



ASSOCIATION OF KARNATAKA MICROFINANCE INSTITUTIONS

H.NO:3, 1st Floor, 1st Main, 1st Cross, Kodigehalli Main Road,
Bhadrapa Layout, Nagashettihalli, Bengaluru-560094

AKMI Updates: May -2024

About AKMI:

AKMI (Association of Karnataka Microfinance Institutions) was established in 2007 to bring in better transparency and governance, client protection and ethical practices among the Microfinance Institutions (MFIs) in Karnataka. AKMI is registered under the Society Act 1960 and has 28 members as of now.

Sl. No.	AKMI Members	Number
1	NBFC -MFIs	20
2	NBFCs	1
3	Society/Trusts/Other	1
4	SFBs	6
	Total Members	28

AKMI is affiliated to Sa-Dhan and MFIN, which are national level network organizations and are self-regulatory organizations (SROs) for the microfinance industry. Both Sa Dhan and MFIN are recognized by RBI and are monitoring the Microfinance industry very closely.

The **main activities of AKMI** fall into field level engagement, communication, capacity building for members and client protection.

AKMI organizes district level meetings among its members in all districts of the state, which is helpful in quickly identifying problematic locations, troublemakers and then working with local administration in solving such problems.

We conduct various programmes such as FLPs (Financial Literacy Programmes) at different districts inviting senior district level officials such as DC, SP, CEO Zilla Panchayath, Lead Bank, NABARD etc... and the work of the sector is showcased.

We conduct street plays at various Gram Panchayath, TV episodes on success stories of beneficiaries etc...

For the benefit of members, we conduct programmes on industry best practices in areas such as HR, Audit, IT / digitization, Grievance handling and client protection.

We have grievance redressal cells at districts Lead MFIs and redressal cell in Bangalore with toll free number.

AKMI is a special invitee to the State Level Bankers' Committee (SLBC) and District Level Bankers' Committee in every district where we can update the happenings in the sector.

AKMI Members are also conducting social events, conducting financial literacy programs, construction of toilets, financial assistance to Mid-Day meal program (Akshaya Patra foundation), etc. as part of their CSR activities. Our members have also taken up lot of initiatives to combat distress during Covid Pandemic, flood, drought etc...

AKMI Outreach:

Particulars	Dec-2023	Sep-2023	June-2023
MFI Members	29	27	27
No of Branches	2785	2616	2498
No of Staff	35817	34659	31045
Loan Borrowers accounts (in Lakhs)	104.74	108.53	101.81
Outstanding (Amt. in Crs.)	52293.27	50852.73	46706.73

***Samuha did not renew the membership.**

AKMI Bi- Monthly District Meetings in Karnataka:

AKMI is operating in all 31 Dist. of Karnataka and has 30 District AKMI units having the leadership of a Lead MFI and Co-Lead MFI to each district. The lead MFI who is having major exposure in the district is conducting district level AKMI meeting bimonthly on the fixed day. These meetings are attended by members of AKMI who are operating in the district by area

representatives. AKMI district meetings are mainly concentrating on field issues and seeking remedies for the issues in the field and may discuss latest developments in the microfinance sector, CB report, Ring leader problems, staff issues etc.

The lead MFI having AKMI district grievance redressal cell is handling MFI clients' grievances in the field, and have liaison with AKMI HO.

Particulars	Apr-2024	Feb-2024	Dec-2023
No of District in Karnataka	31	31	31
No of AKMI dist. units	30	30	30
No. of Meetings Conducted	30	30	30
Next bi-monthly meeting will be in June-24			

Contact AKMI Ombudsman:

OMBUDSMAN,

AKMI, H.NO:3, 1st Floor 1st cross

1st Main Kodigehalli Main Road

Bhadrappa Layout

Nagashettihalli, Bengaluru. Toll Free No: **1800 - 4255654**

Particulars	May-2024	Apr-2024	Mar-24
No of Grievances calls Received	46	25	34
No of Grievances calls Solved	44	25	34
Pending – i) Insurance	1		
ii) Loan not yet sanctioned	1		
iii) CB report Problems			

Ombudsman at AKMI HO, Bangalore is having toll free helpline Number: 18004255654. MFI customer/s may approach AKMI ombudsman if their grievance is not solved by concerned MFI regarding-

Staff behavior

Charging of higher rate of Interest than stipulated by RBI
Any unreasonable delay or denial of micro credit

Observations: **NO** major field level issues. At some centers problems cropped up because of drought situation The disbursement of loan and Collection slowed down to little extent because of drought and due to ongoing election.

