Growth and Trend in Indian MFIs Sector – A Study

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Abstract: Microfinance Institutions (MFIs) in India has grown rapidly in the last decade both in terms of client's outreach and loan portfolio. But the sector encountered serious setbacks in their developments after the Andhra Pradesh Crisis (2010). The present study is a humble attempt to evaluate the recent trend and growth in Indian MFIs sector by analyzing different issues like client outreach, loan portfolio, per capita loan size, workforce, bases of the clients, client protection practices, etc.

Key-words: MFIs, clients, MFIN, loan, trend.

1. Introduction

Currently a range of institutions in both the public sector and private sector offer microfinance services in India. Such institutions are broadly classified into two categories, namely formal institutions and non-formal institutions. The formal category comprise of apex Development Financial Institutions, Commercial Banks, Regional Rural Banks and Co-operative Banks that provide microfinance services in addition to their general banking activities. The informal institutions that undertake microfinance activities are referred as Microfinance Institutions (MFIs) and are mainly found in private sector. In this study, we have considered only the informal institutions i.e., MFIs for our discussion and analysis.

The Microfinance Institutions (MFIs) in India has grown rapidly since the last few years both in terms of client's outreach and loan portfolio. At the same time, the MFIs have become an effective tool for poverty reduction, women empowerment and financial inclusion both in rural and urban India. But the sector encountered serious setbacks in their developments after the Andhra Pradesh Crisis (2010). The loan portfolio and the client outreach faced negative growth for the first time in 2012 due to the crisis. However, the sector has shown the sign of recovery from the crisis since 2013.

2. Review of Literature

Mahajan (2001) stated that sustainability of an MFI eventually depends on the sustainability of its customers' cash-flows. He also pointed out that there is no point talking about sustainability of MFIs unless the principle of full cost recovery is accepted. Banks (and Government) have to first learn to adopt sustainable pricing methods before the microfinance sector. Fisher (2002) examined that the lack of professionalism and technical expertise among many has prevented the MFIs from achieving scale, impact sustainability. Among the thousands of MFIs operating worldwide, only a small proportion is pursuing best practices in their technical aspects of microfinance programme. Mishra and Tripathi (2003) opined that microfinance programme through NGOs and MFIs can make rapid progress in the absence of parallel formal rural formal financial systems.

Sa-Dhan and Micro-Credit Rating International Limited (M-CRIL) (2006) described the legal and regulatory framework under which the entire microfinance sector operates at present. They found that in Indian MFIs, typically, the members of the board comprise the promoters, localacademics or social workers and representatives from the executive in the form ofthe chief executive officer (CEO). M-CRIL and Microfinance Information Exchange (2008) commented that over the past few years the structural shift in Indian microfinance has given way to a push for growth and now Indian MFIs are among the fastest growing as well as the most efficient internationally. But, high growth brings with it possible dangers of mission drift as many MFIs emphasise commercial behaviour and may not strategically balance this with their original social mission, or with social valuesexpected in microfinance.

Indian Institute of Banking and Finance (2009) made a study on different perspectives and operating systems of microfinance in India. It has analysed the profitability, efficiency and productivity of the MFIs. It concluded that a minimum amount of profit or surplus is essential for the MFIs to ensure sustainability. Most of the MFIs in their initial stage of operations have to incur high amount of fixed cost due to which the operating expense ratio of the MFIs in their initial stages of operation is high. Panda (2009) made an elaborate study on different aspects of microfinance in India. His study covers the conceptual issues, evolution, regulatory framework and lending methodology of microfinance programme in India. He also deals with risk involved and marketing strategy of MFIs. He identified that the product demand is different across various segments, various geographical areas and changes over time period. MFIs develop products as they want to reach more people and thereby increase their market share. Chowbey and Sharma (2010) made a thorough study on the cost structure and other complexities faced by the small MFIs in Bihar. They found that maximum of the MFIs in Bihar are charging flat rate of interest varying between 12-18% p.a. They also found that the processing fees, service charges, non-interest bearing cash security along with flat interest rate has made the real cost of lending non-transparent and exorbitant.

Sa-Dhan (2012) prepared and presented the summarised data of 184 MFIs state- wise, legal form-wise, district-wise, region-wise and organisation-wise in a very useful manner. Puhazhendhi (2013) has outlined the recent trend and scenario of Indian microfinance sector. He pointed out that a number of MFIs are providing other products and services such as savings, micro insurance, micro pension, health and housing loans, loans for water supply and sanitation etc. He also found that MFIs in India have historically displayed mixed enthusiasm experimenting with new products on account of their own imperatives as well as regulatory limitations. While many of the products showed the success for replication, still there are several unresolved issues which need to be appropriately considered while up scaling these innovations.

