

MICROFINANCE



► **WeChat**

Aditya Ajgaokar

Credit Manager- Microfinance,
Tata Capital Limited
PGDM-RB&A(2021-23)



MESSAGE FROM THE DIRECTOR

Dear Readers,

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off, and our readers seem to be hooked onto our magazine. At WeSchool, we try to acquire as much knowledge as possible and share it with everyone.



Prof. Dr. Uday Salunkhe
Group Director

As we begin a new journey with 2023, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly, it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. Our earnest desire is to disseminate our knowledge and experience with not only WeSchool students but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director

ABOUT US



OUR VISION

“To nurture thought leaders and practitioners through inventive education.”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn.” -Alvin Toffler.

At WeSchool, we are deeply inspired by the words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that led to the corporate revolution.

Emerging unarticulated needs and realities require a new approach in both thought and action. Cross-disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy the mind's eye needs to be nurtured differently.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations, as a result, stem from the integration of design thinking into management education. We dream of creating an environment conducive to experiential learning.

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the **152nd** Issue of **Samvad**!

SAMVAD is a platform for “Inspiring Futuristic Ideas”, we constantly strive to provide thought-provoking articles that add value to your management education.

We have an audacious goal of becoming one of the most coveted business magazines for B-school students across the country. To help this dream become a reality, we invite articles from all management domains, giving a holistic view and bridging the gap between industry veterans and students through our WeChat section.

In this issue of SAMVAD, we explore ‘Microfinance’ with an exclusive interview of Aditya Ajgaokar, Credit Manager at Tata Capital Ltd. His experience and knowledge will shed a lot of light on the great new avenues made available by Microfinance and how it’s not just for the developing communities anymore but a great new source of business.

In today’s financial landscape, microfinance is transforming access to credit for underserved communities, empowering small entrepreneurs and fostering economic inclusion. By providing small loans, savings, insurance, and other financial services, microfinance institutions (MFIs) help individuals bypass traditional banking barriers, driving financial independence and poverty alleviation. According to the World Bank, over 1.4 billion adults globally remain unbanked, highlighting the critical role of microfinance in bridging this gap.

Microfinance has witnessed significant growth worldwide, with the global market projected to reach \$394.8 billion by 2030, as per Allied Market Research. Countries such as Bangladesh, India, and Kenya have seen remarkable progress, with institutions like Grameen Bank and BRAC pioneering microcredit models. In Latin America, microfinance institutions have grown steadily, with Mexico and Peru emerging as key markets. Digital innovations, including mobile banking and AI-driven credit assessment, are enhancing financial accessibility, with the Consultative Group to Assist the Poor (CGAP) reporting a 40% increase in digital microfinance adoption since 2020.

FROM THE EDITOR'S DESK

India's microfinance sector is one of the largest and fastest-growing globally, expected to reach ₹10 trillion (\$120 billion) by 2028, according to an MFIN report. The sector serves over 60 million borrowers, primarily women and small business owners, with non-banking financial companies (NBFC-MFIs) holding a 40% market share. The push for financial inclusion, driven by government initiatives like the Pradhan Mantri Mudra Yojana (PMMY) and digital payment infrastructure, has accelerated growth. As of 2023, 80% of microfinance borrowers in India were women, showcasing its role in promoting gender empowerment. The sector is also shifting towards cashless transactions, with 55% of disbursements happening digitally, as per a report by CRISIL.

Despite its rapid expansion, the microfinance industry faces challenges such as over-indebtedness, high interest rates, and regulatory scrutiny. Governments worldwide, including India's Reserve Bank, have introduced frameworks to ensure fair lending practices and prevent predatory lending. However, the sector's potential remains immense, particularly in rural and underserved regions. With the integration of fintech, AI-based credit scoring, and blockchain for secure transactions, microfinance is set to drive deeper financial inclusion and economic growth.

Microfinance continues to be a powerful tool for economic development, reshaping the global financial ecosystem. By leveraging technology, strengthening regulatory frameworks, and focusing on sustainable lending, microfinance institutions are poised to uplift millions, making financial empowerment a reality for all.

We hope you have a great time reading SAMVAD!

Let's read, share and grow together!

Best Regards,
Team Samvad

Index



Pg. No.

WeChat | 1

ARTICLES

The Evolution of Microfinance	4
Expanding Financial Inclusion	7
Risk Management in Microfinanc	10

WeAchievers | 13

Team Samvad | 16

Previous Magazines | 17



Aditya Ajgaokar

Credit Manager- Microfinance,
Tata Capital Limited
PGDM-RB&A(2021-23)

Could you share an overview of your professional journey, starting from your time at WeSchool to your current role and what inspired you to focus on microfinance, and how has this specialization shaped your career so far?