AKMI Activities/Meetings during May – 2024

Sl. No	Date	Particulars	Remarks
1	08.05.2024	Visited Tumkur	<ul style="list-style-type: none"> ➤ We had meeting of operating MFIs in Tumkur presided over by Lead Bank AGM Mr. Prakash (SBI). He shared the concern of DC as the recent suicide is a 4th case since Dec'23. The DC has instructed LDM to send warning message to MFIs to be polite and empathetic in dealing with customers. The DC has also passed an order to totally avoid compelling borrowers / harsh methods for recovery in Tumkur district for 2 months in view of drought situation. ➤ We have assured the local administration through LDM that our member MFIs are strictly following RBI SOPs of lending. ➤ Afterwards we had meeting of our member MFIs separately, advised members to go slow on recovery wherever there are problems for few days (till monsoon is received) and in other places we can go for collection. Members should strictly abide by RBI fair practices like going in for recovery only at centre meetings (and not to borrower' s house) and not meeting/ telephoning to borrowers after 6 pm. All other regulatory guidelines as regards income assessment, purpose of loan, repayment capacity (CIBIL), borrower' s ID / KYC etc. are to be strictly adhered to.
2	08.05.2024	Met Additional DC, Tumkur	AKMI team Met Mr. Shivanand Karale, Additional Deputy Commissioner & Additional District Magistrate Tumkur along with Mr. Karthik from Sa-Dhan & Mr. Manjunath from MFIN. Handed over Annual Report & Survey Report.
3	10.05.2024	Attended Sa-Dhan Meeting	Attended Roundtable on Fintech-Financial Institution Partnerships, organized jointly by Sa-Dhan and IIM-A Ventures in Bengaluru.

4	10.05.2024	AKMI Meeting for Member MFIs (Tumkur issue)	<ul style="list-style-type: none"> ➤ The meeting is arranged in view of the Tumkur DC order to stop collection of dues, which is likely to happen in the neighboring districts also if we do not take proper care. ➤ As planned, we conducted meeting (virtual) of AKMI members at 3 pm. More than 100 staff of all operating MFIs participated in the meeting. Mr. Hegde while welcoming Mr. Venkatesh Chairman AKMI, members and invitees from MFIN (Mr. Manjunath) and Sa-Dhan (Mr. Karthik) briefed about the meeting with LDM, Additional Commissioner at Tumkur and the direction of Tumkur District DC to stop recovery by resorting to forceful methods for next 2 months in view of recent suicide and drought situation. ➤ Mr. Venkatesh in his initial remarks directed members to have district level meetings to sensitize their supervisors and field staff to be polite in their approach especially in drought affected areas and not to go for recovery beyond 6 pm and be empathetic in such areas. ➤ Mr. Vivekanand Salimath further suggested SROs (MFIN and Sa-Dhan) to issue notices to respective members who have violated the guidelines while sanctioning loans which led to over indebtedness in the case of particular borrower committing suicide. ➤ Representatives of SROs shared their views and requested members to inform us immediately whenever such incident happens. ➤ The concern of civil society women group (Anti microfinance women group) as regards over indebtedness of borrowers was also discussed. ➤ Members while sharing experience also assured SROs and AKMI to keep them informed immediately whenever such incident happens in the field.
5	13.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	covering Bengaluru Rural & Urban districts
6	14.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	Chikkaballapur, Tumkur & Kolar districts.

7	14.05.2024	Mandya DC called for MFIs meeting	<ul style="list-style-type: none"> ➤ Mandya DC has instructed Banks & MFIs not to force customers for the collections for next two months in line with Tumkur. Paper & Media coverage is expected on this ➤ We requested seniors from MFIs to attend the meeting and asked them to make our stand clear that we follow regulatory guidelines and never do forceful recovery. ➤ We were also in touch with Mr. Arun Kumar LDM, who assured us that he would take care of correct press release. He said he would share proceedings of meeting. As we understand DC just wanted to understand MFI sector since there was a complaint from farmers group. ➤ Our MFI staff had meeting in the morning at BSS office (Lead MFI). We spoke to them and shared toll-free numbers of AKMI, MFIN and Sa-Dhan for addressing customer grievance. ➤ We hope with rains being received in almost all districts we may not have such problems. ➤ In the district forum meeting (virtual) going on daily now we are impressing member MFIs to be cautious and strictly follow FPCs.
8	15.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	Chitradurga, Davanagere, Bellary & Vijayanagara districts.
9	16.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	Kodagu, Hassan, Udupi, Dakshina Kannada districts
10	16.05.2024	Visited SLBC	AKMI Team Visited SLBC office met Mr. Pradeep Kumar, Divisional Manager
11	17.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	Belagavi, Dharwad, Haveri & Gadag districts.
12	17.05.2024	EC Meeting	In view of negative news in Vijayavani daily newspaper.
13	17.05.2024	Visited Vijayavani Office	<p>We (Mr. Hegde and Mr. Kulkarni) met Mr. Srikanth Sheshadri, Special Correspondent who made the story. We also met Chief Editor Mr. Channe Gowda. We clarified many of their misconceptions. Mr. Srikanth asked for data/details which we have sent. We are confident that he would come out with some positive stories shortly.</p> <p>As we understand he did not have any agenda. He got some feedback from field / bankers and some district level women group who protested against microfinance.</p>
14	20.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	Bidar, Kalburgi, Raichur & Yadgir districts