Sinha (2007) argued that MFIs certainly need to be nurtured, but banks also need to be encouraged to take a more direct interest in down-scaling their products and services to suit micro-clients. The first step in this process must be the removal of the interest rate cap on small loans. The only impact of the interest rate cap is to reduce banks' interest in making such loans. He also stated that if the government wants a much larger proportion of the country's low-income people to gain access to financial services, it should both loosen interest rate controls for banks and create enabling regulations for MFIs. Kothari and Gupta (2007) mentioned that inadequate regulation is one element curbing the microfinance sector's healthy expansion. The Reserve Bank of India is understandably hesitant to directly regulate the disclosure practices of all Indian MFIs. As such, the RBI has largely left MFI regulation to the MFIs themselves.
In March 2008, the Finance Minister tabled the 'The Micro Financial Sector (Development and Regulation) Bill, 2007' in the Lok Sabha, which was then referred to the Lok Sabha Standing Committee on Finance. But somehow the Bill has not been passed in the Parliament. Malegam Committee (2011) has suggested creating a separate category for Non-Banking Financial Company (NBFC) operating in the Microfinance sector, such NBFCs being designated as NBFC-MFI. It also recommended an interest cap of 24% on individual loans and many other recommendations to bring transparency in the sector and to protect the clients from unethical business practices.

The Government of India made another draft regulation named 'Microfinance Institutions (Development and Regulation) Bill 2011' for the sector. The Bill proposed the Reserve Bank of India as the sole regulator and puts industry under a strict watch. The draft Bill gives sweeping power to the RBI by bringing all aspect of microfinance under its oversight. Finally, the 'Microfinance Institutions (Development and Regulation) Bill, 2012' – was tabled in the Indian Parliament on 29 May 2012 with slight modification, in the draft Microfinance Bill, 2012. The bill provides flexibility of RBI to apply different measures, vary the same and delegate the powers to regulate to NABARD.

3. Objectives of the Study

The objectives of the study are:

(i) To understand the genesis and concept of Microfinance Institutions (MFIs),

(ii) To analyse the growthin client outreach and loan portfolio by the Indian MFIs,

(iii) To examine the recent trend in Indian MFIs sector.

4. Database and Methodology

The study is *exploratory* in nature and is based on the existing literature on the subject including books, journals, articles, newspaper reports, reports of concerned committees and institutions, research based articles on microfinance published in journals and international best practices, etc. The analysis part has been done on the basis secondary data which have been collected fromvarious sources including State of the Sector Report, Sa-Dhan Report, MFIN Newsletter, different websites, etc.

5. Microfinance Institutions in India – Genesis and Concept

"Micro Finance Institution" means an entity (irrespective of its organisational form), which provides microfinance services in the form and manner as may be prescribed but does not include (i) a banking company; (ii) a co-operative society. "Micro-finance services" means one or more of the following financial services involving small amount to individuals or groups: (i) providing micro credit; (ii) collection of thrift; (iii) remittance of funds; (iv) providing pension or insurance services; (v) any other services as may be specified.

Beginning with the first registered MFI, Self Employed Women's Association (SEWA) at Ahmadabad in 1974, the numbers of MFIs operating in India have reached to almost 1000 as estimated by M-CRIL. Not only the numbers of MFIs have changed but also the features and characteristics of the MFIs have changed significantly. In 1990's, the MFIs were initially started as a mode of development work but today these are an alternative of viable business along with social development. Presently the

MFIs do not only rely on the bank loan or donor fund, they are arranging fund through Securitization, Non-Convertible Debenture, Private Equity, Mutual Fund, etc. The features of 'First Generation MFIs' and 'New Generation MFIs' have been summarized in the Table - 1 below.

Table 1: Characteristics of First Generation and New Generation MFIs

Category	First Generation MFIs	New Generation MFIs
Promoter profile	Development workers	Management graduate, first-generation entrepreneurs
Objectives	Financial Inclusion with social intermediation	Aggressive expansion, social impact with growth
Legal forms	Not for profit structure	Start as NBFC
Capital structure	Look at debt as main instrument	Start with Private Equity (PE) or Equity investors, securitization, access to capital market
Areas of operation	Usually Southern India	National, even global ambitions.
Management and HR Structure	Socially motivated and locally picked staff	Professional advisors & external consultants, outsourcing operational job work, leverage investor relation
Sustainability	Longer incubation period supported by donors	Break even in 1-2 years

(Source: The International Finance Corporation (2009)

The following Table-2 highlights the major milestone for the Indian MFIs.