WeSchool gave me the most fantastic 2 years of my life. I have learned rather experienced how to think on a single problem with multiple angles and to collate all of it to build an optimal solution. As I was a fresher when I started my journey in WeSchool, the professional life and experience was an outlier for me but the peers my friends which I made in WeSchool specifically the ones with work experience or an experience in some other field than my grad taught me how to be a seasoned professional. To quote they taught me the actual corporate proverb "Your work never goes Unnoticed". The quote has proved relevant in my current professional journey to be honest. As Credit Manager in Microfinance specifically the one in the central team makes you deal with a single underwriting pattern of just Rs. 50000 ticket size loan up to credit monitoring

of Rs. 2500 Cr Portfolio. So the role has taught me a lot and in terms of my career it has added much more to my profile especially coming in as a fresher. I have learnt underwriting skills for a ticket size of just Rs. 30000 and also of Rs. 100 Cr sanction to give a Business Correspondence

How can microfinance institutions improve the customer experience through digital channels and innovative technologies?

Microfinance by definition is a micro loan which is usually provided in tier 3 and below cities. Initially before Demonetization and upsurge of UPI the industry was purely a cash dependent industry with a physical database. However post Demonetization, things changed and the industry started moving towards a cashless approach and by 2018 the industry was almost doing cashless disbursements. To enhance the customer experience many institutions have started a complete digital paperless journey wherein right from onboarding journey till repayment every activity can be done just by using a

smartphone. Since, the clientele comes from remote areas the penetration of the digital ecosystem is yet to be accepted. However technology like UPI¹²³ wherein a UPI payment can be done using just a basic feature phone (keypad phones) are proving to be of great help to the customers. One approach I feel the clientele would love to have is a phygital approach as the physical connection which a rural individual trusts or rather believes can be maintained while using digital modes to ease the customer.

What impact do regulatory frameworks have on the growth and development of the microfinance industry in India?

Regulatory Framework plays a very pivotal role in the Microfinance Industry pretty similar as it plays in other formal banking and non banking sectors. RBI started reviewing microfinance post 2008 and gradually built a strong mechanism over the same. The RBI Master Circular of April 2022 on Microfinance got a big change in the industry wherein it increased the scope of eligible client base under microfinance at the time when regulated entities as well as customers of microfinance were suffering the post covid effects. RBI changed the definition of microfinance loans wherein initially a microfinance loan was given to a family having a household income of Rs. 1.25 lakhs for rural and up to 2 Lakhs for Urban which was made uniform to Rs. 3

lakhs across geography. This move made a lot of liquidity in the market as clientele increased and microfinance being tagged as priority sector lending domain the institution got benefit in their cost of funds. However if we look at the current RBI guidelines wherein they have now put strict guardrails on Overdue Clientele as the default ratio started increasing. There are many Self Regulatory Organizations (SRO) like MFIN and Sa-Dhan who work along with RBI to regulate the Microfinance Industry in order to provide optimum benefit to the customer while growing the industry at great pace.

What strategies can microfinance institutions employ to maintain long-term financial sustainability and social impact?

To maintain long term financial sustainability and social impact an microfinance institution should have a strong credit mechanism along with transparency in the system. Any microfinance institution with robust underwriting norms, proper collection guidelines and having various programmes for their clientele I feel can sustain for a long time both in terms of financial stability and social impact. For example, the biggest player of the microfinance industry i.e., CreditAccess Gramin Limited regularly holds social awareness campaigns on financial literacy, socio-economic issues, various water and sanitation initiatives, health

camps, etc. Along with this they have a robust digital credit underwriting mechanism which helps it stay away from probable defaults and hence reducing the credit risk.

What advice would you give to students aspiring to build a career in the microfinance domain?

There's only one piece of advice I would love to give is to be open to everything. Try to understand the customer base and their requirements from such loans. As we all know more than 65% of our country's population still lives in rural areas out of which at least 60% to 70% of the population is away from organized banking. Currently, there are over 7 Crore plus active & unique Microfinance Customers and the industry is growing rapidly with growing credit infrastructure of the country. Hence, one can just assume the opportunity in this field. Microfinance is a field which teaches you knowledge of all the departments in one role whether you be in Credit, Sales or Product, one will get to experience work of all this department as it is a field which is connected with ground. There's a lot of physical connection one needs to maintain with the clientele and with the staff working on the field too. It is said that a matured microfinance customer is a fresh customer to organised banking which means it gives a person working in microfinance an additional edge to know about the clientele across unorganized as well as organised banking setup.

The Evolution of Microfinance:

From Grameen Bank to Digital Lending



Winner

Sahil Thakare

PGDM Retail Management (2023-2025)

WeSchool, Mumbai



Microfinance has changed the way people access financial services by offering small loans to those who traditional banks often overlook. This article reviews the journey of microfinance from its early days with the Grameen Bank to the current rise of digital lending. It explains how the simple ideas of group lending and no-collateral loans have evolved with new technologies like mobile banking, big data, and blockchain. The discussion also covers the benefits of these changes as well as the challenges that come with them. By looking at research from different sources, this article shows how technology has expanded financial services while also calling for careful rules to keep lending fair and safe.

