3rd Financial Inclusion Conclave-2020

{A State Level Stakeholders' Meeting on Expanding Financial Inclusion in Odisha}

***Organized By*: OSAFII under the aegis of SIDBI-PSIG**

Date: 4th March, 2020 (Wednesday)

Venue: Hotel Swosti Premium Bhubaneswar, Odisha

Odisha State Associations of Financial Inclusion Institutions (OSAFII)

Vision

Establish an Inclusive & Sustainable Financial Society

Mission

To Create Enabling Environment for Financial Inclusion through Stakeholders Engagement.

***OSAFII operates as a member-based organization of various institutions that promote financial inclusion in Odisha by offering inclusive financial services to poor. It was established as a Trust in the year 2016. Started initially by seven homegrown institutions with the financial support of SIDBI-PSIG and technical assistance of ACCESS-ASSIST , it has now got 23 members in Odisha. The core intents of the association is to facilitate better coordination and synergy among various stakeholders and providethem a common platform to share their valuableexperiences. It worksfor strengthening the inclusive finance sector by addressing the state specific issues and challenges. OSAFII also helps strengthen the capacity of itsmembers& stakeholders on various thematic areas including on responsible finance, client protection principles, SPM etc. Most of its members are registered with RBI as NBFC-MFIs. They are also signatories of the Common Code of Conduct (CoC) of MFIN and Sa-Dhan &adhere to theFair Practice Code as stipulated by Regulatory/Apex Bodies* and SROs.**

Background:

Financial inclusion (FI) is the delivery of financial services in a simple and hassle free manner to the low-income segments of the society. In the recent times, this has become an integral part of most of the development programmes that are designed and implemented to promote inclusive growth among the poor communities. The Govt., RBI and other stakeholders have been taking various measures to promote and expand financial inclusion for the poor and excluded families in the country.Financial inclusion is very relevant to the state like Odisha. With a view to cover large number of poor households into the fold of financial inclusion, Odisha has taken a number of initiatives like creation of Mission Shakti, promotion of SHGs & their federations, providing financial and CB support to them, implementation of large scale projects with FI components etc. The SHG-Bank Linkage programme has been one of the most significant channels to deliver financial services to poor women in the state. NABARD and other key stakeholders including Govt line Depts, SLBC, Banks, RRBs, SFBs, MFIs, NGOs, BCs, SHPIs, CBOs etchave progressively achieved SHG-Bank linkage in a substantial manner and thereby help expand financial inclusion in the state.

Contribution of Microfinance in expanding Financial Inclusion:

With Financial Inclusion emerging as a major policy component in the country, microfinance through its inclusive financial services is seen as one of the promising tools to reach out to the unbanked populations. Delivered mainly by Banks, SFBs and NBFC-MFIs, through SHG and JLG models, microfinance has been able to reach out to a large section of people in the country/state .As per the MFIN Micrometre Report, the microfinance industry at pan-India level has got total loan portfolio of Rs.2,01,724 Cr and active loans accounts of 9.79 Cr as on Sept'2019. While the Banks collectively have got the largest share of the portfolio: 39% the NBFC-MFIs contribute 31.2% and Small Finance Banks (SFB) 17.3% to that.

The state of Odisha emerged as a potential microfinance market in the region and projected a rich diversity of models, practices, tools and products etc. The role of MFIs in providing the financial services for poor has been quite encouraging, especially in terms of their outreach and service delivery at the door steps of members. As reported, about fifty financial institutions including NBFC-MFIs work in Odisha and offer diversified financial services such as micro credit, micro insurance, pension services etc to poor.Collectively they cover most of the districts in the state and reached out to about 30 lakhs members with gross loan portfolio of around INR 6000 crores as on Sept'2019. The support from SIDBI, Banks, investors etc to MFIs has been quite helpful to reach out to poor clients and meet their credit needs in the state. Having availed the loans from these organizations, members utilize that for various economic and income generating activities to enhance their household income.OSAFII members also undertake credit plus activities related to Water & Sanitation, Health, Education, Rural Housing, Non Conventional Energy, Social Forestry etc. Additionally, they also take up Emergency Relief measures for affected people during natural calamities and lend helping hands to Govt. Apart from providing relief materials to affected people, OSAFII members contributed about Rs. 33 lakhs to Odisha Chief Minister Relief Funds, for cyclone-FANI victims in the state.

