list of Awardees includes highly credible names:

- Bharat Financial Inclusion Limited- Awarded under Microfinance Organization of the Year, Large category
- Sambandh Finserve Private Limited- Awarded under Microfinance Organization of the Year, Small & Medium category
- Chaitanya - Awarded under Self Help Group Promoting Institution of the Year, Large category
- Jhargram Block Aranya Sundari Mahila Mahasangha - Awarded under Self Help Group Promoting Institution of the Year, Small & Medium category
- Shri Mahila Sewa Sahkari Bank Limited- Awarded for Contribution to Advancing Financial Inclusion in India by an Enabling Institution
- Dr. Y. V. Reddy - Awarded for Contribution to Advancing Financial Inclusion in India Lifetime Achievement Award
- Dr. Veerendra Heggade - Jury Special Award for Contribution to Advancing Financial Inclusion in India

I would like to thank the members of both Technical Committees for their rigorous evaluation of nominations and forwarding credible short list of institutions for consideration of the Grand Jury.

The continuation of the Awards has been possible due to unflinching support and commitment to the idea by HSBC over the years. I would like to particularly thank Stuart, Aloka, Gayatri, and Jayesh for their great support, engagement, and encouragement. I also take this opportunity to thank DFID, for recognizing the value of the awards and providing the scholarship support to winning institutions and to NABARD, particularly G R Chintala, CGM, for its association and support. I would also like to appreciate M2i Consulting team for their work on consolidating data and providing technical support to the secretariat on managing the awards process. Finally, I would also like to thank my own team at ACCESS ASSIST, ably led by Radhika, and well supported by Keerti.

Vipin Sharma

CEO

ACCESS Development Services

“People always say ‘humbling’ but I actually think it’s quite inflating being nominated for an award. It’s wonderful; it’s a great feeling.”

-Taron Egerton



Award Categories

The Inclusive Finance India Awards is an endeavor in recognizing and honouring individuals and institutions that have indefatigably worked towards promoting goals of financial inclusion and in supporting inclusive growth. The inspiration behind Inclusive Finance India Awards was also to institute a mechanism to recognize the larger contribution of several thought leaders, practitioners, policy makers, promoters and researchers to this agenda. The idea of the Inclusive India Awards is now well recognized and respected within the sector.

The Awards are presented on the opening day of the Inclusive Finance India Summit.

The Awards this year consist of the following categories:

- i. Microfinance Organization of the Year - will be presented to outstanding institutions that have ensured effective and efficient delivery of financial services to its client segment. MFOs which have been running operations since at least three years are considered for this award. Under this, following are the categories:
 - Large MFO of the Year - having total loan portfolio of more than INR 400 crore
 - Small & Medium level MFO of the Year - having total loan portfolio upto INR 400 crore
- ii. Self Help Promoting Institution (SHPI) of the year - This category will recognize institutions involved in promoting Self Help Groups (SHGs) as well as SHG federations. This year the award under the SHPI category was open only to nominations from registered NGOs and SHG Federations. Government SHG Promoting agencies/programmes were not eligible to apply. Under this, the awards will be given to following two categories:
 - Large SHPI of the Year - No. of groups promoted greater than 3000
 - Small SHPI of the Year - No. of groups promoted between 500 and 3000
- iii. Contribution to Advancing Financial Inclusion by an Enabling Institution - Award under this category will recognize the efforts of support institutions, such as private investors, industry associations, technical service providers, rating agencies, research agencies, and lenders. In previous years, SHPIs were part of this category which has been moved to separate category. BCs and donors which were earlier included in enabling institutions have now been removed from the list of eligible organization in this category.

- iv. Contribution to Advancing Financial Inclusion in India by an Individual – This is designed as a lifetime achievement award to honour significant contribution of an individual towards promoting financial inclusion through influencing policy at the highest level, demonstrating models that deliver at scale and representation in national/international forums.
- v. Special Jury Award (Optional) – This is a jury nominated category to honour luminaries/institutions credited with high level of contribution and impact in enhancing delivery of financial services to the poor, low income groups and the marginalized.



Microfinance Organization of the Year

Microfinance Organisation of the Year (Large)

Bharat Financial Inclusion Limited (BFIL)

Genesis

Bharat Financial Inclusion Limited (BFIL), formerly known as SKS Microfinance, was formed as an NGO in December 1997 and started operations in January 1998. The company was incorporated as an NBFC in 2005. It moved from being a non-profit organisation to a for profit company. In 2009 it was ranked as the No. 1 microfinance company in India and No. 2 in the world. In 2010 it became the first MFI in South Asia to launch an IPO and get listed.

Today BFIL is the second largest microfinance company in India with gross loan portfolio of INR 9,631 Cr. It has 68 Lakh members being serviced from 1,408 branches in 16 Indian states.

Vision: Our vision is to serve 50 million households across India and other parts of the world and also create a commercial microfinance model that delivers high value to our customers.

Mission: Our mission is to provide financial services to the economically weaker sections.

Governance

BFIL follows the highest standards of governance principles, given the profile of customers that the company works with. This approach has helped the company sail through turbulent times faced by the MFI sector in last few years. This approach has also demonstrated that the vulnerability to a financial crisis is reduced through acceptance of company's approach by other stakeholders in the ecosystem in which the company operates. It has also ensured sustained access to capital and debt markets on a continuing basis. The Company is committed to strengthening this approach through adoption of 'best in class' philosophy, systems and processes in the realm of governance.

Code of Conduct

Adherence to the highest standards of integrity, transparency, fair practice and ethical behavior are fundamental to our business model. BFIL has a very good reputation with customers, investors, bankers and financial institutions and commands respect as India's leading MFI providing top-quality service to Sangam members with exemplifying management best practice.

On April 28, 2017 BFIL received C1 rating from ICRA Limited, India's leading rating agency for excellent performance on Code of Conduct Assessment Grade (COCA) dimensions. Assessment was done on

indicators pertaining to Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal and Data Sharing.