Introduction

Microfinance is a method that helps people, who are often ignored by regular banks, get small loans and other financial services. It began to fight poverty by giving money to those in need without requiring traditional guarantees. The Grameen Bank, started by Dr. Muhammad Yunus in the 1970s, was one of the first institutions to use

this approach. Today, the world of microfinance is changing quickly as digital tools are used to make lending faster and more accessible.

This article will explore the history of microfinance and explain how new digital tools have transformed the industry. We will cover the early days of the Grameen Bank, the spread of microfinance around the world, and how modern technology has made it easier for people to access loans. Finally, we will look at what the future might hold for microfinance.

Historical Background and the Grameen Bank Model

The modern idea of microfinance is closely linked to the work of Dr. Muhammad Yunus and the founding of the Grameen Bank in Bangladesh during the 1970s. At a time when banks would not lend money to poor people because they did not have collateral, Yunus introduced a system that did not rely on physical assets. Instead, his model used a group lending system where borrowers formed small groups and supported one another to repay

loans.

Key aspects of the Grameen Bank model include:

Group Lending: Small groups of borrowers are formed so that each member helps ensure the others repay the loan.

No Need for Collateral: Instead of requiring property or other assets, the bank trusted the borrowers and their groups.

Focus on Women: The model mostly helped women, as they often had higher repayment rates and used the money to benefit their families.

This simple yet effective method not only helped individuals improve their lives but also earned international praise for its positive social impact. Dr. Yunus received the Nobel Peace Prize for his efforts, and the Grameen Bank model quickly inspired similar efforts in other parts of the world (Cull, Demirgüç-Kunt, & Morduch, 2024; Alam, 2020).

The Global Spread and Growth of Microfinance Institutions

After the success of the Grameen Bank, microfinance began to spread across many countries in the 1980s and 1990s. Institutions in Latin America, Asia, and Africa adopted the basic ideas of group lending and no-collateral loans, but they also made changes to suit local needs (Chen, Rasmussen, & Reille, 2019).

During this time, microfinance institutions (MFIs) started to grow in several ways:

Widening the Range of Services: Many MFIs began to offer savings accounts, micro-insurance, and financial education along with loans.

Moving to Commercial Models: Some MFIs shifted from being non-profit organizations to commercial businesses. This change allowed them to reach more people but sometimes led to higher interest rates and problems with too many loans.

Stronger Regulations: As microfinance grew, some regions faced issues such as the crisis in Andhra Pradesh, India. This crisis showed that strict rules were needed to prevent problems like over-lending and exploitation (Barua & Khaled, 2023).

These changes helped microfinance become a reliable option for many people and set the stage for the next major change: the digital revolution.

The Digital Revolution in Microfinance

New technologies have brought big changes to microfinance, making it easier to reach more people and manage loans more efficiently.

Mobile Banking and Digital Payments

Mobile banking has had a huge impact on microfinance. In countries like Kenya, services such as M-Pesa let people send and receive money using their cell phones. This technology has allowed millions of people to make transactions, save money, and even borrow funds without needing a traditional bank branch (Kandie & Islam, 2022). Mobile banking cuts down on costs and brings

financial services to people in remote areas. 2023).

Using Big Data and AI for Credit Scoring

Traditional methods of checking credit history often leave out poor borrowers. With digital tools, lenders now use data from cell phones, online activities, and other sources to judge if someone is a good credit risk. This method helps digital lenders offer loans to people who were once seen as too risky, improving the overall reach of microfinance (Cozarenco, 2021).

Peer-to-Peer Lending and Digital-Only Institutions

Digital platforms such as Kiva and LendingClub have created a new way for borrowers and lenders to connect. These platforms reduce the need for a middleman, lowering costs and making the process more transparent. In addition, companies like Branch and Tala operate entirely online, offering quick loan approvals and flexible payment options. This shift to digital-only models has made microfinance more convenient and faster than ever before.

Blockchain and Decentralized Finance (DeFi)

Blockchain technology and smart contracts are beginning to influence the microfinance world as well. These tools can make transactions more secure and transparent by removing the need for a central authority. Although still new in this area, blockchain has the potential to lower costs even further and reduce fraud, especially in international transactions (Kang, Kedia, & Sutherland,

Challenges in the Digital Era

Even with all its benefits, digital microfinance faces some challenges. One major issue is the digital divide—many people in rural or remote areas do not have reliable internet access. There are also concerns about the safety of personal data and the risk of people taking on too much debt when loans are easily available online. These issues show that strong regulations are needed to protect borrowers and keep digital lending practices fair (Santhosh Kumar et al., 2024; Luke Lee, 2024).