1st FI Conclave:July'2017

Chief Guest: Mr. H.R. Khan,
Former Deputy Governor, RBI

2nd FI Conclave: March' 2019

Chief Guest: Shri. Praful Samal, Hon'ble Minister-WCD and MSME, Govt of Odisha

SHG Convention-Nov'2019

Chief Guest: Dr. Saurav Garg, IAS, Principal Secretary, Agri Dept, Govt of Odisha

Key Issues &Challenges:

Reaching out to all households with inclusive financial services has, however, been a challenging task in Odisha mainly because of its geographical spread and inadequate infrastructures, especially in the rural, remote and hard to reach areas. The sector has yet to fully address the issues of scale and depth in the state. Regional skew in terms of FI coverage is experienced. Growing NPA in SHG portfolio has been a serious concern. Due of that some banks seemed to be not very keen to lend SHGs with bigger size loans. Coverage of micro-insurance and pension services for poor is also not very encouraging.Odisha has huge pockets of unbanked villages/centres. Inadequate infrastructure including rural connectivity and power supply has been considered as one of the major issues in opening bank branches.The BCs too feel constrained to operate effectively due to that.

Odisha State Association of Financial Inclusion Institutions (OSAFII):

With a view to strengthen coordination among all stakeholders the MFIs in the state formed an association called 'OSAFII'. Since its inception, OSAFII has been undertaking various sector building initiatives including organizating the state level financial inclusion conclaves in Odisha. It has already successfully organized 02 Conclaves and 01 SHG Convention in which delegates from different parts of the state took part and deliberated on various thematic areas. Based on the experience gained and sectoral, OSAFII has planned to organize its 3rd FIConclave on 4th March'2020 at Hotel Swosti Premium, Bhubaneswar, Odisha.

Key Objectives & Format of the Conclave: Its key objectives include;

- facilitate and provide a common platform for all stakeholders to deliberate on financial inclusion and expanding that further in the state of Odisha.
- identify and prioritize issues faced while extending inclusive financial services for poor and low income group people and suggest suitable measures to resolve that
- explore and build collaborative efforts among key stakeholders including Govt, Apex Bodies, Banks, MFIs, BCs, NGOs, CBOs, industry associations etc for creating increased livelihoods opportunities for poor and sustain that in the process.

The Conclave is going to attract around 300 Delegates from across the state. Representatives from Govt line Depts, RBI, NABARD, SIDBI, SLBC, Banks, RRBs, SFBs, NBFC-MFIs, BCs, NGOs, CBOs, Cooperatives, Industry Associations & SROs-MFIN & Sa-Dhan, Academic & Training & Research institutions are expected to participate in the event. The conclave will look at full diversity of issues and challenges that impede and advance the financial inclusion initiatives in the state. Besides inaugural and valedictory sessions, the conclave will also have technical sessions and deliberations would focus mainly on policy environment related to financial inclusion, women empowerment, financial capability, sustainable livelihoods etc.A state specific Inclusive Finance Status Report will be also prepared and presented in the conclave.

Technical Session-I: Reaching out to the last mile and excluded clients through inclusive financial services: Issues, Challenges & Way forward.

Technical Session : II- Accelerating Inclusive Growth through Financial & Livelihood Services for Poor: Role of various Stakeholders

Delegates in SHG Convention-2019

Indicative Agenda of Conclave-2020

Time	Key Activity
9.00am-10.00am	Registration
10.00am-11.30am	Inauguration Session & Sharing of IF Status Report
11.45am-1.00pm	Technical Session-I
1.00pm-2.00pm	Technical Session-II
2.00pm	Lunch
3.00pm-4.00pm	OSAFII Members' Meeting

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