

WORKSHOP ON COMPLIANCE WITH RBI GUIDELINES FOR MICROFINANCE SECTOR TO BE ORGANIZED BY



Date: 10th March 2012

Venue: Bandhan School of Development Management

Association of Microfinance Institutions - West Bengal (AMFI-WB), a self-regulatory organization representing the collective force of community microfinance organizations having footprints in West Bengal, ideated a workshop aligned with the theme “*Compliance with RBI Guidelines for Microfinance Sector.*” The workshop was convened on March 10, 2012 in the premises of Bandhan School of Development Management, Rajpur.

The purpose behind organizing the workshop was to re-orient the MFIs operating in West Bengal to the new RBI regulations in order to facilitate compliance with the revised guidelines in executing their micro credit operations through a discussion with various stakeholders. Participation came from heads and senior executives of microfinance institutions having presence in West Bengal. There was representation from regulators and auditors as well. Deliberations by eminent resource person’s viz. Ms. Mary A. Muckaden, AGM, DNBS, Reserve Bank of India, Ms. Surekha Gracias, Partner, S. R. Batliboi & Company, Mr. A. R. Samal, General Manager, SIDBI animated the proceedings and enlighten the participants.

The workshop began with an introduction of each of the eminent resource persons and speakers present in the dais containing Ms. Mary A. Muckaden, AGM, DNBS, Reserve Bank of India, Mr. R. Sinha, Manager, DNBS, Reserve Bank of India, Ms. Surekha Gracias, Partner, S. R. Batliboi & Company, Mr. A. R. Samal, General Manager, SIDBI, Mr. Debashish Roy Chowdhury, CEO, Bandhan Konnagar and Mr. John Mayne, MD, Anjali Microfinance, and each was presented with bouquets.

The list of participants is given below:

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The first resource person Ms. Suerkha Gracias began the first session which was on “Recent Developments in Microfinance Sector” where the circulars of May 3rd 2011 and December 2nd

2011 were discussed clause by clause, also the Regulatory Framework for NBFC – MFIs along with Amendment to operations were taken up. The impact of these circulars was also discussed at length. This entire presentation posed various questions from the participants consisting of NBFCs as well as NGO – MFIs to RBI as well as Ms. Gracias regarding certain ambiguity faced while implementing the circular and thus, clarification was gained regarding the same. RBI answered some of the questions satisfactorily, about non NBFC-MFIs were requested to follow the RBI Circular till further decision came out on their behalf. RBI understood the problems regarding certain ambiguity in the Circular and the validity of the questions rose by the participants and Ms. Gracias and thus promised to look into it.

The workshop provided a timely interface for all the stakeholders of the sector in the next session of panel discussion as they discussed about issues pertaining to RBI guidelines in an interactive manner and also looked for certain clarifications. The panelists were: Ms. Mary A. Muckaden, AGM, DNBS, Reserve Bank of India, Ms. Surekha Gracias, Partner, S. R. Batliboi & Company, Mr. A. R. Samal, General Manager, SIDBI and Mr. Chandra Shekhar Ghosh, Secretary, AMFI – WB. Certain important aspects emerged out of the discussions on the specific question on what the association as a body can do to act as a cohesive unit to stop the mal practices in the microfinance sector: Some of the answers given were:

- MFIs should orient their focus on submitting information to Credit Bureaus to prevent multiple lending and AMFI can be instrumental in negotiations.
- There is a necessity develop a master trainer on behalf of each MFI so that the training on RBI guidelines can percolate down to grass-root level managers too. In other words the awareness has to be raised at all levels in MFIs.
- AMFI WB can also play a role by recommending institutions which are compliant with guidelines for funding.
- Further a meeting in the context of the present workshop can be kept in the following months pertaining to the new balance sheets.

Mr. Samal stressed on the adoption of 3Cs on the part of MFIs: connection with borrowers, compliance with norms and constructive engagement for betterment of poor people. This will give impetus to sustainable growth in the long run.

The vote of thanks was given by Mr. Kuldip Maity, MD, Village Financial Services Pvt. Ltd., who raising the voice of the crisis faced by the MF sector, requested for a better environment in the form of trust and further disbursement to the regulators and finally he ended his discussion by thanking each of the resource persons and participants who took the time to come and thus participate in this enlightening discussion.

FEEDBACK –

- This workshop was filled with interaction and lot of discussion also took place among the participants and the resource persons.
- Most participants felt the session by Mr. A. R. Samal, General Manager, SIDBI, to be most informative and motivating.
- The session liked by most of the participants was the panel discussion between the practitioners and resource persons. Many of the participants could comprehend and grasp the presentation made by Ms. Surekha Gracias, Partner, S. R. Batliboi & Company.
- Many of the participants through this platform got direct opportunity to resolve their quarries regarding the circular from the regulators themselves.
- The participants were so motivated that they wanted to have such workshop in a quarterly basis.
- Some of the participants felt the need for the regulators to be more vocal pertaining to certain issues regarding the circulars.

The workshop was held at Bandhan School of Development Management, Rajpur and its arrangement was absolutely exceptional. The training centre is at an open place, the Morning Prayer is conducted over there after hoisting our national flag. The cafeteria inside the centre is clean and hygienic where the arrangement is based on self service.

As this is the first workshop being conducted by AMFI – WB, it is open to a lot of improvements. Thus, our inaccuracy in certain matters may be kindly overlooked and we learn to not repeat such imprecision in our future endeavors. We have received active support and participation from each of our organizations where the CEOs have themselves participated and where the heads could not, they have sent their senior executive on their behalf. SIDBI has come to our assistance and being our prime sponsor has given us its support and cooperation in every matter or else this workshop would have not been possible. The balance amount of expenditure will be managed by the AMFI members of West Bengal.