Satin Creditcare Network Limited

Unique in its Field

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Centre for Micro Finance
Institute for Financial Management and Research
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Foreword

Satin Creditcare Network Limited: Unique in its Field is part of a series of cases conducted by the Centre for Micro Finance at the Institute for Financial Management and Research. The purpose of the case studies is to identify innovative practices among MFIs operating in the urban space, particularly strategies for broad basing their clients, financial services offered, and community involvement. The study presented in the following pages provides an in-depth look at how Satin Creditcare integrates a strategic approach to overcoming operational challenges in the urban space. Information on the case studies of other MFIs in the series is available by contacting the Centre for Micro Finance in Chennai, India. The Centre’s website is ifmr.ac.in/cmf.

Overview

When considering the concept of microfinance, the idea of a ‘group’ often first comes to mind. Group formation, training, savings, lending, peer pressure, and joint liability mechanisms are all phrases typically associated with microfinance in India—from the country’s domestic self-help groups (SHG) to imported peer-based lending models. In general, microfinance institutions (MFIs) begin their operations within a context of group lending in order to alleviate the traditional constraints of a lack of collateral and information about and among clients. Over time, it is observed that institutions commence individual lending based on the individual credit histories of clients, which is often based on timely repayments.

Satin Creditcare Network Limited (Satin), a leading Indian MFI registered as a non-banking finance company (NBFC), is an institution that operates very differently from the typical microfinance organization. Since its inception in 1990, Satin has run an individual lending business without first working through group-based activities, which has set the Delhi-based MFI apart in the sector. According to the organization’s founder and Chairman, Mr. Harvinder Pal Singh, Satin was conceived as a purely commercial enterprise and, at the time, he was unaware of the concept of microfinance, in India or elsewhere. Over time, it became apparent, however, that the institution’s activities were in fact characteristic of a MFI.

Nevertheless, Satin has stood out among its competitors with three particularly unique features of operations: daily finance schemes, a self-sustaining model, and highly professional management. In addition, the company is now listed on the Delhi, Ludhiana, and Jaipur Stock Exchanges. Despite its success, however, the company’s promoters will have to keep in mind a key challenge—sources and costs of capital—particularly since Satin has been largely funded by its promoters, given the absence of either state or donor grants or subsidies.

Introduction

Motivation

Initially, at the time when Mr. Singh was working in Delhi as a chartered accountant at Sriram Honda, a generator set manufacturer, Citibank was the only traditional financial institution offering small
unsecured financing to individuals. On one particular day, however, Mr. Singh observed a *panwala* purchasing a small television set on a rent-to-own scheme, in which an individual pays Rs. 10 per day for a given period of time after which he owns the item. After watching more and more people taking part in such a scheme, Mr. Singh wondered if he might exploit the same concept to sell generator sets, particularly to those from lower income households, who were unable to make large lump sum payments. At the same time, such an idea was thought to serve as a sound business proposition with the potential to achieve both sustainable and scaleable operations.

Thus, with the goal of providing affordable working capital finance to low-income small business owners to encourage expansion, greater profitability, and increased employment in local communities, Mr. Singh commenced his operations. He chose to start in East Delhi, long considered a highly undesirable area by most financiers because it borders parts of the state of Uttar Pradesh that have historically been rife with criminal activity and lawlessness. It was his opinion that if the business could succeed in this locality, it could develop and succeed in many other parts of Delhi and India as a whole.

**The Urban Market**

While it was not a conscious effort to only target an urban market segment, this decision was made when Mr. Singh started operations in the fully urban city of Delhi. Based on market research, Satin estimates the total population of Delhi and the National Capital Region (NCR) at 20 million. The number of people living below U.S. $2 is approximately 2 million. Within this market, Satin has identified great potential to serve large sections of low income individuals that struggle without access to financial services, but are not considered destitute. Satin’s clients also include those above the poverty line but are un-banked and lack credit. Within this segment, Satin has also found that it is often the case that salaried individuals are more easily served by commercial banks, while self-employed men and women, who typically lack proper documentation required to satisfy institutional/legal formalities, turn to MFIs.