Key Operational and Financial Figures:

	FY 2014-15	FY 2015-16	FY 2016-17
Gross Loan Portfolio (amount in Rs. Crore)	4,171	7,677	9,150
No. of Active Borrowers	3,648,219	4,636,669	5,323,607
No. of Loan Officers	4,638	6,323	8,653
No. of Branches	1,135	1,191	1,266

Note: The above data excludes the states of A.P and Telangana

Responsible Finance Efforts

Being rural focused, we are primarily engaged in providing microfinance for income-generating activities to low income households at their doorstep. In addition to our core business of providing micro credit, we also use our distribution channel to provide certain financial products and services to members. With a good presence in the rural areas of India, we follow a streamlined and scalable, village-centric, group lending business model, relying on a form of social collateral, to provide unsecured loans.



M R Rao
CEO & Managing Director, BFIL

Most Competitive Interest Rates Among Private Sector MFIs

Our all-encompassing focus on operational efficiency, low borrowing cost, improved productivity and increased technology adoption allows us to offer loans at sub 20 % interest rates. With a cumulative disbursement of Rs. 66,707 crore of loans, we are the lowest cost lenders in the private NBFC - MFI space.

Aadhar Based Loan Disbursal

As an innovation driven MFI, leveraging process excellence and enabling technology solutions to create an inclusive and sustainable ecosystem is our forte. In February 2017, we moved our process into **Presenceless, Paperless and Cashless** mode, setting new benchmark of customer service at grass root level. Acting as trail blazers in India's MFI



137,757 poor people in over 9 Indian states have benefitted from free eye check-up and cataract surgeries conducted under the aegis of 'Project Drishti' – BFIL's flagship CSR program

Kirana Points will eliminate, for rural borrowers, the past insurmountable obstacles like PINs, and usher in the most convenient cash-in, cash-out points featuring biometric authentication and friendly neighbourhood guide. They will also act as distribution and service centres for products being financed by BFIL.

Merger with IndusInd Bank - New Growth Opportunity

On October 14, 2017 IndusInd Bank (IBL) and Bharat Financial Inclusion (BFIL) announced merger of the two entities to create a stronger and more sustainable platform for Financial Inclusion. Due to the merger BFIL has the advantage of deriving the benefit of a large universal bank from day one. 6.8 million customers of BFIL will gain access to savings, deposits and other financial products.

space, we introduced the use of Aadhar based e - KYC for instant loan approvals and cashless disbursals into customer's bank accounts. The three step process of Aadhar based e - KYC, credit bureau authentication and eSign benefits loan borrowers significantly as the time taken for loan approval is reduced – from seven days to seven minutes.

Future growth plan

Kirana Points (Rural Distribution Service Points - RDSP)

BFIL has plans to rollout 2 lakh Kirana Points across its network in 16 states of India. With the introduction of Kirana Points, BFIL's borrowers can now go to the nearest kirana/ merchant store to make basic financial transactions like repaying loan, depositing money, withdrawing cash, utility payments and access to an e-retail system.

Microfinance Organization of the Year (Small & Medium)

Sambandh Finserve Private Limited

Sambandh Finserve Private Limited (Sambandh) is an Inclusive Financial Institution, registered as a Non Banking Finance Company – Micro Finance Institution (NBFC-MFI) with the Reserve Bank of India and offers customized solutions in the areas of Inclusive Finance through its lending and financing solutions.

Core Philosophy: To be a listening & caring partner to individuals & households in their journey to financial well being and economic freedom.

Vision: Sambandh envisages a socio-economically prosperous society.

Mission: To be a preferred provider of inclusive financial services that socially and economically transforms the lives & livelihood of our people.

Sambandh follows the SHG and JLG model to impact over 1,00,000 low income clients with a financing portfolio of more than Rs.1,700 Mn., helping them to pursue and augment their micro enterprise with



Deepak Kindo

Co - founder and Managing Director, Sambandh Finserve Pvt. Ltd.

an objective to raise their standard of living, execute value-creating transactions while furthering their business, empowering women and bridging the gap for access between informal and mainstream financial products.

Sambandh has identified three pillars of growth as being the drivers of the future which are:-

1. **Digital Financial Services:** Sambandh is looking forward towards Digital Financial Services as a main strategy going forward – which clearly spells out in terms of elements namely – Branchless banking, Cashless disbursements/collection and Vodafone M-Pesa powered branches (Currently we are the first MFI in Odisha to partner with them and use cashless technology to disburse loans).
2. **Financial Well Being of Clients:** Financial Well being will be taken care of specifically in model branches of Sambandh called Financial Well Being Branches (FWBs) and will focus on the needs of clients and offer personalized service, branchless banking, cashless disbursements/collection and wealth management solutions through the intervention of technology.



3. Empowering Women: Sambandh has always held in high regard the value of being customer centric. Our clients mostly being women lead us to strongly believe that women employees are always in the best position to cater to their needs with a sense of passion and empathy. Sambandh looks forward to engage and employ more women staff on board so as to serve its clients better.

	FY 2014-15	FY 2015-16	FY 2016-17
Gross Loan Portfolio (amount in Rs. Crore)	46.7	96.8	130.2
No. of Active Borrowers	41,416	67,413	94,561
No. of Loan Officers	75	90	170
No. of Branches	17	22	38

SFPL is an institution with a difference because each member of the board and employee has an unique sense of belongingness and ownership owing to its participatory leadership and distinctive organization culture. The trust laid upon us by our partners and clients propel us to scale through great heights and setting industry benchmarks but also transcend beyond our set performance standards.





Self Help Group Promoting Institution
of the Year

Self Help Group Promoting Institution of the Year 2017 (Large)

Chaitanya

Chaitanya - a grass roots women's empowerment organization established in 1993, has been playing a catalytic role in promotion of self - help groups and sustainable and self - reliant federations since 1993. The main objective of Chaitanya is to develop capabilities of rural poor women and youth to promote self - reliant and sustainable institutions that enhance their quality of life.