Table 2: Major milestone for Indian MFIs

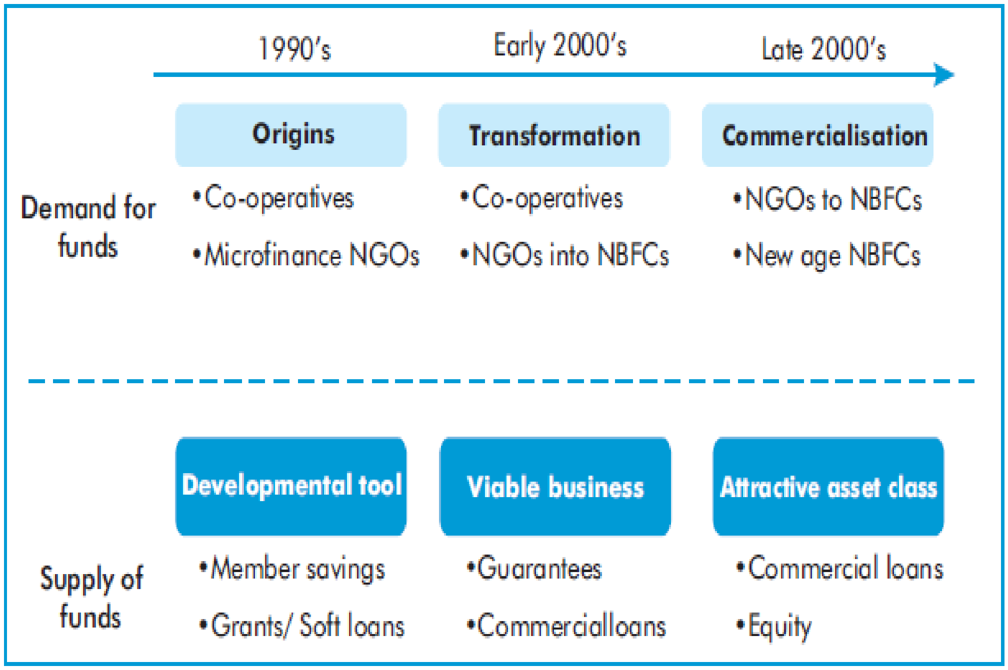
Year	Achievements
1974	First registered MFI, Self Employed Women's Association (SEWA) at Ahmadabad
1984	NABARD advocated SHG Linkage as an important tool for poverty alleviation and other Government agencies followed.
2004	RBI included MFI lending in priority sector lending and recognize MFI as a tool for financial inclusion.

2009	Microfinance Institutions Network (MFIN) was started as a self regulatory body for the sector and all the NBFC-MFI are eligible for membership.
2010	a) 9.2 million borrowers in Andhra Pradesh (AP) in default on MFI loans, largest number of defaulters in any single location in the world. b) AP crisis strikes; state issues ordinance to regulate MFI sector while banks refuse to lend to the MFI companies.
2011	RBI releases Malegam Committee regulations.
2012	Margin cap revised to 10% from 12% (for MFIs with portfolios >1,000 million)
2013	Malegam recommendations fully implemented and industry back on the growth path.
2014	a) The RBI issues Universal Banking license to Bandhan, the largestmicro-lender in terms of assets. b) MFIN was formally recognized as a self regulatory body by the RBI.
2015	MUDRA Bank announced; and RBI eases lending norms for MFI companies
2015	Small Finance Bank (SFB) license awarded to 8 MFI companies namely Disha, ESAF, JFS, RGVN, Suryoday, Ujjivan,Equitasand Utkarsh

(Source: Compiled by the researcher)

The following Exhibit-1 shows the demand for and supply of funds for the MFIs in India from 1990's to late 2000's. In 1990's, the savings, grants and soft loans were the main sources of fund, whereas in late 2000's commercial loans and equity are the main source of funding to the sector. The exhibit again depicts that the MFIs have been transformed from developmental tool to viable business and finally as an attractive asset class.

Exhibit 1: Demand and Supply of Funds for the MFIs



(Source: The International Finance Corporation (2009)

MFIs in India have made significant progress during the last two decades in terms of outreach and penetration in unbanked areas through several innovations in credit delivery and terms of lending, thereby emerging as a structural addition to the financial system. India's microfinance sector was in a state of flux, presenting an abundance of opportunities for investors, policy makers and microfinance professionals alike. However, high growth of MFIs has encountered serious setbacks in their development due to adverse consequences of Andhra Pradesh crisis and its dark shadow over the entire sector across the country. The negative growth in terms of outreach and loan portfolio from the second half of the crisis year 2010-11 continued in 2011-12. Despite the stagnating top line, the sector has been cautiously optimistic on account of strong regulatory initiatives, greater emphasis on client protection and improving governance with social focus.

A study conducted by 'Economist Intelligence Unit' on the global microfinance business environment reveals that the relative position of the Indian microfinance sector in the global context has made a significant downfall during the last three years.

The overall MFI business environment of India which was in 4th position in 2009 and in 8th position in 2010 has come down to 27th position by the year 2011. At the same time, the relative position of 'Regulatory Framework Practices' and 'Supporting Institutional Framework' have also shown drastic downfall during the last few years. The Table - 3 shows the global relative position of Indian microfinance sector.

Table 3: Global Relative position of Indian Microfinance Sector

Particulars	Rank			
	2009	**2010**	**2011**	**2013**
Overall MFI Business Environment	4	8	27	16
Regulatory Framework & Practices	13	14	22	28
Supporting Institutional Framework	3	7	20	5

(Source: Microfinance India – State of the Sector Report, 2012)

But the Indian microfinance sector has regained its lost reputation by developing its 'Supporting Institutional Framework' (Rank 5th) and 'Overall MFI Business Environment' (Rank 16th) from the year 2013.