Conclusion

The story of microfinance is one of simple ideas growing into powerful tools for change. Starting with Dr. Yunus's Grameen Bank model, microfinance proved that small loans could have a big impact on people's lives. With the rise of digital technology, microfinance has become even more effective at reaching those who need it most. However, as digital tools become more widespread, care must be taken to protect borrowers and maintain fair lending practices.

By keeping a balance between technological advances and responsible lending, microfinance can continue to play a key role in reducing poverty and promoting financial inclusion around the world.

Expanding Financial Inclusion:

How microfinance fosters economic growth by extending credit access to underserved populations



Runner Up

Aditya Milind Chitale
PGDM Core
WeSchool, Mumbai



Microfinance has been indeed a key instrument within financing to tackle poverty and enhance the creation of wealth. It holds even more true within developing countries where a standard banking system cannot touch most of its portion of the accessible population. As much as an MFI lending small amounts of money, savings account opening, and other channels of such financial services for low-income earners empower communities to engage in productive income-generating activities, to elevate living standards, and to contribute at least a small portion of development in their national economy. This article discusses how microfinance serves as the engine for economic growth by closing many gaps recognized that have existed in credit for underserved communities.

Most of the time, middle-class and poor people across the world, especially those in rural and semi-urban areas, have little access to formal financial institutions. Traditional banks label such people as high-risk clients since they do not have collateral, credit history, or stable

income. By this line, these people are financially excluded and cannot invest in income-earning activities, education, health care, or housing, which leave them in deep cycles of poverty. Microfinance aims at providing affordable and accessible financial services uniquely tailored to the needs of poor low-income individuals. Microfinance is also significant for most growing women, one of the large underrepresented populations. Where access to financial resources is limited by a number of socio-economic barriers, women form the bulk of these populations. Targeting women borrowers adds economic empowerment for them and also weighs toward gender equality and community development initiatives.

It is microfinance that enjoys an extremely significant impact on the growth of micro and small enterprises (MSEs), which contribute in one part to a larger economy. Reducing their reliance on high-interest informal lenders, cultivating a spirit of entrepreneurship through

microfinance ensures that proceeds are turned into income-generating activities. Microfinance enables households to better smooth consumption and also to shield them against economic shocks. For example, small loans can save families from depleting their assets or borrowing at usurious rates to pay for unforeseen medical expenses. The resulting financial situation improves the income and eventually the standard of living for the household over the long term. Beyond these aspects of development, research evidence indicates that microfinance also supports investments in education and health, as households spend a share of the additional income from microfinance investments on such essential areas. With education and health formulating the population, it will turn out to be a very productive and economically grown population in the long run.

Microfinance, as indicated by a World Bank report, has a considerable positive effect on micro and small enterprise (MSE) growth, which in turn aids GDP growth. Microfinance enables a culture of entrepreneurship, reduces dependence on informal moneylenders with exorbitant interest rates, and guarantees profits reinvested in productive activities. Microfinance smoothens the consumption of households and makes them less vulnerable to economic shocks. For example, small loans allow families to meet unforeseen expenses like medical

fees or other emergencies without having to liquidate assets or borrow at exorbitant rates of interest. Over time, the stability of finances increases household incomes and living conditions. Moreover, micro finances have been found to improve the ability of the population to invest in education and health care, as households may invest a part of their increased incomes on these areas. Educated and healthy populations are productive and, thus, long-term economic growth.

One of the most vital contributions of microfinance is that it addresses income inequality. Specifically, microfinance brings in underprivileged and marginalized population into a wider bracket of financial access with regard to income. Resource and opportunity dispersal is made as equitable as possible through this form of financial inclusion- a great promoter of social cohesion and even economic productivity. If more and more people participate in demand for goods and services, economic growth occurs in anything and everything.

Microfinance has been proved to have some economic benefits, but its impact socially is also all-transformative. When individuals are given financial assistance, it reduces self-dependence and develops confidence while promoting the community. Women experience a significant transformation in their socio-economic status when they get income improvements

through microfinance. Typically, a woman can take control of household decisions and contribute more to family welfare. Microfinance also promotes social capital through group-based lending. Borrowers either come together as self-help groups (SHGs) or add up as joint liability groups (JLGs), thus trust and cooperative members on this collective basis improve the bonds in but pour in harm, as well as bring as a bonus, lower default rates.

Nevertheless, micro-financing has its follies attached to it, though it is mainly advantageous. One of the accusations leveled against some MFIs is that they charge exorbitantly high interest rates which cumulatively add to over-indebtedness problems of borrowers. This at worst leads to financial distress and therefore social disorder. Consequently, a regulation and policy framework for interest rates caps and transparency in lending practices is warranted. One more challenging factor with MFIs is sustainability; many MFIs are dependent on outside funds whose terms for giving contradict what these institutions may want for their customers. Thus, adopting newer business models such as reducing their operational costs by using technology to deliver their services might be viable towards a sustainable future for the MFIs.