Gramin Mahila Swayamsiddha Sangha, the first federation of SHG women in Maharashtra, also has loans from a foreign bank as well as is a Business Correspondent of IDBI bank. Chaitanya has organized more than 1,10,000 women into 8,200 SHGs, across 1,400 plus villages across 18 districts of Maharashtra. The federations promoted by Chaitanya have partnership with public and private sector commercial banks. Chaitanya has just entered into partnership with Syndicate Bank for operations in Madhya Pradesh.

The commitment of Chaitanya to demonstrate across the country, as sustainable grass roots women's organizations, that provide access to financial services resulted in promotion of another institution with headquarters in Indore in Madhya Pradesh. Women's Integrated and Synergistic Empowerment (WISE) is currently providing support services to different government and non-government organizations. It is offering courses on Microfinance Development and Management, NGO Management and Sustainability along and with Tata Institute of Social Sciences and Chaitanya. An innovative E - learning course on Management of SHGs and Federations is designed to be launched with Jharkhand NRLM for community representatives in a tablet.





Key Operational and Financial Figures:

S no.	Particulars	2014-15	2015-16	2016-17
1.	Number of SHGs promoted	695	382	2,204
2.	Total SHG Savings (In Lakh Rs.)	911	976	855
3.	Amount of SHG Loans Outstanding to Banks (In Lakh Rs.)	2,737	3,125	3,796
4.	Percentage of Recovery	2,487	3,188	3,085

In the year 2017, Chaitanya completed 25 years of working with rural women and their support institutions. Chaitanya aims for intensive work at the grass roots in Maharashtra with 40 existing federations in three core areas - gender inclusion, employment and enterprise, and convergence of grass root women's institution with government programmes. The focus is on industry first unique and comprehensive technological solution for SHG Federations with multiple models of lending. The evaluation study on women's empowerment and financial inclusion through women's federations in Uttar Pradesh needs to spread to other states of the country.

Chaitanya initiated WISE aims to revive spaces for organized self-reliant collectives that promote and facilitate financial inclusion with rights and entitlements for women by reaching out to five more states.



Dr. Sudha Kothari
Managing Trustee, Chaitanya

Self Help Group Promoting Institution of the Year 2017 (Small & Medium)

Jhargram Aranya Sudari Mahila Mahasangha

Genesis: For economic upliftment of the rural poor, availability of optimum amount of credit at the right time and at reasonable cost is a critical input. In view of inadequate supply of credit to the rural poor by the formal financial institutions, public sector banks, a need was felt to establish a supplementary system for providing credit to the women SHGs for on - lending to their members for catering to their urgent credit needs, both for production, as well as for consumption purposes in a hassle - free and cost effective manner. Setting up of Community Finance Institution (CFI) within the Block level Federation of SHGs (Maha Sangha), owned & managed by the women SHGs, has been found to be the ideal solution.

With this aim in view, Panchayats and the Rural Development Department, Government of West Bengal took an initiative to establish CFI in Maha Sanghas of selected Blocks of West Bengal under the Swarnajayanti Grameen Swarozgar Yojna. The Jhargram Aranya Sudari Mahila Mahasangha was one of them, formed on 24th June, 2005 in Jhargram Block of the then Paschim Medinipur District. There was some ground work done for social mobilization in the region by way of formation of women SHGs at village level and building SHG-based institutions of poor at Gram Sansad (Gram Panchayat Ward) level i.e. Upa - Sangha and at Gram Panchayat level i.e. Sangha under the SHG-Federation Special Project. Subsequently the Mahasangha was registered under W.B. Societies Registration Act on 17.10.2007. The CFI Unit of Mahasangha started functioning on 23rd August, 2009. Presently 1,673 SHGs have been enrolled as member of the CFI.

Goal:

Sustainable development of poor and vulnerable households for improving quality of life through women's empowerment for accessing education, information, financial & livelihoods, provided by mainstream institutions and entitlements of poor provided by Govt. Agencies & Local Self Government Institutions.



Office Bearers of Jhargram Aranya Sudari Mahila Mahasangha

Challenges:

The Mahasangha is governed by a General Body comprising 39 representatives of 13 GP level Federations (Sanghas) and an Executive Committee of 13 members elected in the Annual General Meeting. Day to day activities are carried out by 5 Office Bearers with the help of support staff & 5 Working Committees



Organizational Structure / Governance:

The Mahasangha is governed by a General Body comprising 39 representatives of 13 GP level Federations (Sanghas) and an Executive Committee of 13 members elected in the Annual General Meeting. Day to day activities are carried out by 5 Office Bearers with the help of support staff & 5 Working Committees.

Main Activities:

1. Creation of Capital Fund through mobilization of savings from SHGs by the CFI in the form of Capital Subscription
2. Providing loans to SHGs by CFI, after due appraisal adopting a transparent, cost effective and time saving process, with the help of Sanghas (GP level Federation) for on-lending to the members of SHGs both for production & consumption purposes for improvement of their socio-economic condition.
3. Undertaking structured post disbursement supervision & follow-up measures by the CFI, through Sanghas/Upa Sanghas, for ensuring 100% loan recovery from SHGs.



Key Operational and Financial Figures:

S no.	Particulars	2014-15	2015-16	2016-17
1.	Number of SHGs promoted	152	276	308
2.	Total SHG Savings (In Lakh Rs.)	103	132	174
3.	Amount of SHG Loans Outstanding to Banks (In Lakh Rs.)	630	761	1027
4.	SHGs Linked to Banks for Loans	148	256	301

Model Followed for Micro-Credit:

Activities of the best practice have been financed in the following manner as on September, 2017:

S No.	Activity	Details
1.	Capital Subscription collected from SHGs (each member SHG is required to deposit capital subscription of minimum Rs.2000.) (In Lakh Rs.)	34.42
2.	Surplus generated out of micro-credit activity of the CFI (In Lakh Rs.)	54.54
3.	Grant received from the Project (In Lakh Rs.)	60.00
4.	Total Working Capital Fund (As on 30.09.15) (In Lakh Rs.)	148.96

Conclusion:

Over the years, the Mahasangha (Federation) helped their members to improve the standard of living by reducing poverty through mobilizing them into Self-Help Groups and providing support for accessing various financial services from Banks, micro-credit to the SHGs through this Federation-CFI Unit, livelihood services & various entitlements from different government agencies and various social sector initiatives. Recovery % of loans to SHGs from the CFI Unit, as well as that of loans taken from banks, is 100%. This Federation (Mahasangha) has become a model for implementing poverty alleviation programmes of the state government.