6. Recent Trend and Growth in Indian MFIs – An Analysis

This section deals with the recent trend and growth in Indian MFIs over the years. The growth and trend in client outreach, loan portfolio outstanding, outreach to special segments of the society, workforce of the MFIs, etc have been discussed with facts and figures.

6.1. Client Outreach and Loan Portfolio Outstanding of Indian MFIs

The total number of clients served by MFIs stood at 371 lakh as on 31stMarch, 2015. Client outreach of MFIs had grown substantially from 2005 to 2011, reaching a level of 371 lakh. This trend slowed down during 2012 and 2013 and the number of clients slumped to 275 lakh. The trend reversed in 2014 with a growth and reached a level of

330 lakhs. This trend continued in 2015 with an astounding rise in clients/borrowers to an all-time high of 371 lakh.

The loan portfolio growth trajectory has changed direction a little and posted a decline in 2012, nearly by three percent, as compared to that in 2011. Cautious bankers releasing lesser funds to the sector and the operational constraints faced by the Andhra Pradesh based MFIs would have contributed to the decline. However, the growth in the states outside Andhra Pradesh and southern states are normal. Table 4 summarised the year-wise clients' outreach and loan portfolio outstanding by the Indian MFIs along with percentage increase and decrease.

Table 4: Clients Outreach (in Lakhs) and Loan Portfolio Outstanding (Rs. in crore) over the Years

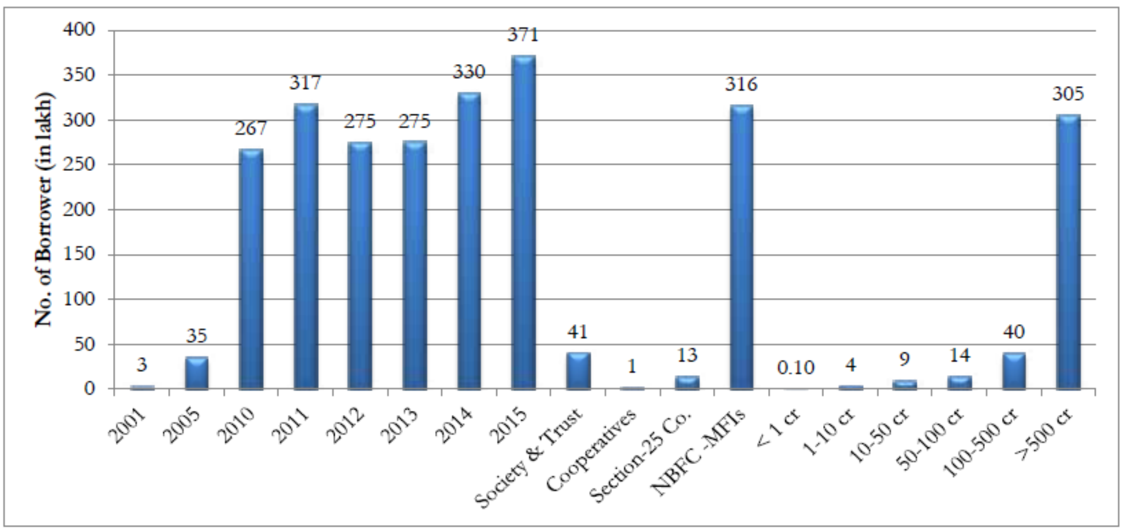
Year	Client Outreach (in lakhs)	Percentage increase/decrease over the previous year	Loan Portfolio Outstanding Rs. (in crore)	Percentage increase/ decrease over the previous year
2001	3	--	64.5	--
2002	3	--	183.5	184.50
2003	9	200.00	283.4	54.50
2004	33	266.66	433.9	53.10
2005	35	6.06	468	7.85
2006	40	14.28	2070	342.30
2007	100	150.00	3456	66.95
2008	141	41.00	5954	72.28
2009	226	60.28	11734	97.07
2010	267	18.14	18343.9	56.33
2011	317	19.10	24332	32.64
2012	275	(15.72)	24607	1.13
2013	275	---	25699	4.44
2014	330	20.00	33517	30.42
2015	371	12.4	48882	45.84

(Source: The Bharat Microfinance Report 2012 and 2015, Sa-Dhan)

But for the first time the client outreach has decreased by 15.72% in the year 2012 in terms of 2011. At the same time the loan portfolio has been stagnant in the year 2012 and 2013. The percentage of increase in loan portfolio has declined from 97.07% in 2009 to 1.13% in 2012 and 4.44% in 2013.

