

# **Promoting Financial Inclusion using Community platforms (PFICP)**

## **Insights, Impact, and Challenges**

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Project Duration:

Phase 1: August 2019 to March 2024

Phase 2: October 2024 to October 2027

# Project overview

PFICP intends to economically empower **one million women** in phase 2 through the scale-up of three successful initiatives from phase 1:

- Enterprise financing and support through digital lending platforms
- *Ujjwala Sakhi* initiative
- Ensuring the sustainability of BC *Sakhi*

## The problem it seeks to address and its significance

- A lack of big-ticket enterprise loans, cattle insurance facilities, and credit bureau reporting facility
- Health hazards and less productive time for women
- Limited financial access in rural areas

## Innovative practices or unique approaches introduced

- Innovative practice of checking creditworthiness using alternative data including stocks, past performance in SHG (Enterprise finance), product development (Invoice financing)
- Collaboration with SIDBI, MoHUA (PM SVANidhi), PSBs, NRLM to support on enterprise financing
- Use of cattle insurance for enterprise financing; Introduction of new cadre (*Ujjwala Sakhi*)
- Introduction of Grameen CIBIL (credit scoring tool for SHG members)
- Collaboration with private players (OMC, general insurance, credit bureau)
- Thematic areas – a) Productive credit, b) Asset ownership and financial resilience, c) Strengthening digital channels

## Stakeholders

NRLM (MoRD),  
MoHUA, MoPNG,  
RBIH, SIDBI,  
JEEViKA,  
UPSRLM, OMCs,  
banks and market  
aggregators

## Geographies

- Pan India –  
Enterprise  
financing and  
*Ujjwala Sakhi*  
initiative
- Uttar Pradesh  
Sustenance of  
*BC Sakhi*

# Project Outcomes Achieved (incl WIP) – as of September 2024

## Enterprise financing

- Piloted in 8 blocks and refined the enterprise financing model, processes and collaterals
- During pilot, we facilitated access to big-ticket enterprise credit for rural women entrepreneurs (WEs). Initiative resulted in sanctioning more than >1200 loans worth USD 2.2 million. These loans led to a 66% increase in profits and a 54% increase in revenue for women-owned enterprises.
- Following the acquisition of cattle loans through enterprise finance, women dairy farmers reported an average revenue increase of 72%.

## Ujjwala Sakhi initiative

- Enabled over 425,000 LPG refills and disbursed 12,500 Ujjwala loans.
- This effort has reduced carbon emissions by 18.9 kilotons and prevented deforestation on 254 hectares.
- Benefiting around 125,000 households, it has unlocked a cumulative income potential of USD 12 million by saving productive time for rural women, previously spent on cooking and biomass collection.

## BC Sakhi sustenance

- Operationalized more than 39,000 BC Sakhis in Uttar Pradesh using tech-led solutions. Till date these BC Sakhis have serviced 55MN adults with access to financial services in rural UP.

# Key Learnings and Insights

## Things that worked

### Enterprise financing:

- Success will depend on factors- i) registration of WEs ii) introduction of cattle and stock insurance, iii) inclusion of WEs (SHGs) in credit bureau, iv) use of technology for scale up.
- Non-financial support is equally crucial for the growth of WEs as it complements income increase and enhances the likelihood of successful loan repayment
- Use of alternative data in credit assessment of WEs is quite critical

### Ujjwala Sakhi:

- Integrating previously isolated elements— SHG-level loan facilities, and LPG distribution—into a unified platform to co-create solutions

### BC Sakhi:

- Technology-led solutions are crucial for onboarding and selecting BC Sakhis.
- Partner bank assessment is imperative before the onboarding process

## Challenges

- Bureaucratic delays
- Limited capacity and resources at SRLMs
- Technological gaps

### **What could have been done differently?**

- Leveraging the use of technology in implementation and monitoring

# Opportunities for collaboration

## Emerging opportunities

- Enterprise Development: Development of **Growth Centers** in collaboration with MoRD and NSDC for strengthening cluster based enterprises (Non-Farm) through skilling and capacity building, market linkages, formalization of enterprises, digital transformation, enterprise management, access to central and state government schemes etc.
- Strengthening Value Chain Financing for SHGs: Build partnerships with private sector companies to integrate group enterprises into supply chains and provide financing for inputs, processing, and distribution. These efforts can be supplemented by capacity building to enhance groups' ability to meet market standards.
- Engage with BMGF partners to collaborate with their existing programs to achieve greater impact

## **Support needed**

### Stakeholder Engagement

- Support in building partnerships and collaborating with key stakeholders, including BMGF partners and government agencies

# Team Information

**Abhishek Anand** is a Partner at MSC. With more than 17 years of experience, he is a seasoned expert in project management and delivery of technical assistance and specializes in the development of strategy and strengthening of delivery systems.



**Dr. Ravi Kant** is an Associate Partner at MSC. With more than 15 years of experience, Ravi specializes in project management, community finance and livelihood, strategy, lending products, market research, institutional assessment, product development, individual lending, and pilot testing.



**Ruchika Mehra** has over 15 years of experience in the banking and financial services industry across digital lending, corporate banking, capital markets, branch banking, and wealth management. She has worked with banks and financial institutions in India and Singapore.



**Prachi Mishra** is a Consultant at MSC. Prachi is a development professional with more than 10 years of experience with NRLM. Prachi specializes in institution building, community strengthening, financial and social inclusion and capacity building in SHG ecosystem and cadres.