Firstly, the technology revolution has made microfinance not only more effective, but also more inclusive. This

technological revolution has brought mobile banking, digital wallets and fintech to the most far reaches of the country, thus reducing transaction costs. Those improvements also include using data analytics and AI to help MFIs estimate creditworthiness and personalize financial products and loans in progress. Those improvements also increase the effectiveness of microfinance programs in attracting investment from the private sector, which is scaled in their impacts.

Microfinance has proven to be a great tool for poverty alleviation and community empowerment as Grameen Bank in Bangladesh has demonstrated by lifting millions of people out of poverty through small loans to provide primarily women borrowers. In India, the NABARD Self Help Group (SHG) Bank Linkage Program has made a difference in transforming the lives of rural women as they connect self-help groups to banks for micro-credits to support their entrepreneurship and livelihoods. Thus, these are some exemplary instances that can scale microfinance to many sectors and populations to develop economies. Such scenarios can be further enhanced through good regulatory environments, public-private partnerships, and innovative business models that increase outreach impact.

Risk Management in Microfinance:

Techniques to assess and mitigate risks associated with lending to low-income borrowers



National Finalist

Ketki Kalekar

PGDM Retail Management

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Risk management plays a pivotal role in ensuring the sustainability and outreach of microfinance institutions (MFIs), particularly those serving low-income borrowers. Operating in environments marked by unique challenges such as information asymmetry, high transaction costs, and the economic vulnerability of clients, MFIs must adopt robust risk management strategies. These strategies enable them to navigate challenges, safeguard their capital, and continue providing critical financial services to individuals excluded from traditional banking systems.

Understanding Risks in Microfinance

Microfinance institutions face a variety of risks, broadly categorized as strategic, credit, liquidity, interest rate, and operational risks. Credit risk, the most prominent, stems from the possibility that borrowers may default on their loans. Low-income borrowers, often lacking collateral and with irregular income, are particularly susceptible to economic downturns or personal crises that could impair their ability to repay loans. Liquidity risk arises when an MFI is

unable to meet its financial obligations due to mismatched asset and liability maturities or unexpected withdrawals by depositors. Operational risks include failures in internal processes, systems, or people, as well as external disruptions like fraud, natural disasters, or political instability. Interest rate risk poses a threat when changes in interest rates result in financial losses, especially for MFIs borrowing at variable rates and lending at fixed rates. Strategic risk, on the other hand, emerges from poor business decisions, inadequate planning, or an inability to adapt to a competitive environment.

Techniques for Assessing Risk

Effective risk management begins with thorough risk assessment, which involves identifying potential risks, evaluating their likelihood and impact, and understanding interdependencies among them. Risk assessment techniques are divided into qualitative and quantitative methods.

Qualitative Risk Assessment relies on expert judgment and subjective analysis. Techniques such as risk

identification workshops bring together staff from various departments to brainstorm potential risks and their impacts. Scenario analysis evaluates the consequences of adverse events, like economic recessions or natural disasters, on the MFI's operations. Similarly, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis helps MFIs assess strategic risks by evaluating internal capabilities and external factors. Additionally, character assessment is crucial in microfinance, enabling MFIs to gauge borrower behaviour and reduce the likelihood of credit or fraud risks.

Quantitative Risk Assessment employs statistical and mathematical tools to measure risk magnitude and probability. Common techniques include Portfolio at Risk (PAR), which calculates the portion of loans at risk of default beyond a specified time frame (e.g., 30, 60, or 90 days). Stress testing simulates adverse scenarios, such as sharp interest rate increases or operational disruptions, to evaluate the MFI's resilience. Value at Risk (VaR) estimates potential financial losses over a given period at a specific confidence level, providing benchmarks for market and credit risk assessment. Stochastic programming is also widely used for analysing financial risks and decision-making under uncertainty.

Techniques for Mitigating Risk

Once risks are assessed, MFIs must adopt strategies to mitigate them by reducing their likelihood or impact or

transferring them to another party. **Credit Risk Mitigation** To address credit risk, MFIs can conduct thorough credit assessments to evaluate borrowers' repayment capacities, diversify their loan portfolios across various sectors and geographies, and implement robust risk monitoring systems to track borrower performance. Strategies such as peer lending shift repayment responsibility to groups, fostering mutual accountability. Forced savings and co-signature requirements act as collateral substitutes, transferring part of the risk to borrowers or guarantors. Additionally, disbursing small loans and incrementally increasing loan sizes based on repayment history reduces credit and liquidity risk by diversifying exposure.

Liquidity Risk Mitigation Effective liquidity management is vital for mitigating liquidity risks. This involves maintaining adequate cash reserves, monitoring cash flows, and diversifying funding sources. **Asset-liability management (ALM)** ensures proper alignment of asset and liability maturities to prevent liquidity shortfalls. Issuing loans with varied terms allows for a steady cash flow as loans mature and renew periodically.