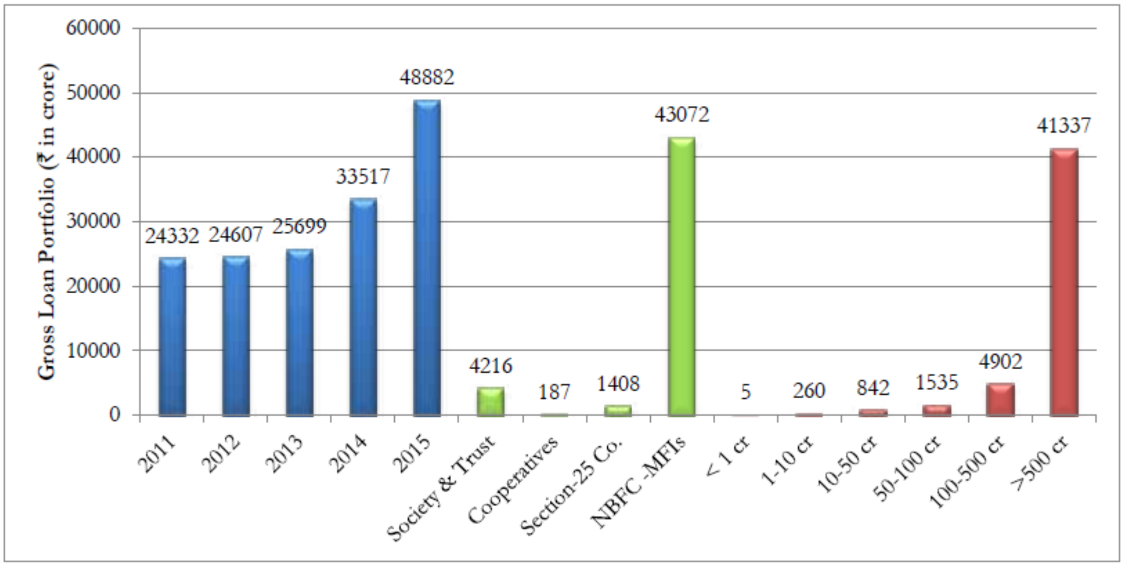
The main reason behind the fall was the issue related to client protection practices, multiple lending, and over-indebtedness of the clients which led to Andhra Pradesh crisis in 2010. The crisis has not only affected the MFIs in Andhra Pradesh but also the overall sentiment and microfinance business in the country. That is why client protection mechanism is an important issue for long term sustainability of the MFIs.

Exhibit 2: Graphical Presentation of MFI's Client Outreach over the years and Break up of 2015



(Source: The Bharat Microfinance Report 2015, Sa-Dhan)

Exhibit 3: Graphical Presentation of MFI's Loan Portfolio Outstanding over the years and Break up of 2015



(Source: The Bharat Microfinance Report 2015, Sa-Dhan)

The above exhibit shows that the total loan portfolio of the sector has reached to Rs. 48,882 crore as on 31 March, 2015. The above two exhibit depicts that majority of these clients are being served by NBFC-MFIs (85.18%), primarily the larger ones. MFIs with outstanding portfolio above Rs. 500 crore are responsible for reaching out to 82.21% of the clients in the industry.

6.2. Outreach to Special Segment of Borrowers (Women, SC/ST, and Minorities)

Globally, microfinance has always focused on women while delivering their services. A large segment of people from Scheduled Castes (SCs), Scheduled Tribes (STs), and Minoritiesare served by the Indian MFIs. Women clients constitute 97% of the total clients of MFIs. Similarly, SC/ST borrowers also constitute a substantial chunk (27%) of the clients. A trend analysis of women borrowers, SC/ST borrowers and minority borrowers is shown in percentage in terms of total borrowers using a table.

Table 5: Category wise Composition of Borrowers

Year	Women Borrower	SC/ST Borrower	Minority Borrower
2012	95%	20%	23%
2013	96%	21%	23%
2014	97%	19%	14%
2015	97%	28%	18%
2016	97%	30%	27%

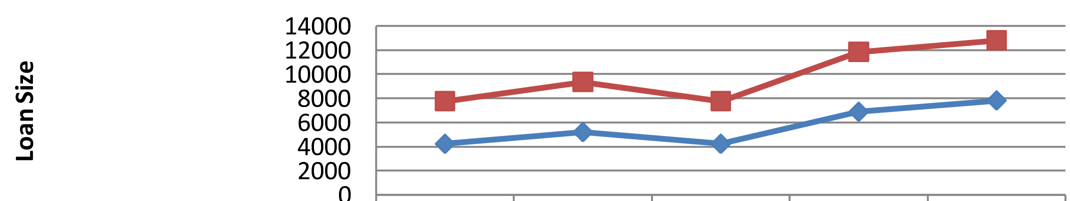
(Source:The Bharat Microfinance Report 2016, Sa-Dhan)

From the above Table - 5 it is observed that the percentage of women borrowers, SC/ST borrowers and Minority borrowers have been consistently increasing for last four years.

6.3. Average Per Capita Loan Size

The average per capita loan size during 2012 was Rs. 7,803 which was about 15 percent higher than the previous year 2011. Exhibit – 4 depicts the per capita loan size from 2008 to 2012.