Contribution to Advancing Financial
Inclusion in India by an Enabling Institution

Contribution to Advancing Financial Inclusion in India by an Enabling Institution

Shri Mahila Sewa Sahkari Bank Ltd.

A small group of poor self-employed women residing in Ahmedabad, who were members of Self Employed Women's Association (SEWA) a trade union of unorganized sector women workers, realized a need for promoting their own Financial Institution.

This need was based on three major reasons.

- (a) They need capital for running their day to day business as well as for buying equipments for this business.
- (b) Such borrowings were on exploitative terms and they desperately wanted to come out of the clutches of these money-lender.
- (c) They wanted some safe place to put their "Savings"

Their experience in dealing with formal banks through SEWA UNION, had made them realize that it will be extremely difficult for them to avail banking services from formal institutions. They articulated this idea in a meeting of SEWA members in the year 1974, also took responsibility of convincing other poor women, contributed required initial share capital for promoting a bank of their own and signed as "PROMOTERS". Out of total 15 Promoters, only two were non-poor who facilitated registration process. So, the first Micro-finance Institution was established in year 1974, as an Urban Co-operative Bank, at the initiative of few poor self-employed women.

Objective of the Bank:

Main objective of SEWA BANK is to help poor self-employed women to come out of the vicious cycle of poverty and help them to build their businesses, capital, assets and help them to improve their living conditions.

These objectives are achieved by:

1. Inculcating thrift in women by providing saving services and ensuring safe custody of their savings.



Jayshree Vyas
Managing Director, SEWA Bank



2. Providing credit to further their economic, productive and income generating activities.
3. Providing facilities to rescue their pledged and mortgaged assets.
4. Designing suitable financial products and product delivery mechanism, appropriate for poor women.



Elaben Bhatt, Founder, SEWA Bank

Financial Products- Saving

Financial Services	Non-financial Services
<ul style="list-style-type: none"> • Savings (Direct) • Pension (Direct) • Credit (Direct) • Insurance (Linkage) 	<ul style="list-style-type: none"> • Financial Literacy (Direct) • Business Counselling

Financial Products- Credit

Secured Loan	Unsecured Loan
<ul style="list-style-type: none"> • Ornaments Loan • NSC Loan • Housing Loan • Fixed Deposits • Overdraft • Recurring Overdraft 	<ul style="list-style-type: none"> • Working Capital Loan • Repayment of Old Debts • Buying Assets • House repairs, extensions, adding services • Self Help Groups • Energy



SEWA Bank Team

Mission Statement

“SEWA Bank exists to reach to maximum number of poor women workers engaged in the unorganized sector and provide them suitable financial services for their socio - economic empowerment and self development, through their own management and ownership.”

Financial Products and Services:

SEWA Bank has been able to design appropriate products and services, while keeping main objective of helping poor to build their ‘Capital’.

Collection Mechanism:

- Door to Door Services
- Simple Procedure
- Hand Holding

- Collateral Less Lending
- Financial Performance as Collateral (Savings & Credit Repayment)
- Peer Pressure - Recommendation
- Close – Regular Contact of Members
- Grass Root Leaders Playing Important Role

Financial Literacy:

In the process of proving financial services, it was realized that women should also build their financial management skill, which starts from understanding importance of thinking about long term instead of living and thinking on day to day basis, building other financial management skill which will help them to make proper use of financial services available to them.

All these financial and non-financial products and services are designed to achieve ultimate objective of the Bank i.e. helping poor women to build their capital.

Growth Profile:

	Audited 2015-16	Unaudited 2016-17
No. of Members	1,05,280	1,15,000
Share Capital (Rs. In Lacs)	1,110.61	1,374
No. of Accounts	4,50,000	4,85,000
Total Deposits (Rs. In Lacs)	17,221.30	24,370
Working Capital (Rs. In Lacs)	26,123	34,829
No. of loans & Advances Account	2,22,068	2,41,855
Advances (Rs. In Lacs)	11,438	14,840
Profit (Rs. In Lacs)	200	314



Contribution to Advancing Financial
Inclusion in India by an Individual
Lifetime Achievement Award

Contribution to Advancing Financial Inclusion in India Lifetime Achievement Award



Dr. Y. V. Reddy
Governor of Reserve Bank of India
2003 - 2008

Dr. Y V Reddy

Yaga Venugopal Reddy, better known as Y. V. Reddy is a former Indian Administrative Service (IAS) officer of the 1964 batch belonging to Andhra Pradesh cadre. Dr. Reddy served as Governor of the Reserve Bank of India (RBI) from 6 September 2003 until 5 September 2008.

In 2010, he was awarded India's second highest civilian honour, the Padma Vibhushan.

During his tenure as the Governor of RBI, Dr. Reddy visioned for the Central Bank as an institution concerned with the common people and not just financial markets and financial institutions. He was able to understand the needs of the ordinary people of India- requirement of a safe place to keep cash; some mechanism for consumption smoothening; remittances facilities and ultimately the access to basic banking facilities.

In the Indian context, he was the first to use the term 'Financial inclusion' in April 2005 in his Annual Policy Statement as Governor of the Reserve Bank of India.

Later on, this concept gained ground and came to be widely used in India and abroad. While recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of population, banks were urged in the Annual Policy Statement to review their existing practices to align them with the objective of financial inclusion

Some initiatives, particularly those relating to financial inclusion in India since 2003, reflect this orientation towards the common people. Financial inclusion, thus, was not designed as a programme in isolation, but as a part of the overall strategy in regard to the role of the central bank, as warranted by the Indian context of inadequate access to essential financial services.