**Satin Creditcare**

**Business Strategy**

When Satin first became operational, the company’s initial product offering was financing generator sets, in collaboration with Sriram Honda, with a daily recovery schedule. Based on Satin’s findings that clients could and would make timely repayments in order to take out larger loans for other activities, the company entered the business of financing durables for a mix of consumption and business uses.

Beginning with a capital base of Rs. 50,000, the company has grown over the past 16 years into a credit portfolio of Rs. 13.68 crores, with much of this growth taking place over the past year. The active client base currently stands at 6,631 individuals, with female clients comprising three percent. Most clients are between the ages of 45-50, but the company’s youngest client has been 23 years old.

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1 A small “pan” seller. “Pan” is an Indian preparation concocted from betel leaves.
2 As of June 1, 2006.
3 A crore is an Indian unit of measure equal to 10 million.
4 As of March 2005, the company’s portfolio was Rs. 8.5 crores.
In terms of expansion, Satin has always pursued a dual strategy of horizontal and vertical expansion, recognizing the fact that, as a financier, they must allow their target markets to mature over time and there is great risk in accelerating too quickly with existing clients in only one geographical area. Thus, while the company does plan to penetrate deeper into existing areas of operation, Satin is also starting operations in new locations. Whether short or long run, Satin’s business strategies are largely determined by the stability and volume of financing they receive and, as such, Mr. Singh and his team have adopted a very adaptable corporate strategy going forward. Broadly speaking, Satin plans to expand further across northern India over the next two to three years.

**Legal Structure**

In 1990, when Satin was first conceived, the company was registered as a private limited company, and has operated as a non-banking financial company ever since. While Satin was permitted to accept public deposits during its first few years of operations, the company has since stopped this practice in November 2004, given regulatory changes implemented by the Reserve Bank of India.

**Operations**

**Areas covered**

Since its inception in East Delhi, Satin has expanded its operations to five regions throughout India’s capital city—North, East, South, West, & Central Delhi. In addition, the company has recently started operating in semi-urban areas, such as the neighboring towns of Guragaon, Faridabad, Panipath, and Sonipath in Haryana and Noida in Uttar Pradesh. In fact, Satin has recently opened its very first branch office in Panipath. Previously, Satin ran operations in Chandigarh as well as two cities in Haryana, Jalandhar and Ludhiana, in the 1990s when it relied partly on public deposits to on-lend. Today, Satin is now going back to those same locations to start operations again backed by funding received from the Small Industries Development Bank of India (SIDBI) in 2005.

Satin’s head, and until recently, its only office is located in North Delhi. Yet given that clients benefit from the company’s services at their doorsteps, individuals do not find it necessary to take time out from their busy schedules to visit the office. To date, Satin’s clients have not expressed a need for more than one office in Delhi for this reason. Since the company has only recently entered areas in Uttar Pradesh and Haryana, it is too early to gauge if additional offices are required. Currently, these newer areas are serviced by local collection officers, but Satin is willing to opening branch offices at these locations as the number of clients and demand increases.

**Customers**

Under the company’s ‘unique daily finance scheme,’ one of the most important requirements to join Satin is that an individual should have a daily or otherwise frequent cash flow. With this criterion, the majority of the company’s portfolio is recovered on a daily basis, leaving approximately 20% recovered in monthly and 1-2% in weekly installments. The rationale for the daily recovery schedule is based on two factors: (1) the observation that Satin’s clients run businesses that generate daily income flows, and (2) Satin’s belief that it is best to match the recovery schedule to the inflow of cash in the client’s hands.