Exhibit 4: Per Capita Loan Size over the Years

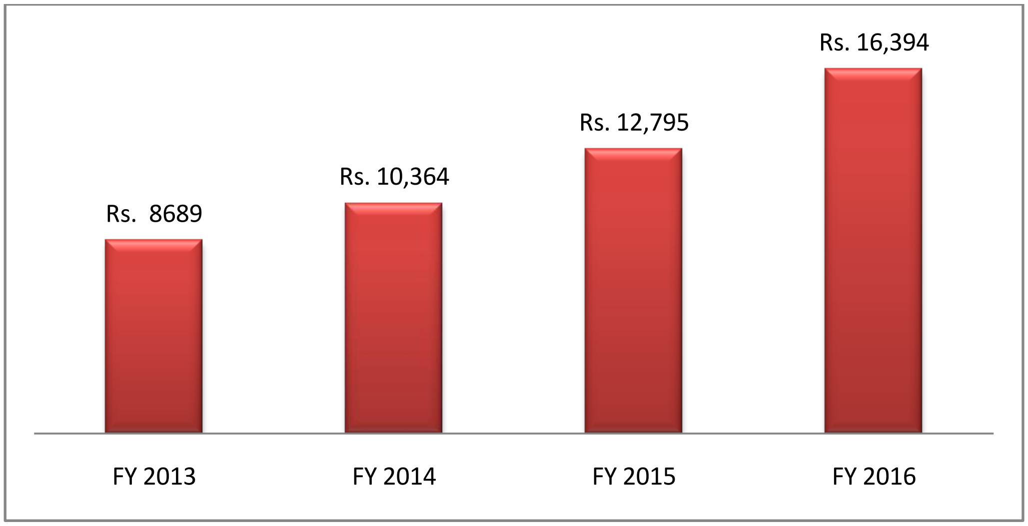


	Yr 2008	Yr 2009	Yr 2010	Yr 2011	Yr 2012
Per Capita Loan Real Term (2004-05 Prices)	3521	4120	3521	4963	4984
Per Capita Loan Nominal Terms	4223	5192	4223	6870	7803

(Source: Microfinance India – State of the Sector Report 2012)

Exhibit –5 depicts the per capita loan size from 2013 to 2016.

Exhibit 5: Average loan outstanding per client (in Rs.)



(Source: Evolving Landscape of Microfinance Institution in India, ASSOCHAM)

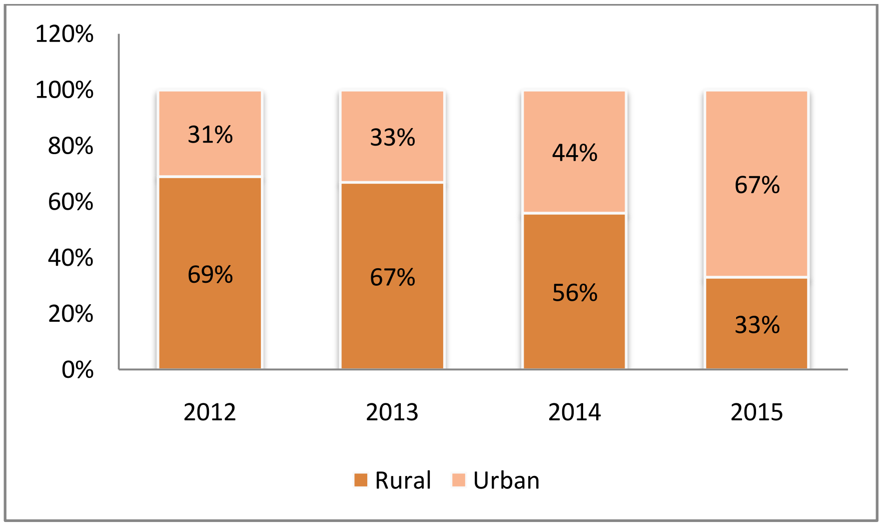
MFIs have reported a 58% jump in average loan size per client from Rs. 10,364 in 2014 to Rs. 16,394 in 2016.

6.4. Base of Borrowers

Indian MFIs have always focused and preferred the rural clients for delivering their services. In 2012, the portion of rural clients was 69% among the total clients in India. But, after that the trend has changed and it has almost reversed in the year 2015 when only 33% of the clients are from rural area and 67 are from urban.

The shift in the customer base of MFIs has been due to several factors, like strong growth of urban focused MFIs, shift in business model of many MFIs and reluctance of banks to lend to small borrowers. As per RBI guidelines the MFIs cannot charge more than 10% over the cost of loan taken from banks while fixing the loan price. So,to cut down their operating cost and to maximize their operational efficiency, a large number of MFIs have shifted to an urban centric business model.