As his vision of a financially included India comes to fruition, this is an appropriate moment to salute his indomitable spirit and facilitate his contribution in advancing financial inclusion in the country.

Excerpts from interview by Prof M S Sriram for the book - Talking Financial Inclusion in Liberalised India: Conversations with Governors of Reserve Bank of India (2018) - edited by M S Sriram and published by Routledge



MSS: How has the RBI's overall vision on financial inclusion evolved over a period of time?

YVR: The RBI has a very unique board. The RBI board has representatives from agriculture, social services and even scientists. The RBI is not just a monetary authority worried exclusively about issues of inflation, but much beyond. I think we have to accept the context and people's expectations.

Historically, the basic thrust of public policy in India has been in the discourse that money lending is bad; informal credit is bad; we must get rid of it; and, therefore, we should extend more formal credit. As a philosophy, it believed that you have to improve the credit essentially through the banking system. So, in a way it was a mandate to the RBI to see that banking expands to virtually replace the (evil) moneylender. In 1969, banks became direct instruments of policies about the financial sector, as dictated by the government. The role of the RBI in the 1970s and '80s was virtually to support or accept what the government wanted in the financial sector, and it doubled up as the regulator.

MSS: You had two stints with the RBI, as a Deputy Governor working with both Dr. Rangarajan and Dr. Jalan, and later as a Governor. How do you think the RBI's overall vision of financial inclusion evolved during the years that you were at the helm?

YVR: Dr. Rangarajan was supportive of rural credit. Dr Jalan had sympathy for something to be done directly by the RBI on the developmental side. Even then it was not much about inclusion per se; it was on development, depositor protection and quality of services to the customer. The focus was on consumer protection and prudential regulation and also credit. Finance for growth, or credit to finance productive activity, was emphasized.

MSS: You are said to have used the term "financial inclusion" for the first time. So, were you looking at financial services beyond credit?

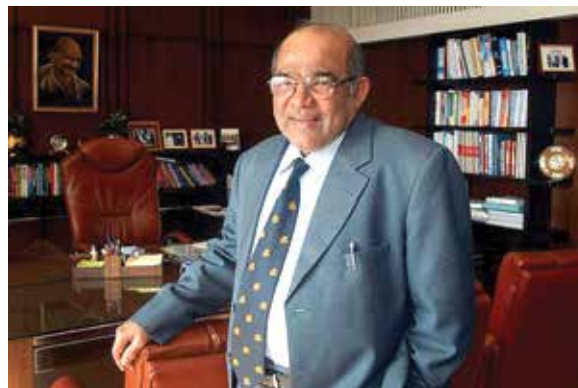
YVR: We used the term “financial inclusion” for the first time in a monetary policy statement in 2005. But measures in that direction were initiated as soon as I joined as Governor, and these, in aggregate, were described under the phrase “financial inclusion” in 2005. Initially in my statements, I referred to financial exclusion and how that was not good. Then, we thought we should be more positive, and I coined the term. This was to encompass initiatives taken through opening no frills accounts and zero balance accounts, in general, and access to all banking services, not just credit. The BC model was also a part of this.

The government noticed that financial inclusion was an attractive concept. The Rangarajan Committee was announced in 2006 as per the budget announcement by the Finance Minister. When the committee was set up, we suggested that the committee not equate financial inclusion with credit. The committee defined “financial inclusion” with emphasis on credit, but recognized the significance of access in the concept of financial inclusion.

MSS: You have believed that the Central Bank should proactively bring people into the banking fold, and have advocated that the best way to mainstream them is through regulated financial institutions. You have been a strong advocate of bank-led financial inclusion. Can you explain why it is important for financial inclusion to be bank-led, rather than through other less-regulated institutions?

YVR: When I became Governor, I re-emphasized what Rangarajan and Jalan were doing. I wanted institutional consciousness about the customer services. If you are a bank, your emphasis should be on the customer services specially oriented to the common person.

That was also the time that technology was being introduced in the financial sector. The first DBT experiment was introduced in Warangal in AP just when I joined as a governor (2003–2004). AP Government told us that they were interested in use of technology in their benefit transfer. So, the government’s objective of efficient payments was identified as an advantage to push the RBI’s agenda for financial inclusion. It was about financial service in general and not about credit alone.





MSS: Are you uncomfortable with the diversity of institutional infrastructure?

YVR: No, I think diversity of institutions is very important. Multiple institutions, multiple channels should still be the preferred approach. That's why I always say multiple channels of credit and multiple channels of financial services, definitely.

MSS: In the light of your discomfort with RNBFCs (Residuary Non-Banking Finance Company), what do you think of the new guidelines and in-principle licenses accorded to the PBs (Payments Banks) ? Recently in a speech you said that PBs are like RNBFCs, but since they are banks, they are better (Reddy 2015).

YVR: The RNBFCs did not have revenue stream from transactions which PBs may have. Vulnerability of PBs is that they are in two separate businesses, and capital adequacy becomes little more problematic because of the combination of businesses. My own inclination would be to have a separate regulatory framework and deposit insurance window for PBs with stronger and instant relief for their customers.

MSS: So, you think this is better than RNBFC because it is better regulated?

YVR: No, all I am saying is RNBFC is not entirely comparable to PB. For RNBFCs, mobilizing deposits is their main business; for PBs, people's transactions are their main business. The RBI cannot simply afford to take chances in regard to payment systems.

MSS: What do you think of MUDRA? This is something that was announced in the budget last time, but it's now been established as a subsidiary of SIDBI, but the ultimate objective is to have a statute passed, get the MUDRA Bill passed.

YVR: What is the difference between MUDRA and SIDBI?

MSS: The difference between MUDRA and SIDBI will be that MUDRA can give loans up to Rs.1 million. SIDBI is a small industries thing, so it has no limitation . . .