Operational Risk Mitigation Internal controls are essential for managing operational risks, preventing fraud, and ensuring procedural compliance. These controls include segregation of duties, setting authorization limits, and conducting regular audits. Business continuity planning (BCP) prepares

MFIs for disruptions by outlining procedures to restore critical operations and protect data. Insurance, such as property or liability coverage, transfers certain operational risks to third parties. Interest Rate Risk Mitigation MFIs can mitigate interest rate risks by aligning the interest rate sensitivity of their assets and liabilities. This can be achieved through fixed-rate loans or derivatives for hedging. Alternatively, adopting variable interest rates transfers the risk to borrowers, although regulatory constraints or competitive pressures may limit this approach.

Strategic Risk Mitigation To address strategic risks, MFIs should develop clear, well-defined strategic plans that outline their mission, vision, goals, and implementation strategies. Conducting thorough market research enables MFIs to understand client needs and anticipate potential challenges. Robust policies and procedures further support effective strategic risk management.

Basic Elements of a Risk Management Framework A comprehensive risk management framework encompasses the scope of risks to be managed, processes and systems for management, and the roles and responsibilities of individuals involved. Key elements of a sound framework include active oversight by the board and senior management, adequate policies and procedures, effective risk measurement and monitoring systems, and comprehensive internal controls. The framework must be flexible enough to accommodate changes in business

activities while being robust enough to address all risks.

Conclusion

Risk management is indispensable for microfinance institutions striving to achieve their dual objectives of financial sustainability and social impact. By adopting effective risk assessment and mitigation techniques, MFIs can safeguard their operations, improve efficiency, and expand financial services to underserved populations. A well-designed risk management framework ensures that MFIs are prepared to navigate challenges and adapt to evolving market conditions, securing their longterm success in promoting financial inclusion.

COMPETITION AT IIT NAGPUR



Sahil Jain, Bhavya Mehta, Gaurav Garg, Aman Dwivedi

1.First of all, congratulations on winning. How do you feel about it?

We are extremely proud of our journey and deeply grateful to Welingkar for their unwavering support in making this possible.

2.Could you brief us about this competition? What were the hurdles you faced and how did you overcome them?

Pitchers, organized by IIIT Nagpur, was an exciting startup pitching competition where we presented our entrepreneurial vision. Managing the entire pitch within 8 minutes, answering in-depth industry questions, and coordinating slides among team members were key challenges. We overcame them by leveraging past experiences, refining our content, and ensuring seamless teamwork.

3.Competing in such high level competitions requires an edge over others. What steps did you take to distinguish yourself from other participants?

To stand out in a high-level competition like Pitchers, we focused on three key aspects: innovation, data-backed insights, and presentation clarity. We ensured our startup idea was not only unique but also practical and scalable. Extensive industry research helped us support our pitch with strong data points, making our responses more convincing. Additionally, we structured our presentation strategically, keeping it crisp, engaging, and within the time limit. Our ability to think on our feet during the Q&A

round further set us apart. Above all, teamwork and continuous refinement played a crucial role in giving us an edge over others.

4.What were your key learnings and takeaways?

Pitchers was a great learning experience that reinforced the importance of clarity, research, and adaptability. Our key takeaways were:

Concise Communication: Delivering a compelling pitch within 8 minutes required us to be precise and impactful.

In-depth Research: A deep understanding of the industry helped us answer questions confidently and back our ideas with data.

Team Coordination: Effective division of tasks and seamless collaboration played a crucial role in our success.

Handling Pressure: Thinking on our feet during the Q&A session taught us to stay composed and respond strategically.

Continuous Improvement: Learning from past experiences and refining our approach helped us perform better.

5.It's always difficult managing time between academics, personal life, and other opportunities. How did you manage your time?

Balancing academics, personal life, and competitions like Pitchers was challenging, but strategic time management helped us stay on track. We prioritized tasks based on urgency and impact, ensuring that our academics and competition preparation complemented each other. Dividing responsibilities within the team allowed us to work efficiently without feeling overwhelmed. We also set clear timelines for each stage—research, slide preparation, rehearsals—ensuring we stayed disciplined. Late-night brainstorming sessions and leveraging past experiences helped us refine our approach while maintaining balance. Ultimately, teamwork, smart scheduling, and staying focused on our goals made all the difference.

6.What guidance or recommendations would you offer to fellow students to ace such high value platform?