Satin’s clients are primarily tiny, small and medium enterprise typical profile of a Satin customer

<table>
<thead>
<tr>
<th>Education</th>
<th>Class X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status</td>
<td>Married</td>
</tr>
<tr>
<td>Dependent</td>
<td>4</td>
</tr>
<tr>
<td>Wife</td>
<td>Unemployed</td>
</tr>
<tr>
<td>House Type</td>
<td>Own</td>
</tr>
<tr>
<td>House Since</td>
<td>&gt; 10 years</td>
</tr>
<tr>
<td>Shop Since</td>
<td>&gt; 10 years</td>
</tr>
<tr>
<td>Shop Area</td>
<td>8&quot; x 10&quot;</td>
</tr>
<tr>
<td>Shop Employee</td>
<td>2</td>
</tr>
<tr>
<td>Shop Sale</td>
<td>Rs. 1,200/day</td>
</tr>
<tr>
<td>Any Vehicle</td>
<td>No</td>
</tr>
</tbody>
</table>
owners engaged in various types of activities, including fruit merchants, beauty salon owners, general merchants, small transporters, restaurant and dhaba\(^5\) owners, roadside hawkers, repair shops, maid servants, vegetable vendor, petty traders, shopkeepers, small factory owners, and others that seek credit for economically productive purposes. Unlike many MFIs, the company does not exclusively target or focus on women and runs its operations without a gender bias. Given Satin’s joining requirement of a frequent cash flow, the company tends to attract small and medium-sized traders who are primarily male.

**Products & Services**

In order to meet a wide range of business needs, Satin has moved beyond only financing generator sets to develop three versatile products for its clients: working capital loans, asset hypothecation, and micro insurance:

- The company’s first product, a working capital loan, has been designed to satisfy the productive needs of a micro enterprise through either seasonal requirements or growth investments. Working capital loans form a large component of the company’s total portfolio, and Satin envisions further expansion with this product. The loan amount disbursed generally depends on a potential borrower’s daily sales figures. According to Satin’s calculations, the ability of a micro entrepreneur to repay is estimated at 12% of his daily sales. Based on this fact, the amount of credit to be sanctioned is calculated accordingly, and repayment schedules include both the principal and interest rate to be collected. Satin currently charges an interest rate of 32-33% on a diminishing annual basis\(^6\), and the maximum loan tenure is one year.

- Satin’s asset finance loan was developed with the understanding that a micro enterprise requires a variety of equipments, from two-wheelers to machinery and computers. In this case, rather than providing clients with cash directly, the company acts as an intermediary and directly contacts dealers on their clients’ behalf. A client then collects the required asset from the dealer who is directly paid by Satin. Under this arrangement, the Satin client is required to pay a down payment of 10-15% of the asset’s value, and the interest rate charged is less, given the intense competition in this segment from commercial banks and other financial institutions, such as those backed by Tata and Birla business houses, in addition to the dealers themselves. Currently, this segment of Satin’s portfolio is largely comprised of vehicle financing.

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\(^5\) A dhaba is a roadside food establishment.

\(^6\) As per information provided by Satin Creditcare.
Given that the share of working capital in the overall portfolio has increased significantly over the past year while vehicle financing has declined, Satin is planning to further increase the share of working capital in the total portfolio.

Beginning on July 1, 2006, Satin has rolled out its third product offering—micro insurance. In collaboration with the insurance company Max New York Life Insurance, Satin plans to encourage current clients to take up both accidental death and life insurance, which has a maximum coverage of Rs. 30,000. The targeted age group for both products that have a one-year tenor will be individuals between 20 and 65 years. Based on the success of these initial micro insurance products, Satin will offer health insurance coverage to its existing clients as well.

**Distribution Channels**

The first step for an individual that has become aware of Satin and is interested in obtaining access to credit is filling out a loan application. Based on the company’s current operations, there are several ways in which an application can originate. There may be zealous collection agents that approach shopkeepers and traders in local areas about their financial requirements. Some individuals may call Satin’s head office after hearing about the company and its activities. In Delhi, Satin is also well-known among dealers of goods, such as air conditioners, refrigerators, and two-wheelers, that introduce their clients to the company for financing options. An existing customer may spread word of mouth advertising for the company among his/her peers, and, in some cases, stand as a guarantor for new borrowers. In fact, over 50% of new clients are referred to Satin by existing clients. Once the company has found approximately ten clients in a given area, it is often the case that collection officers do not need to put in as much effort in marketing since new customers often find their way to Satin after talking with existing clients.