YVR: When originally the "small industry" was defined as units within a particular level of capital, SIDBI was supposed to cater to those "small" industries. Subsequently, the definition of small industries was changed. You could always achieve the focus on small or tiny industry by a policy decision. We can do that by indicating that a certain percentage of the financing should be reserved for units below the defined threshold size. As a concept, a design and a strategy, how is MUDRA different from SIDBI?

MSS: Do you think the SFBs will further the cause of inclusion in any way?

YVR: See, here again you are equating inclusion with lending. The moment you say lending I will say there are risks involved; wherever the resources come from, there are risks involved.

MSS: Yes, but since this is a bank this will also open up deposits.


YVR: See, deposit taking or lending is a standard banking business. All you are saying is that SFBs cannot lend to big fellows. It's like a bank that lends only to small industry. If I recall, there were specialized small industry branches of banks, some time ago all over the country, in hundreds. Perhaps one should commission a study on their functioning and learn how their performance was, etc. Let us use the empirical evidence we have on bank branches devoted to small industries.

MSS: Are you pleased that financial inclusion, to which you were committed as Governor, is now top of the policy agenda?

YVR: Of course, yes. But the real reason for the spread of financial inclusion like a good contagion is the Global Financial Crisis (GFC). Financial inclusion gave a positive twist to the package of policy responses to the financial crisis. The GFC warranted massive coordinated policy intervention, both by governments and Central Bankers to save the world economy from depression and misery. The financial sector was viewed as a villain by many, and governments and Central Banks were often accused of bailing them out at great expense to the exchequer. Policy makers must have felt a need to demonstrate that they were equally concerned with people as much as finance.

The policy makers had to create a direct stake in the financial sector to bail-out larger segments of the population in the financial sector that they were intending to build for the future. That explains explosion of interest in financial inclusion recently. Of course, it is true that developing countries were concerned for quite some time with the issue of connecting people with finance. For the global community, it became an issue only as a consequence of the GFC. Before the GFC, the focus was on extending credit to those without assets and making a good business.

The G20 statement and subsequent follow-up actions by various multilateral institutions on financial inclusion have to be viewed in the context of the GFC. It was put in the G20 agenda in November 2008, and in 2010 it became one of the pillars of the global development agenda.



We now have the Financial Inclusion Action Plan and Global Partnership for Financial Inclusion, apart from follow-up work by IMF, World Bank, BIS, etc.

MSS: So, what you are saying is that recent emphasis on financial inclusion is for political compulsions after the GFC. So, there is nothing new. Is that so?

YVR: Actually, there are many new things about the way financial inclusion can be approached now. I was referring to the trigger for global activism in it.

There are a lot of new things. Central Banks before the GFC were required to focus on monetary policy with a single objective or at least one primary objective – namely, Price Stability – are now urged to add financial stability to their concerns and, incidentally, also financial inclusion to their duties. Financial inclusion, along with financial stability, has virtually become the joint responsibility of Central Banks and governments.

“Perhaps the question should be, what next? If we assume that we will succeed in full financial inclusion, then what happens to the institutional channels that are created exclusively for financial inclusion? If I may be blunt, are we trying to have two financial systems: those meant for the poor and those meant for the non-poor? When and how do we have a financial system that is fair to all?”

– Dr. Y.V. Reddy



Jury Special Award

Jury Special Award

Contribution to Advancing Financial Inclusion in India

Dr. Veerendra Heggade, President, Shri Kshethra Dharmasthala Rural Development Project

Dr. Veerendra Heggade was born on 25th November 1948. He ascended to the position of “Pattadhikari” viz., head of the Dharmasthala Manjunatha Swamy temple in the year 1968 at a tender age of 20 and is very well known in national and international spheres for his contribution in the field of temple administration, education, health, poverty alleviation, rural empowerment, youth enterprise creation and financial inclusion. Dr. Veerendra Heggade is currently in his golden jubilee year of the Heggade position. He believes that the Places of worship should play a dual role, that of creating spiritual vibration and service to the society. For this purpose the temple has been practicing chaturvidha daans namely Annadaan, Aushadadaan, Vidyadaan and the most important Abhayadaan.

As a part of the all encompassing abhayadaan Dr. Heggade has built several institutions which are today known for their excellence in quality and service. Dr. Heggade has established more than 50 education institutions from kindergarten to professional courses. Nearly 25,000 students are involved in these institutions where the hall mark is practicing Indian values and systems, quality with service. Prominent colleges established by Dr. Heggade are on subject of medicine Ayurveda, engineering, naturopathy and yoga, business management etc have made their name.

The Rural Self Employment Training Institute (RSETI)



Dr. Veerendra Heggade engaging with the community

is a model developed by Dr. Heggade to provide unemployed youths by with entrepreneurial skills. This experiment started in the year 1982 and has today become a national programme helping more than 2.5 million youngsters to take up self employment.

However the programme which is closest to Dr. Heggade's heart is working with the poor people in the state of Karnataka. Shri Kshethra Dharmasthala Rural Development Project (SKDRDP) started by Dr. Heggade to help the small farmers and poor women has today become a very important model for poverty alleviation, financial inclusion, creation of infrastructure and empowerment of poor people. Started in the year 1982, this programme today encompasses the entire state of Karnataka and is engaged in last mile delivery services in the financial and non financial sector reaching out to more than 4 million families in Karnataka state.

SKDRDP has been quite innovative in providing banking services by deploying technology in creating the data bank of the SHG members and tracking the loans. In providing doorstep banking services and transparency of the transactions at the member level. By acting as the agent of the banks, it has successfully brought down the cost funds with a current lending rate of 14.5 to 16% reducing balance. SKDRDP has brought in efficiency in operations to bring down the cost of operations to 3.9% and creating surpluses in operations for over a decade.

At present SKDRDP is trying to popularize digitized banking services among the poor people by introducing technology and making SHG member level operations completely cash less. It has proposed to provide one account for each of the 36,00,000 members of its SHGs. It is hoped that all the poor people will be covered with individual accounts by June 2018.