Exhibit 6: Percentage of Rural and Urban Borrower over the years

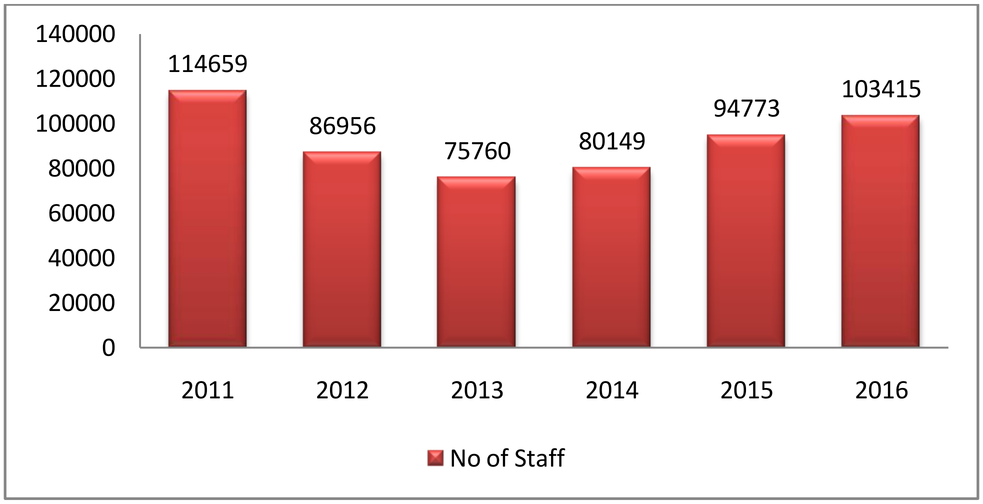


(Source: Evolving Landscape of Microfinance Institution in India, ASSOCHAM)

6.5. Trend of Workforce in Indian MFIs

Human Touch i.e., the relation between the field staff and clients plays a significant role in microfinance sector. Even after the introduction of technology in the sector, these services still predominantly depend on human resources for ensuing effective delivery. That is why the personnel costs contribute substantially i.e., 24% to the total expenses of MFIs. After the Andhra Pradesh crisis, 2010, the MFI sector had brought down its workforce significantly from 1,14,659 in 2011 to just 75,760in 2013. But after recovery from the crisis the workforce have been increased to 1,03,415 in 2016in order to support their enhanced activity.

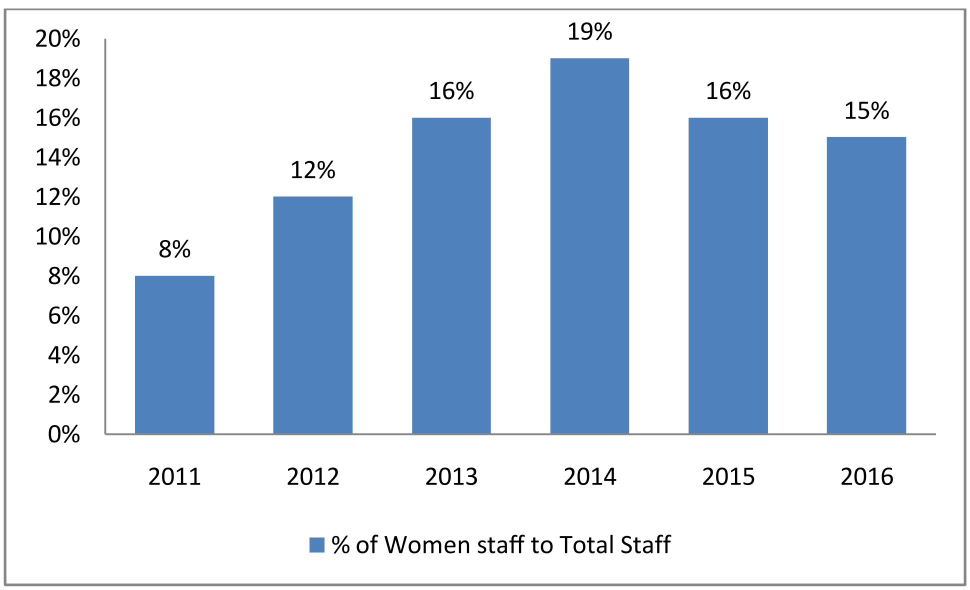
Exhibit 7: Yearly Trend of No. of MFI Staff



(Source: The Bharat Microfinance Report 2016, Sa-Dhan)

In 2016, the female staff comprises of approximately 15% of the total workforce of MFIs. Female staff has been reduced to 15% in 2016 from 16% in 2015 otherwise this proportion has been increasing over the year still 2014 as shown in Exhibit-8. .

Exhibit 8: Yearly trend of Total Staff vs. Women Staff



(Source:The Bharat Microfinance Report 2016, Sa-Dhan)

6.6. *Growing importance towards Client Protection Practices*

Client protection is all about protecting the clients from over indebtedness, high interest rates and providing them more transparent, friendly and professional services. Adoption of client protection measures by MFIs ensures that the clients are treated with transparency, respect, and prudence. This is especially important because MFIs operate within limited government regulations and the clients that are served by MFIs are vulnerable.