Competing in high-value platforms like Pitchers requires a mix of strategic preparation, confidence, and adaptability. Here are our key recommendations for fellow students:

- 1.Deep Research: Understand your industry, competitors, and market trends to back your ideas with strong data.
- 2.Clear & Impactful Communication: Keep your pitch concise, engaging, and within the time limit while ensuring clarity.
- 3.Strong Team Coordination: Divide tasks effectively and leverage each team member's strengths.
- 4.Practice & Feedback: Rehearse multiple times, refine your content, and seek feedback for continuous improvement.
- 5.Stay Confident & Adaptable: Be prepared for tough questions and think on your feet during Q&A sessions.

Most importantly, learn from every experience and enjoy the process. Success comes with preparation and perseverance!



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PR PROS



Trisha Bharadwaj
Head



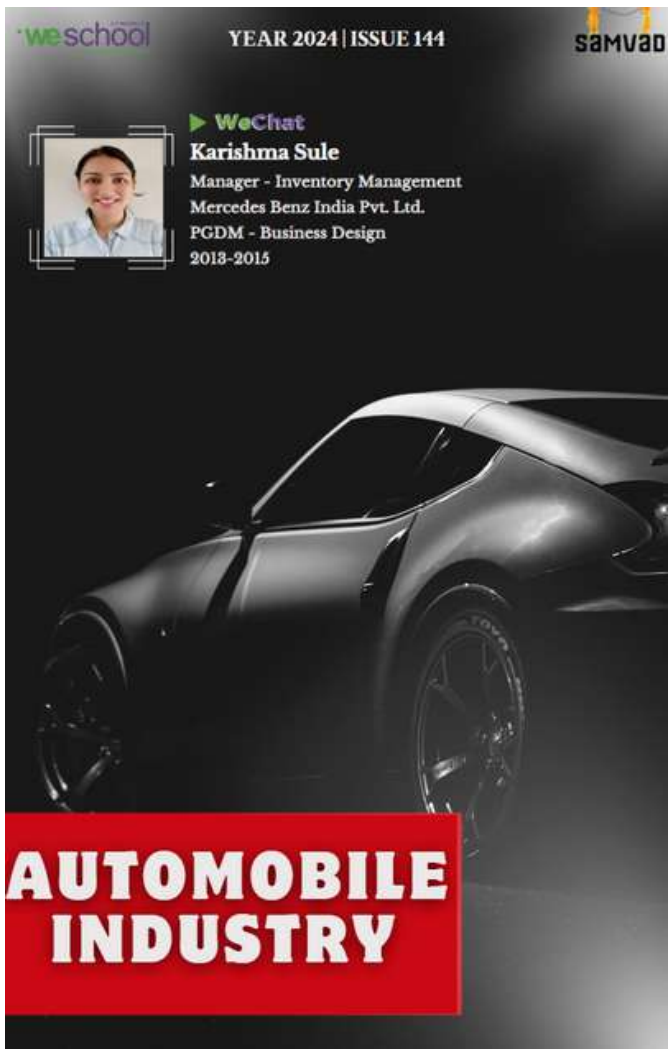
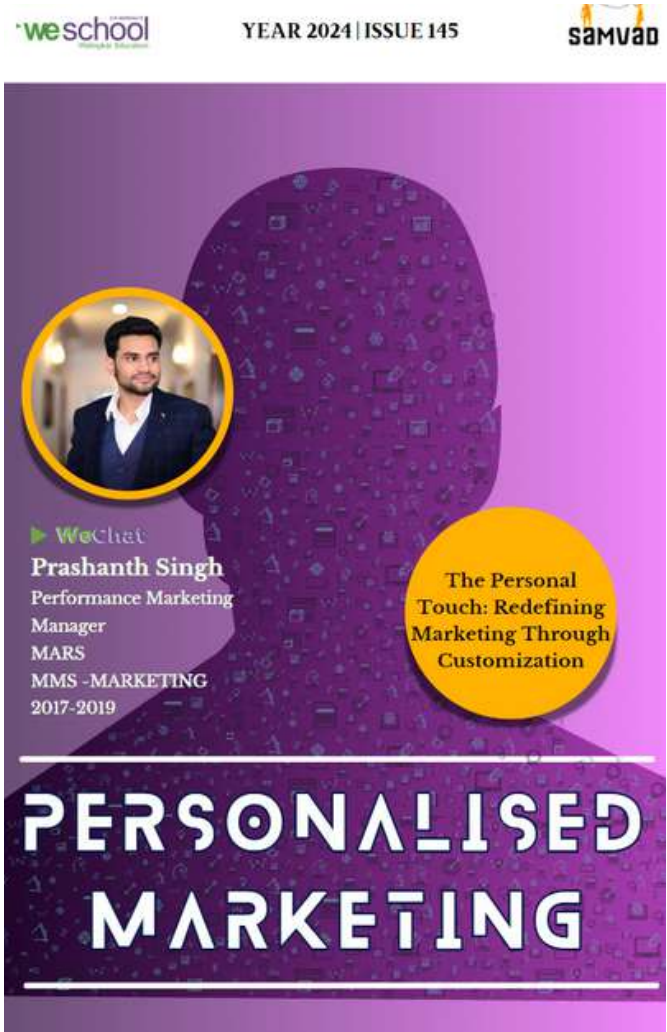
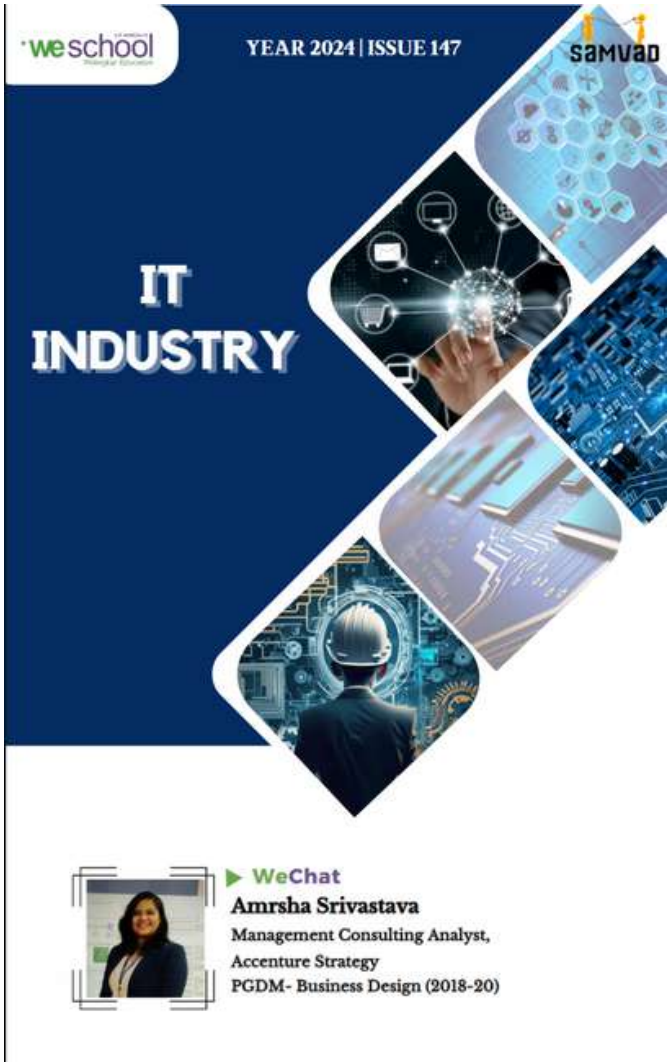
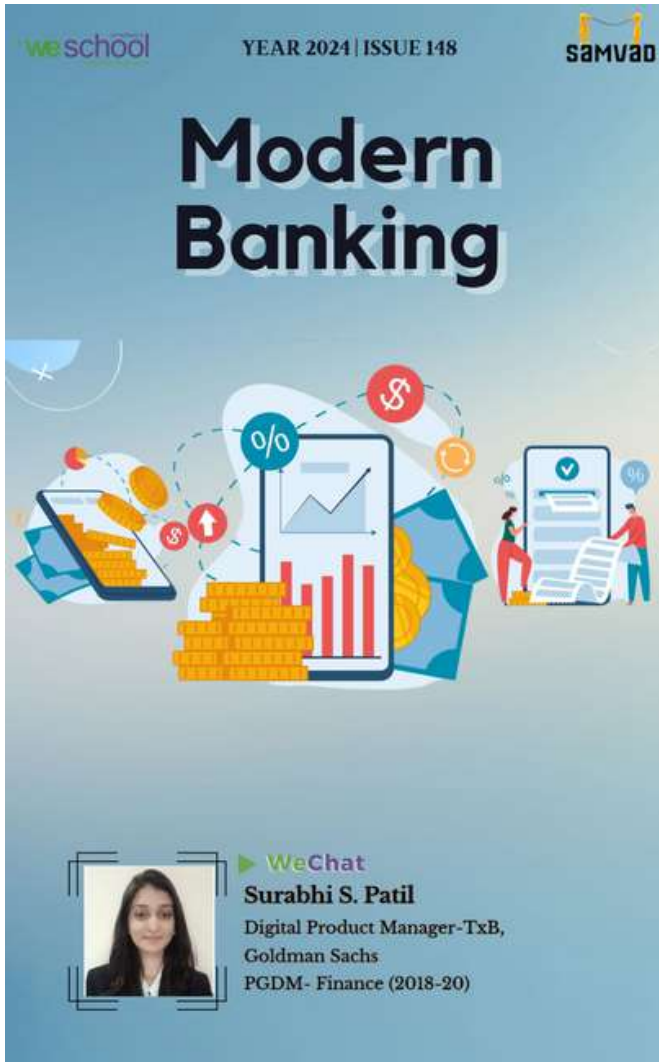
Prince Shrivastava
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