15	20.05.2024	EC Meeting	Review meeting on Vijayavani article
16	20.05.2024	Kundagol village issue (Dharwad Dist.)	<ul style="list-style-type: none"> ➤ 20th May - Former MLA late Mr. C S Shivalli 's brother CS Muthanna Shivalli plans to conduct rally against MFI and Banks. Ring leader Smt. Laxmi and Mullahalli villagers supported him. ➤ 21st May - We talked to individual MFIs operating in that area. Told them to be gentle and empathetic in dealing with people. We need to take all precautions till monsoon sets in. We also had con. call meeting of AKMI members (IDF being Lead) operating in Dharwad. Told them to be watchful. Three- four senior members working there can think of meeting MLA' s brother and Police Inspector, if need be, depending on situation there. Got to know, Ex-MLA's brother had taken some loans through women group who are also party workers and they become ring leaders now. We have arranged through Lead for 2/3 boys to observe the protest and come back with details. This is money lenders case. We checked up with Lead MFI (IDF), as of now not linked to MFIs. ➤ 22nd May - We had con. call of MFIs (Dharwad). People protested have submitted memorandum to Tahasildhar and to some MFI offices. We have told them to observe COCs strictly (not to go for recovery after 6 pm, not to go for to door, behaving politely etc....). At least for few days (till mansoon arrives) field functionaries have to be vigilant. We don't expect much problem there. We spoke to LDM also.
17	27.05.2024	MFIN-AKMI District Forum Meeting (Online)	Vijayapura, Bagalkot, Koppal districts
18	28.05.2024	workshop on Credit risk management and Audit	<ul style="list-style-type: none"> ➤ AKMI workshop on Credit risk management and Audit at Hotel I V Sanctum, Bengaluru ➤ The workshop was inaugurated by Mr. Bhaskara Chakravarthy, GM Canara Bank and Deputy Convenor SLBC Bangalore. ➤ Dr Shantha Kumar K, Secretary AKMI was also present. ➤ The presentation was done by Team Ujjivan Mr. Sathyananda Prabhu, Head Audit and Mr. Rakesh Kalyanram, SVP Risk management. ➤ There was also presentation by SLBC team on Govt. schemes. The sessions were well received by participants.
19	28.05.2024	Visited Tiptur	Mr. Kulkarni met Mrs. Saptarshi V K, Asst. Commissioner, Tiptur & handed over AKMI Survey Report.

20	29.05.2024	MFIN-AKMI District Forum Meeting (Virtual)	Chamarajnagar, Ramnagara, Mysore and Mandya districts.
21	31.05.2024	CAGL 25 th Foundation Day	AKMI Ombudsman R V Kulkarni attended Credit Access Grameen's 25 th Foundation Day.