Inclusive Finance India Awards 2017 – Jury Profile



Stuart P Milne

Group General Manager and CEO, HSBC India

Stuart Milne joined HSBC Holdings in 1981, having graduated with Honours in Modern Arabic Studies from the University of Durham, England. In his 34 years with HSBC, Stuart has worked in a number of businesses and in a variety of geographic locations, including the Arabian Gulf, Hong Kong, Philippines, New York, Paris and Tokyo. After five years in Hong Kong, latterly as Head of Corporate and Institutional Banking, Asia Pacific, Stuart moved to Tokyo in February 2007, upon being appointed President and Chief Executive Officer for HSBC's business in Japan. In April 2012, Stuart was appointed CEO for HSBC's business in India, based in Mumbai. He is a Group General Manager of HSBC and a member of the Asia Pacific Executive Committee, underlining the importance of the India business to HSBC. Stuart is also Chairman of the British Business Group of Mumbai and a board member of the Indian Bankers Association and the Indian Institute of Banking and Finance.



H R Khan

Former Deputy Governor, RBI

H R Khan has been with KPMG since November last year as a Senior Advisor. He retired as the senior most Deputy Governor of the Reserve Bank of India in July last year after nearly 38 years of service with the Central Bank. He is also non - executive Chairman of the National Securities Clearing Corporation Limited (NSCCL). At RBI, he has handled diverse areas and spearheaded major projects relating to financial market, foreign exchange management, external investments, banking regulation and supervision, payment and settlement systems and financial inclusion. He has chaired the Committee on the Rural Credit and Microfinance, which focused on expansion of banking network through business correspondence with usage of ICT and very recently the inter regulatory Corporate Debt Working Group which made several important recommendations for development of the corporate debt market in India. He was also the member of the recent Committee on Digital Payments set up by the GoI.



G. R. Chintala

CGM, MCID, NABARD

G R Chintala is a post graduate from Indian Agricultural Research Institute (IARI) New Delhi and is recipient of Degree from Hon'ble Prime Minister of India. Mr. Chintala had worked in various states of India and at the moment is heading the Micro Credit Innovations Department (MCID) which oversees the World's largest Poverty alleviation cum women empowerment program covering 8 million Self Help Groups (SHGs), 110 million rural Households and provides Thrift services (US \$ 2 billion) and facilitates collateral free credit to the tune of US \$ 9 billion at lowest interest rates ranging from "Zero to 10%" to the rural people especially women living Below Poverty Line. Besides this he has vast experience in promoting Farmer Producers Organisations (FPOs), Livelihood Enterprise Development Programs, Area Development Schemes and Alternative energy models in the state of Karnataka.



Tamal Bandyopadhyay

Consulting Editor, Mint

Tamal Bandyopadhyay, one of the most respected business journalists in India, is a Consulting Editor of Mint, India's second largest business daily. His weekly column on banking and finance, called "Banker's Trust" is widely read for its deep insights, clarity and ability to anticipate and dissect various policy moves. His latest book, a Random House Penguin publication, "Bandhan: The Making of a Bank" traces the history of microfinance beside the stories of three largest microfinance companies in India one of which has become a universal bank. He is also an adviser to Bandhan Bank.



Arvind Kumar

Principal Secretary Investment Promotion and Principal Resident Commissioner, Government of Telangana

Arvind Kumar is a bureaucrat civil servant in Government of India. He has been in the Indian Administrative Service (IAS) since 1991 and has worked in various capacities at the State level in the erstwhile Andhra Pradesh and now Telangana State for over two decades. As Joint Secretary in Department of Financial Services (DFS), Ministry of Finance, Govt. of India, he looked after Insurance and Banking sector, more specifically, insurance & pension reforms, Institutional Finance including housing, MSME, Micro Finance, Agriculture & rural Credit. He has been a Government nominated Director on the Boards of NABARD, ICICI Bank, the New India Assurance Company (NIACL), SIDBI, and IRDA among others during this period.

He is presently the Principal Secretary Investment Promotion and Principal Resident Commissioner of Telangana state in New Delhi. Previously, Mr. Kumar handled the crucial post of Principal Secretary, Industries & Commerce, Mining, Textiles and Energy in State Government of Telangana from January 2015 until January 2017. He launched Telangana's New Industrial Policy in June 2015 and the State got number one rank in "Ease of Doing Business" (EODB) ranking of states for the year 2016.



Kalpana Pandey

CEO, CRIF-High Mark

With over 23 years of experience in the BFSI segment, Kalpana has been spearheading CRIF High Mark's transition into a new age credit information bureau in India. Capitalizing on her past experience as Chief Technology Officer of erstwhile High Mark and at HDFC Bank as Senior Vice President - IT, Kalpana's expertise are designing & managing many 'Time & Business' critical set-ups in key organizations. She excels in conceptualizing and transforming challenges into business opportunities. An M.Tech (Computer Science & Technology) & P.G. Diploma (Electronics & Communication) from IIT Roorkee, she is also certified in various internationally accepted Best Practices, Frameworks and Standards on Enterprise Architecture, Governance, Risk, Compliance & other Management practices.



Dr. Alok Misra

Professor of Public Policy & Governance, Management Development Institute

Alok Misra, is Professor, Public Policy & Governance at Management Development Institute (MDI) and Chairperson, Centre for Financial Inclusion. Alok has 24 years of professional experience in international development, rural finance/microfinance/inclusive finance and research at both policy and implementation level. He has worked with NABARD, NCDEX and as CEO of a global microfinance rating, policy analysis and technical advisory agency. Alok has provided consulting services to various multilaterals such as ADB, UNCDF, World Bank, IFC, GIZ and SDC. Alok 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.