Initially, the data collected in the application form is very basic since only questions such as name, address of the shop, and the loan amount desired are asked. Once this data is entered and the application is passed onto the loan verification officer, an enquiry is made about each potential client in a given area through his own sources, who are generally existing clients in the same area. The enquiry consists of asking about a potential client’s reputation, business, sales, and repayment capacity. Next, the loan officer meets with the loan applicant to collect information on his daily sales, status of home and shop ownership, requested loan amount, and the purpose of the loan. At the same time, he verifies the client’s answers against information collected informally from peers. If the verification officer is satisfied, he approves the loan by completing the application and assessment forms. As mentioned, the sanction loan amount will be less than 12% of a client’s daily sales, depending on the business. For example, if a client is selling perishable goods, such as fruit, then the sanctioned loan amount will be relatively low, since the perceived risk is high in such businesses. Once the loan officer calculates the loan amount to be sanctioned according to Satin’s set criteria, both the borrower and guarantor must sign all formal documentation and provide identity proofs as well as a blank cheque if either has a bank account. Next, Satin cross verifies all necessary information with the borrower and guarantor. Once these formalities are complete, the applicant’s file is reviewed by Mr. Singh who makes the final approval. There are cases when the Chairman may ask for an additional guarantor or reduce the approved loan amount. Overall, Mr. Singh rarely rejects any application. In the case of a working capital loan, payments are made by either cheque or cash. For those individuals requesting a vehicle loan, an advance down payment is required.

**Collection System**

It is important to note that all approved loan applications are entered into a computerized master database, from which two collection cards bearing the details of the loan and repayment schedule are
generated—one for the client and one for the collection agent. Collections are done by a Satin officer according to a schedule agreed upon by the client, ranging from daily to monthly. A receipt is issued to the client after each payment is made and two copies of the receipt are provided to the head office by the collection agent. The receipts are entered into the head office's records on the same day of receipt. In addition to issuing a receipt to the client, the collection agent must sign the client's collection card and vice versa. Once a Satin client has repaid the full loan amount, a ‘no objection certificate’ is issued to him by the company, which is a practice unique to Satin.

**Scalability**

Going forward, Satin faces the challenge of managing both growth and scale in addition to adequately fulfilling the needs of its expanding client base. Over the past year, the company’s portfolio has grown from Rs. 8.5 crores to Rs. 14 crores, and Mr. Singh expects Satin's portfolio to double by the end of 2006 and reach approximately Rs. 100 crores by the end of 2010. According to the company's research, the potential of its market is no less than Rs. 1000 crores.

Given that Satin's cash lending business is primarily driven by its greatest resource, manpower, the company will have to effectively this strength while scaling up operations and enlisting more human resources. Since the company remains committed to further working in its existing areas of operation, recruiting those with strong knowledge of locals will be an asset to tap into new communities. From its client base of just over 6,000 to its goal of 9,000 by the end of 2006, Satin continues to position itself as a strong player in the microfinance sector in Delhi. Given that there remains a lack of formal competition in providing finance to the low-income market segment in Delhi, Satin remains in an advantageous position. At the same time, urban moneylenders operate only on a small scale and in select areas. The typical moneylender will offer an unsecured loan at a monthly interest rate ranging from five to ten percent with daily collections. The normal loan tenor is one to two months with a maximum of six months. Despite their constraints, however, urban moneylenders maintain an edge over Satin with clients suffering from emergencies, for example. For those that cannot wait for Satin to go through its

<table>
<thead>
<tr>
<th></th>
<th>31/03/2006</th>
<th>31/03/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Portfolio</td>
<td>1,368.10</td>
<td>846.44</td>
</tr>
<tr>
<td>Portfolio at risk &gt; 60 days on as on 31/03/2005 (As per M-CRIL report)</td>
<td>7.50%</td>
<td>7.10%</td>
</tr>
</tbody>
</table>
pre-disbursement formalities, which can take a few days, quick and easy access to funds from local moneylenders becomes increasingly attractive in times of need. To meet the emergency needs of existing and potential clients, Satin is considering designing a credit product that would take a maximum of two days to disburse.