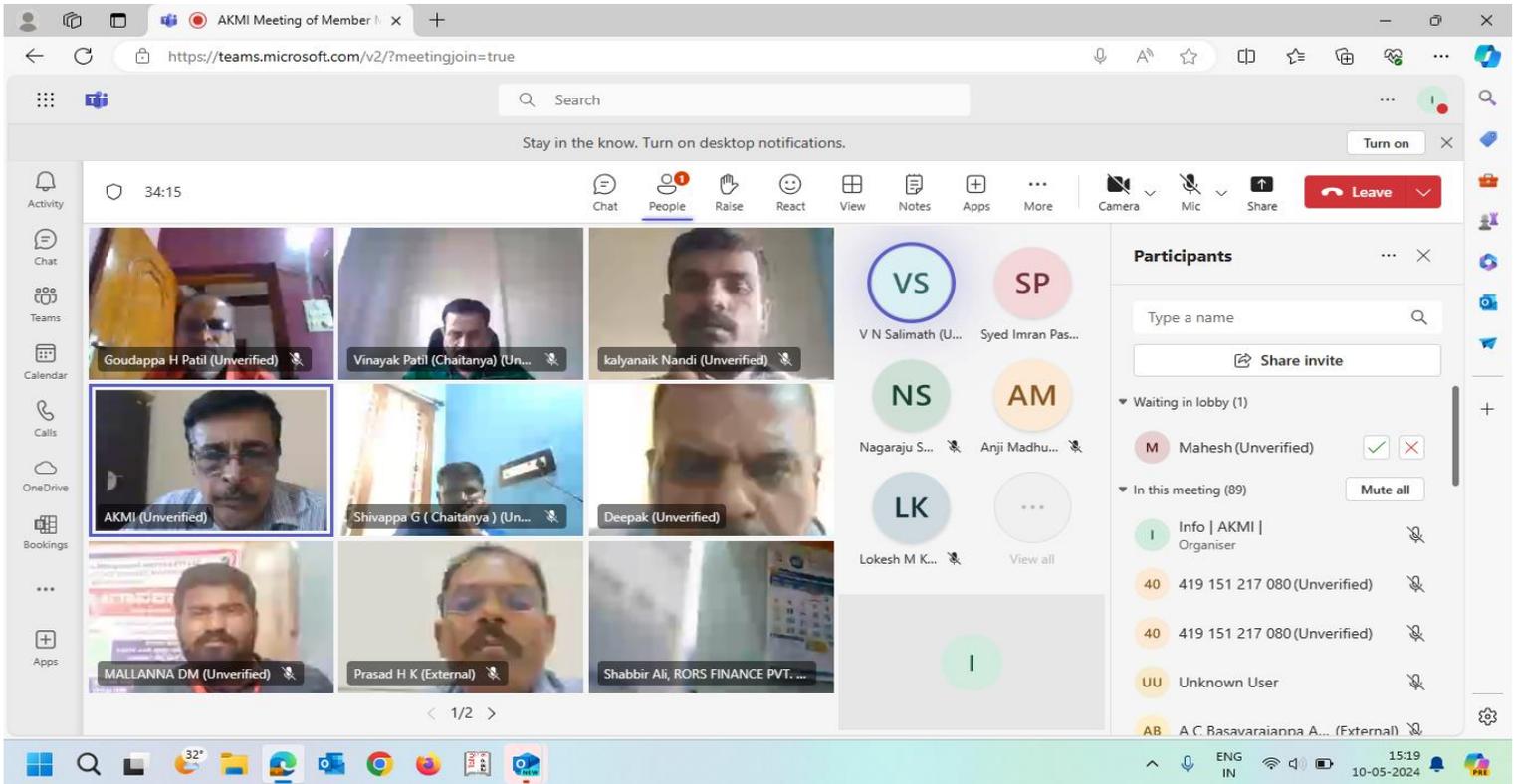
Meeting of operating MFIs in Tumkur presided over by Lead Bank AGM Mr. Prakash (SBI) on 08.05.2024.