Dr. Pawan Bakhshi

Country Lead (Financial Services for the Poor), Bill & Melinda Gates Foundation

Pawan is the country lead for Financial Services for the Poor strategy at the India Country Office of the Bill & Melinda Gates Foundation. He focusses on how to efficiently and effectively deliver digital financial services to the poor which can be scaled to national levels while partnering with the Government, Regulators and Private sector players. Prior to joining BMGF, he was the Associate Director for Digital Financial Services at MicroSave. He was also an expert faculty at the Helix Institute of Digital Finance, Kenya, which trains staff of mobile money operators on Agent Networks. Recently he was a part of RBIs Committee on Medium-term Path on Financial Inclusion and also a speaker at the high profile Delhi Economics Conclave hosted by the Ministry of Finance. He is currently a part of the technology sub-committee of RBIs Committee on Household finance. He pioneered Mobile Commerce / Mobile Payments in India and co-created India’s first mobile wallet service - Airtel Money

Inclusive Finance India Awards 2017

Technical Committees



MFO Category

- **Saurabh Baroi**, Deputy General Manager, Dia Vikas Capital
- **Saibal Paul**, Associate Director, Sa-Dhan
- **Sugandh Saxena**, Head-Advocacy and Development, Microfinance Institutions Network (MFIN)
- **Jayesh Modi**, Head- Inclusive Banking Unit, HSBC India

SHPI Category

- **P. Satish**, Executive Director, Sa- Dhan
- **Rajiv Mahajan**, General Manager, Micro Credit Innovations Department, NABARD
- **Girija Srinivasan**, Development Finance Consultant
- **Ajay Tankha**, Economist and Development Consultant

Inclusive Finance India Awards - Previous Winners

2016

Category	Award
Award for Best Performance by Regional Rural Bank in SHG Lending	Paschim Banga Gramin Bank
Microfinance Organization of the Year 2016 (Large)	ESAF Microfinance & Investments (P) Limited
Microfinance Organization of the Year 2016 (Small & Medium)	Belstar Investment and Finance Private Limited
Self Help Group Promoting Institution of the Year 2016 (Large)	Lupin Human Welfare & Research Foundation
Self Help Group Promoting Institution of the Year 2016 (Small)	Tamluk Block Mahila Bikash Cooperative Credit Society
Contribution to the Sector by Enabling Institution	Ananya Finance for Inclusive Growth Private Limited
Contribution to Advancing Financial Inclusion in India Lifetime Achievement Award	Nandan Nilekani
Jury Special Award	Department for International Development, India

2015

Category	Award
Microfinance Organisation of the Year 2015 (Large)	Grameen Koota Financial Services
Microfinance India Community Owned MFO of the Year 2015 (Small & Medium)	Rashtriya Grameen Vikas Nidhi (RGVN)
Self Help Group Promoting Institution of the Year 2015 (Medium)	Gramin Mahila Vikas Sansthan
Self Help Group Promoting Institution of the Year 2015 (Small)	Animate Society
Contribution to the Sector by Enabling Institution	Small Industries Development Bank of India (SIDBI)
Microfinance India Contribution to the Sector by an Individual	Mr. Chandra Shekhar Ghosh, CMD, Bandhan Bank
Microfinance India Business Correspondent Manager of the Year 2015	Society for Advancement of Village Economy



2014

Category	Award
Self Help Group Promoting Institution of the Year 2014	Hand in Hand
Community Owned Microfinance Organisation of the Year 2014	Annapurna Mahila Co-operative Credit Society Ltd.
Microfinance Organisation of the Year 2014 (Large)	S K S Microfinance Ltd.
Microfinance Organisation of the Year 2014 (Small)	Fusion Microfinance Pvt. Ltd.
Microfinance India Business Correspondent Manager of the Year 2014	Society for Advancement of Village Economy
Microfinance India Contribution to the Sector by an Enabling Institution	National Bank for Agriculture and Rural Development (NABARD)
Microfinance India Contribution to the Sector by an Individual	Mr. N K Maini, DMD, SIDBI

2013

Category	Award
Self Help Group Promoting Institution of the Year 2013	PRADAN
Community Owned Microfinance Organisation of the Year 2013	Pratigya Samanvit Vikas Sangh Sahakrita Maryadit (PSVSSM)
Microfinance Organisation of the Year 2013 (Large)	Janalakshmi Financial Services Ltd.
Microfinance Organisation of the Year 2013 (Medium)	Sanghamitra Rural Financial Services Limited
Microfinance Organisation of the Year 2013 (Small & Emerging)	Sahyog Microfinance Limited
Contribution to the Sector by an Enabling Institution	Micro Credit Ratings International Limited (M-Cril)
Contribution to the Sector by an Individual	Mr. Brij Mohan
Microfinance India Jury's Special Award	Prof. Malcolm Harper

2012

Category	Award
Microfinance Organisation of the Year (Large)	Cashpor Micro Credit
Microfinance Organisation of the Year (Small)	Utkarsh Microfinance Private Limited
Contribution to the Sector by an Enabling Institution	Microsave
Contribution to the Sector by an Individual	Mr. Rajendra Mohan Malla





2011

Category	Award
Microfinance Organisation of the Year (Large)	Ujjivan Financial Services Pvt. Ltd
Microfinance Organisation of the Year (Small & Medium)	Sanghamitra Rural Financial Services
Microfinance India Contribution to the Sector by an Enabling Institution	Center For Microfinance (Institute for Financial Management)
Microfinance India Contribution to the Sector by an Individual	Prof. David Gibbons
Microfinance India Jury's Special Award	Mr. Y. C. Nanda



2010

Category	Award
Microfinance Organisation of the Year (Large)	Shri Kshethra Dharmasthala Rural Development Project (SKDRDP)
Microfinance Organisation of the Year (Small & Medium)	Arohan Financial Services Pvt. Ltd.
Microfinance India Contribution to the Sector by an Enabling Institution	Friend of Women's World Banking (FWWB) India
Microfinance India Contribution to the Sector by an Individual	Mr. Aloysius P. Fernandez
Microfinance India Jury's Special Award	Ms. Elaben Bhatt



2009

Category	Award
Microfinance Organization of the Year	Bandhan Financial Service Pvt. Ltd.
Microfinance Contribution to the Sector by an Individual	Mr. Vijay Mahajan
Microfinance India Jury's Special Award	Late Mr. Sitaram Rao









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