**FUNDING FOR THE INITIATIVE**

As mentioned, Satin started by selling generator sets on credit with Rs. 50,000 of start up capital. Satin’s first source of capital funds was the State Bank of India (SBI), which lent Satin Rs. 2.5 lakh in early 1990. In 1998, Satin began working with Andhra Bank instead since the company benefited from a higher credit limit of Rs. 2.25 crores, despite a higher interest rate of 1.5%.

After March 2005, the company’s financial landscape changed dramatically as Satin gained access to funds SIDBI, ICICI Bank, HDFC Bank, The Bellwether Microfinance Investment Fund, UTI Bank, Maanaveeya Holdings & Investments Pvt. Ltd., and IndusInd Bank Limited. Currently, ICICI Bank is the primary financier of Satin at an interest rate of 9.75%. At present, the company has a total capital base of Rs. 3.55 crore, in which 50% stake lies with the promoters and the other 50% stake is with public. As of 31st March 2006, Satin maintained a debt to equity ratio of 3:1.

**CREDIT RATING**

Satin’s credit rating has maintained a credit rating of Alpha Minus, issued by Micro Credit Rating International Limited (M-CRIL), for two years consecutively (See Appendix A for more information on the M-CRIL ratings). Andhra Bank has given a credit rating of A+ to the company. According to Mr. Singh, the reason why Satin was not awarded a higher rating is because of the company’s relatively high portfolio at risk (PAR). While Satin’s default rate is negligible, which means there are delays but zero defaults, its PAR is an operational feature resulting from its exclusively individual lending operations.

**Calculation for Borrower**

*The table below is a small section of the borrower table.*

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max.</th>
<th>Received</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>3</td>
<td>3</td>
<td>36</td>
</tr>
<tr>
<td>Marital Status</td>
<td>3</td>
<td>3</td>
<td>Married</td>
</tr>
<tr>
<td>No. of Dependents</td>
<td>3</td>
<td>3</td>
<td>3 Dependents</td>
</tr>
<tr>
<td>Spouse Working</td>
<td>3</td>
<td>0</td>
<td>Unemployed</td>
</tr>
<tr>
<td>Place of Shop</td>
<td>3</td>
<td>3</td>
<td>Own</td>
</tr>
<tr>
<td>Owns a Vehicle</td>
<td>2</td>
<td>1</td>
<td>2 Wheeler</td>
</tr>
<tr>
<td>Qualification</td>
<td>2</td>
<td>0</td>
<td>Undergraduate</td>
</tr>
<tr>
<td>No. of Employee</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Working at Present Location Since</td>
<td>3</td>
<td>0</td>
<td>3-4 yrs</td>
</tr>
<tr>
<td>Total Points to Borrower</td>
<td>25</td>
<td>13 (52)</td>
<td></td>
</tr>
</tbody>
</table>

**Calculation for Guarantor**

*The table below is a section of the guarantor table.*

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max.</th>
<th>Received</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>3</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Marital Status</td>
<td>3</td>
<td>3</td>
<td>Married</td>
</tr>
<tr>
<td>Place of Residence</td>
<td>3</td>
<td>3</td>
<td>Own</td>
</tr>
<tr>
<td>Place of Shop</td>
<td>3</td>
<td>0</td>
<td>Rented</td>
</tr>
<tr>
<td>Working at Present Location Since</td>
<td>3</td>
<td>0</td>
<td>3 to 4 yrs.</td>
</tr>
<tr>
<td>Either residence/ shop telephone</td>
<td>1</td>
<td>1</td>
<td>9891383596</td>
</tr>
<tr>
<td>Old/ New Party</td>
<td>1</td>
<td>0</td>
<td>New</td>
</tr>
<tr>
<td>Total Points to Guarantor</td>
<td>17</td>
<td>10 (58.82)</td>
<td></td>
</tr>
</tbody>
</table>
Opportunities & Challenges

Planning for the Future

In order to more objectively rate prospective borrowers and determine the risk of offering credit to them, particularly in the context of individual lending, Satin continues to set itself apart in the microfinance sector by preparing an individual score sheet for credit assessment.