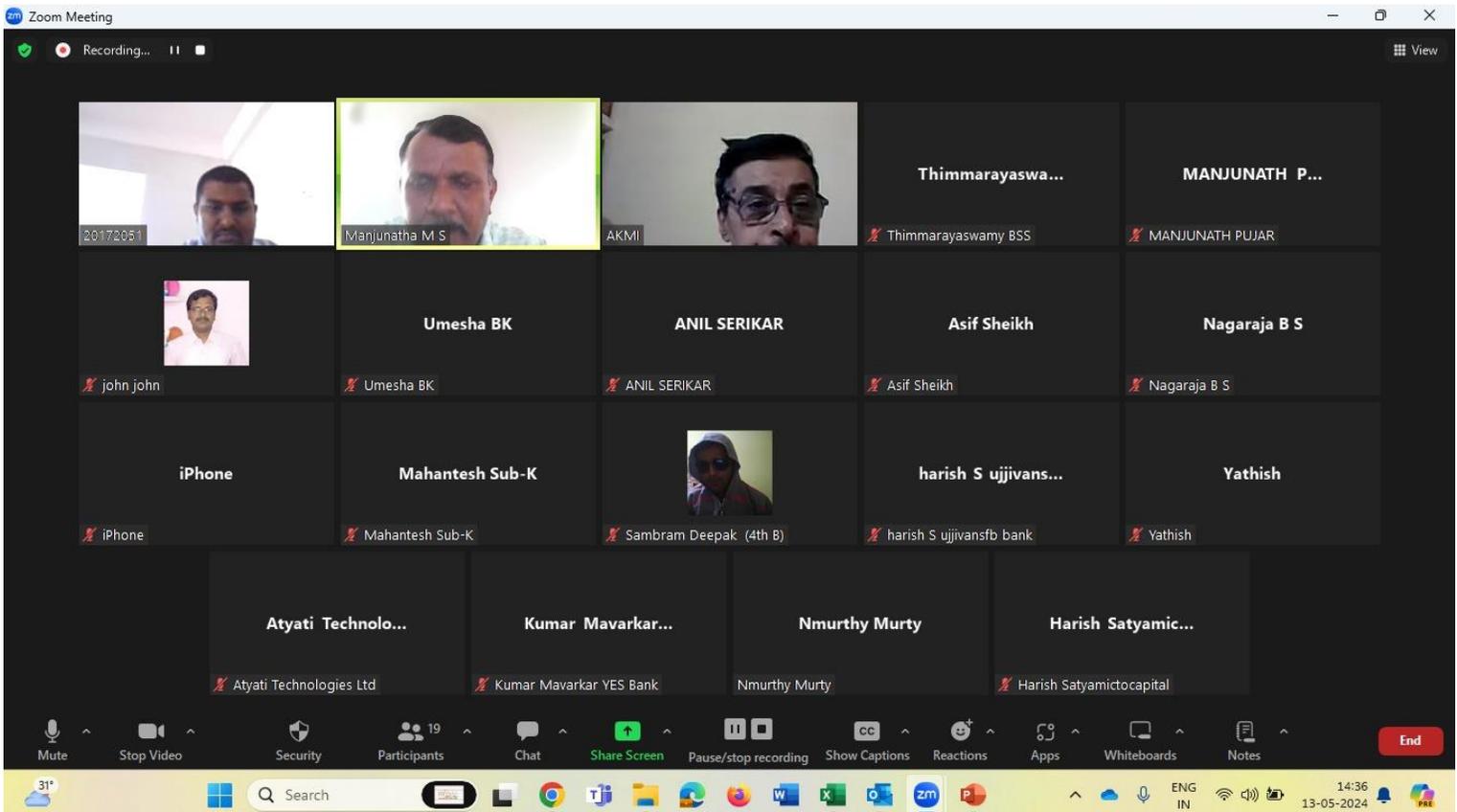
AKMI team Met Mr. Shivanand Karale, Additional Deputy Commissioner, Tumkur along with Mr. Karthik (Sa-Dhan) & Mr. Manjunath (MFIN) on 08.05.2024