Client protection principles have been adopted widely by Indian MFIs under the umbrella of Social Performance Management. The codes of conduct of MFI networks Sa-Dhan and Microfinance Institutions Network (MFIN) embody a set of core principles for the fair treatment of microfinance clients while transacting with a microfinance institution that incorporate client protection principles. Microfinance codes of conduct in India adopt the Smart Campaign’s client protection principles. Sa-Dhan brought out the code of conduct for adoption by member MFIs in 2007 and in 2010 made efforts into having its members adopt the code of conduct and implement these principles in their operations and practices.

Role of Smart Campaign in Ensuring Client Protection by Indian MFIs

The Smart Campaign is a global campaign consisting of microfinance leaders from around the world who believe that protecting clients is not only the right thing to do but the smart thing to do. The Smart Campaign works with key players in Indian microfinance sector who are committed to making client protection an integral part of the industry. The Campaign’s main target audiences are MFIs and the key actors in the ecosystem in which MFIs work. The Campaign views its role as building the capacity of local stakeholders so that MFIs that are committed and ready to improve their client protection practices will have access to the support they need.

Exhibit 9: Smart Campaign Partners in India

Partners	How Actor Can Influence MFI Behavior
MFI (NBFCs and Section 25 Companies)	Individuals inside MFIs, especially board and management, can take leadership.
National Associations (ACCESS-ASSIST, MFIN, Sa-Dhan)	Training, codes of conduct and staff training.
Funders (IFC, Maanaveeya, Triple –Jump, SIDBI)	Include CPP assessment in their due diligence and monitoring.
Technical Providers (ACCESS-ASSIST, EDA, Microsave)	Equip MFIs to translate CPPs into practice.
Raters (M-CRIL)	Certify MFIs.

(Source:Bansal, Hema (2013)

Client Protection Certification

Client Protection Certification is an independent, external evaluation to publicly recognize financial institutions that meet adequate standards of care in how they treat clients. Certification enables financial institutions to demonstrate adherence to the microfinance industry's Client Protection Practices (CPPs), as measured against industry wide accepted Client Protection standards. Certification is a way to demonstrate such a commitment. To date, the Smart Campaign has licensed four specialized microfinance rating agencies to conduct client protection certifications:

- M-CRIL
- Planet Rating
- Micro Finanza Rating
- Micro Rate

Comparison of Client Protection Mechanism in India with the other Asian Countries

A study has been done by The Small Enterprise Education and Promotion Network (SEEP) in 2015 to examine the client protection (CP) policies and practices in nine microfinance markets in Asia: India, Pakistan, the Philippines, Myanmar, Cambodia, Bangladesh, Nepal, Sri Lanka, and China. The findings in this report have been gleaned from assessments conducted by the national microfinance associations in these countries from August to November 2014, using the SEEP Client Protection Market Diagnostic Tool. This tool is based on the CGAP (Consultative Group to Assist the Poor) methodology used to conduct CP diagnostic exercises in various countries and uses the Smart Campaign's Client Protection Principles as a reference.

Exhibit 10: Summary of the State of Practice of Client Protection in Asian Countries

Industry Practices	China*	Nepal	Pakistan	India**	SriLanka*	Myanmar	Cambodia	Bangladesh	The Philippines*
Transparency									
Credit Products	◐	◐	●	●	◐	◐	●	○	●
Deposits & Other Products	N/A	○	◐	◐	N/A	○	◐	○	○
Fair Treatment	○	○	○	●	◐	◐	●	●	◐
Protection of Clients									
Borrowers	◐	○	◐	◕	◐	○	●	◐	◐
Depositors	N/A	●	○	N/A	N/A	◐	◐	●	N/A
Recourse Mechanisms	◐	◐	◐	◕	◐	○	◐	◐	◐
Data Protection	◐	◐	●	●	◐	●	●	◐	●

* credit market only;
** MFIs in India and the Philippines must disclose microinsurance costs and conditions

Legend
- ● Meets basic conditions
- ◐ Work in progress, but needs improvement
- ○ Inadequate

(Source: SEEP (2015))

The above table shows that Indian MFIs are relatively in better position in terms of client protection issues. Indian MFIs are providing better 'Transparency' for credit products than the Phillipines and Pakistani MFIs. They are also providing better protection to their clients and data protection compared to other Asian countries.

7. Conclusion

The last decade witnessed an outstanding growth for the MFIs sector in India. The sector has been changed from its traditional donor based concept to commercial loan and equity based sustainable MFIs. Now a day these are an alternative or proposition of viable business along with social development. At the same time the sector faces huge criticism and challenges from every stakeholders after the Andhra Pradesh crisis in 2010. But the sector has again gets its momentum and gradually recovering from the crisis from the year 2013 onwards in terms of client outreach, loan portfolio, per capita loan size, etc.

The MFIs had brought down its workforce significantly in 2013 but the workforce has again increased in 2016in order to support their enhanced activity.At the same time the percentage of women staff has declined in last year. One major change in trend has been found in relation to bases of the clients, i.e. the focus of the MFIs has been shifted from rural clients towards urban client in the recent past. In terms of client protection, Indian MFIs have performed better than the other Asian countries.

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