How is credit scoring done? Scoring is done on the basis of how a potential client’s characteristics reduce the risk of his/her default and, similarly, with the guarantor. For example, if a borrower is married, presumably, it will not be as easy for him to migrate. Similarly, if the borrower has children, his wife is also employed, or owns his residence, he will get receive additional points for this same reason—increasing difficulty in leaving current place of residence.

What is the rationale behind credit scoring? Satin’s current client base is not very broad and can be easily managed. However, looking ahead, it will not be possible for Mr. Singh to personally approve or reject every loan application. Thus, Satin is eager to develop a score based system of credit assessment and approval. Satin piloted its model in January 2006 to get a better idea of how the scoring would work in terms of pass marks.

Governance & Leadership: The Chairman, Mr. Singh controls both the back office and the front office, and works with a team of financially skilled professionals. This is an aspect rarely seen in other Indian MFIs.

Retaining Clients: Historically, Satin did not work particularly hard at retaining clients as its overarching concern was bleak access to capital funds. As the company’s situation has now reversed dramatically, Satin must look more closely at this issue.

Hiring Staff: Satin does not demand high professional qualifications from its collection officers, and new officers are often referred by existing collection staff. As a rule, verification officers are always chosen from within the organization, given that the position requires very good local knowledge and experience.

Employee Incentives and Training: Once hired, new collection officers are trained on the job by existing officers for approximately one week and then tested. If the new officer does pass the test, he is able to manage his own market. Currently, employee incentives offered to collection officers include commissions on case bookings, achieving a collection rate of 100%, and the number of clients acquired.

MIS: Satin uses Fox Pro for its accounts, and has a trained and efficient staff overseeing the system. All data is recorded electronically within a tight timeline.

Conclusion

When compared to many other MFIs in India, Satin stands apart in the crowd for the company’s for-profit motive from the very beginning. Mr. Singh has chosen to develop his company’s core competency of originating and servicing loans to traders and small businessmen in Delhi and neighboring areas of Haryana. Given the lack of demand from clients, he has not gotten involved in any supporting activities common to other MFIs, such as business training, consulting, or marketing. In fact, Satin has the look and feel of a traditional financial institution on a smaller scale. The company’s
current scale can be attributed to its initial difficulty in attracting sufficient funds for on-lending. Over the past year, however, Satin has proven itself capable of developing its business, as seen by its high-profile investors, high growth, and determination to continue providing better financial services to low-income individuals. As the company’s clients mature in the coming years, it is likely that they will express interest and demand ancillary products and services from Satin. At that point, Mr. Singh will need to make a decision about the future of his company—that is, if Satin should branch out into a full service financial institution or remain focused on doing what it does best.

Overall, Satin Creditcare Network Limited has done well by filling in a gap in the credit market and fulfilling the needs of people who would have otherwise only been served by informal moneylenders at relatively high interest rates. By lending to low-income individuals, Satin is helping to not only boost local business productivity and employment but uplifting the poor out of debt traps. In the current state, it would be difficult for a new player to enter this market in Delhi and compete with Satin, given that, over the past 16 years, Satin has managed to build a reputation for its highly demanded products and services. With so much of potential left in the microfinance market in Delhi and surrounding areas, Satin is expected to continue its success. At the same time, it could be challenging for Satin to enter a new market with its relatively high interest rate and staunch joining requirements, such as requiring bank account holders to provide blank cheques, especially in areas where microfinance already exists. Going forward, these are just a few of the challenges Satin could encounter, and in order to maintain its success, Mr. Singh and his team must formulate policies and more innovative products and services accordingly.