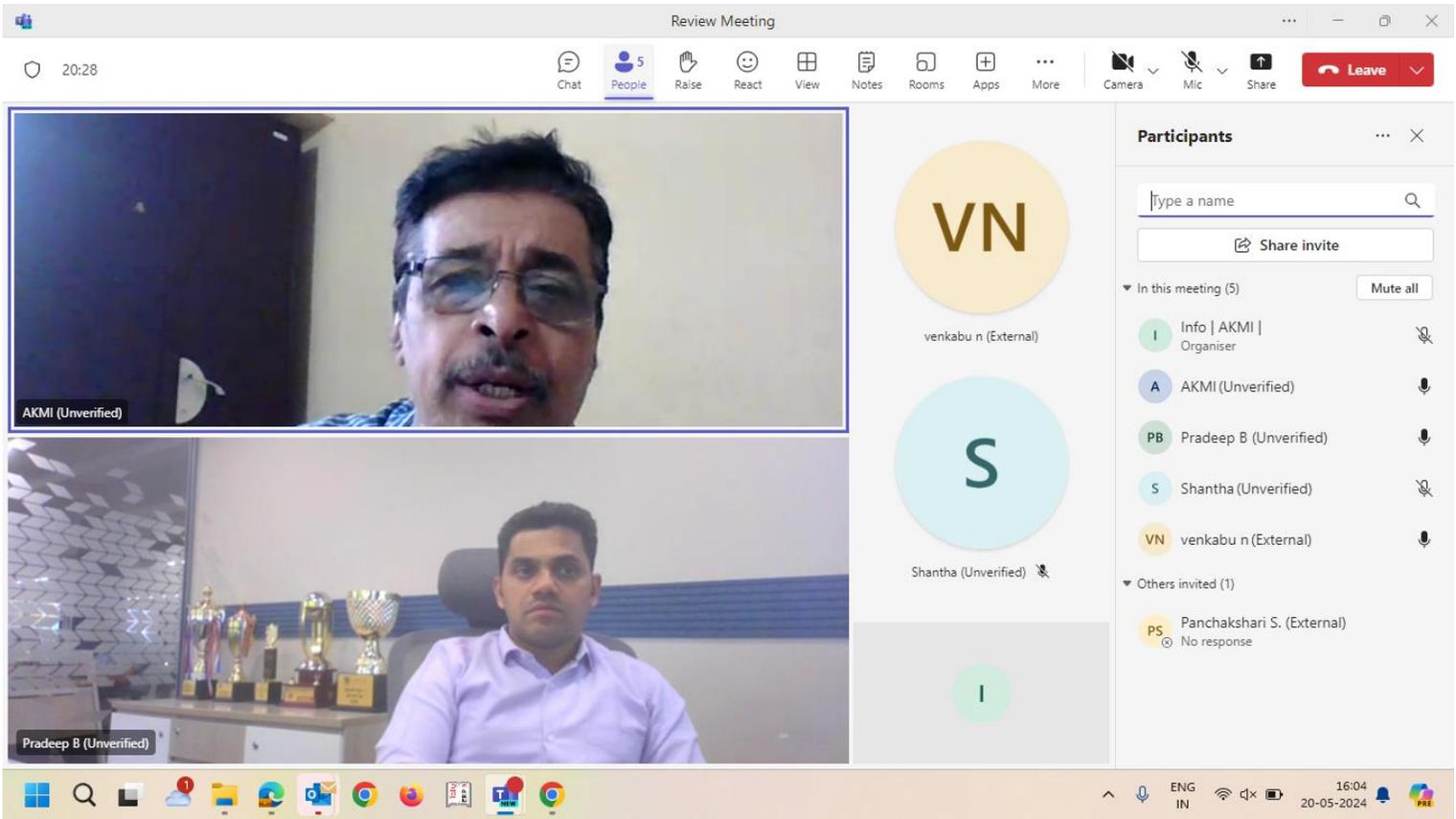
Attended Roundtable on Fintech-Financial Institution Partnerships, organised jointly by Sa-Dhan and IIM-A Ventures in Bengaluru on 10.05.2024



AKMI arranged Meeting for Member MFIs in view of the Tumkur DC order to stop collection of dues on 10.05.2024



MFIN-AKMI District Forum Meeting (virtual) covering Bengaluru Rural & Urban districts on 13.05.2024



EC meeting (Review) on 20.05.2024 – negative news in Vijayavani



Met Mrs. Saptarshi V. K. Asst. commissioner, Tiptur & handed over AKMI Survey Report on 28.05.2024





AKMI workshop on Credit Risk Management and Audit at Hotel I V Sanctum, Bengaluru on 28.05.2024.

Media publications during May - 2024 (Source- Google alerts)

- ❖ Small finance banks to seek RBI clarification on loan book diversification
Business Standard (02.05.2024)
- ❖ NBFC-MFIs **Industry** Set For Profitability Boost In FY2024 As Growth Remains Robust
BW Businessworld (06.05.2024)
- ❖ Siguler Guff Builds 240 Crore Stake in Spandana Sphoorty, a Leading **Microfinance** Lender
MSN (08.05.2024)
- ❖ **Microfinance Industry** Set To Cross Rs 1 lakh Crore Loan Portfolio: Report
BW Businessworld (11.05.2024)
- ❖ Muthoot Microfin Looking to Raise \$50 Million in ECB - Construction World
Construction World (11.05.2024)
- ❖ RBI Asks NBFCs to Stick to Gold Loan Cash Limit, Expert Weights In - MSN
MSN (12.05.2024)
- ❖ Back from the brink: How NBFC (MFIs) fought the battle against NPAs post Covid
The Financial Express (13.05.2024)
- ❖ L&T Finance aims at 25% CAGR, retail lending in focus - The Economic Times (16.05.2024)
- ❖ India's **micro-finance sector** offers vast opportunities to UAE investors: MFIN CEO
Gulf Today (18.05.2024)
- ❖ Fusion **Micro Finance** secures \$25 million loan from US International ... - The Financial Express (18.05.2024)
- ❖ Can MFIs successfully transition to digital banks? | The Business Standard (21.05.2024)