**Appendix A**

**M-CRIL**

M-CRIL performs credit rating and risk assessments of microfinance institutions. M-CRIL has undertaken over 275 ratings and assessments of MFIs across 13 countries in South Asia, South East Asia, Central Asia and the Pacific. M-CRIL’s Ratings provide a credit risk outlook of the rated MFI and an assessment of the areas of strength and weakness in its operation.

<table>
<thead>
<tr>
<th>M-CRIL Grade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>α+++: alpha triple plus</td>
<td>Highest safety and excellent systems. Most highly recommended.</td>
</tr>
<tr>
<td>α++: alpha double plus</td>
<td>Highest safety and very good systems. Most highly recommended.</td>
</tr>
<tr>
<td>α+: alpha single plus</td>
<td>Very high safety and good systems. Highly recommended.</td>
</tr>
<tr>
<td>α: alpha</td>
<td>High safety and good systems. Highly recommended.</td>
</tr>
<tr>
<td>α−: alpha minus</td>
<td>Reasonable safety and good systems. Recommended.</td>
</tr>
<tr>
<td>β+: beta plus</td>
<td>Reasonable safety/systems. Recommended, needs monitoring.</td>
</tr>
<tr>
<td>β: beta</td>
<td>Moderate safety/systems. Acceptable, needs improvement to handle large volumes.</td>
</tr>
<tr>
<td>β−: beta minus</td>
<td>Significant risk and poor to moderate systems. Acceptable only after improvement.</td>
</tr>
<tr>
<td>Γ+: gamma plus</td>
<td>Substantial risk and poor systems. Needs considerable improvement.</td>
</tr>
</tbody>
</table>
Centre for Micro Finance

The Centre for Micro Finance will help improve the life of the poor by:

» Systematically researching the links between access to financial services and the participation of the poor in the larger economy.

» Participating in maximizing access to financial services and its impact for the poor through:
  » Research on microfinance and livelihood financing
  » Research-based policy advocacy
  » High-level training for practitioners and institutions

While the microfinance sector has been growing rapidly with the focus largely on growing outreach, there is an urgent need to fill some gaps in the practice and in the understanding of microfinance in order to maximize and accelerate the impact of its growth. The Centre does not posit that microfinance is the sole response to poverty alleviation. However, it does believe that relaxing the credit constraint for the poor, even the extremely poor, can produce a positive impact on their lives and that providing complementary financial services can have a great impact on the reduction of poverty and vulnerability. The Centre also believes that the impact of microfinance can be maximized if other contextual constraints that prevent poor households from participating in the mainstream economy are simultaneously addressed.

The approach the Centre wishes to take in its research and advocacy role is to continue to propagate the prior while simultaneously and continuously seeking to update it and inform it through rigorous research. In order for research to influence action, it is also critical to create an environment where researchers and practitioners constantly interact and exchange information and ideas. The Centre for Micro Finance aims to achieve its objectives through research, training, and strategy-building for MFIs through its MFI Strategy Unit (MSU).

Institute for Financial Management and Research

IFMR’s mission is to contribute to growth and development efforts in India with a focus on financial services and financial management within Indian companies and governments. IFMR is a leading business school with strengths in both research and teaching focusing on the financial sector. IFMR was founded in 1970 as an autonomous institute with backing from ICICI, the House of Kotharis and other major corporates. IFMR has established Centres for Advanced Finance and Micro Finance to conduct cutting edge research and training in these areas. IFMR also manages the ICICI Research Centre and sponsors the Journal of Emerging Market Finance. Recognized as a Social Science Institute by the Department of Scientific and Industrial Research, Government of India, IFMR has also been approved as an Institution of National Importance by the Ministry of Finance. IFMR currently offers a 2-year full-time and 3-year part-time Post Graduate Diploma in Management (PGDM) with specializations in Finance, Marketing, HR and Operations & IT and a one-year full-time master’s level program in Advanced Finance. The Institute also offers short-term executive development programs and consulting services. IFMR has been granted affiliation by the University of Madras for students pursuing a PhD in Finance and Economics.