

## SIDBI National Microfinance Congress - 2018



**Mr. Brahmanand Hegde**  
Executive Vice Chairman (EVC)

The MSME, microfinance and mass market sector has grown to occupy center stage in financial inclusion in the last few years.

The changing landscape of microfinance sector, moving from MFIs to SFBs/ Banks and requirement of stepping up from microfinance to microenterprise lending has set new expectations.

With this backdrop, the **SIDBI National Microfinance Congress 2018** was held on Oct 26-27, 2018 at New Delhi which focused on emerging challenges in the MSME & Microfinance Sector. The Congress was attended by about **300** participants from MFIs, SFBs, Banks, RBI, Ministry of MSME, DFS (GoI), microfinance Practitioners and Academicians. **Mr. Brahmanand Hegde, EVC, Vistaar** was a panelist discussing '**Challenges for Going beyond Microfinance & Serving Missing Middle Segment**'.

He said, "In order to scale up the **MSME** financing business, the most important aspect is addressing the various challenges faced by MSMEs today. On the institution side, risk management, cost to serve & use of technology will drive the sustainability of the lending organizations.

Firstly, considering the **Risk Management** aspects, it is important to go beyond credit risk and consider addressing geographical risks, operational risks as well as market risks to build a sustainable business model.

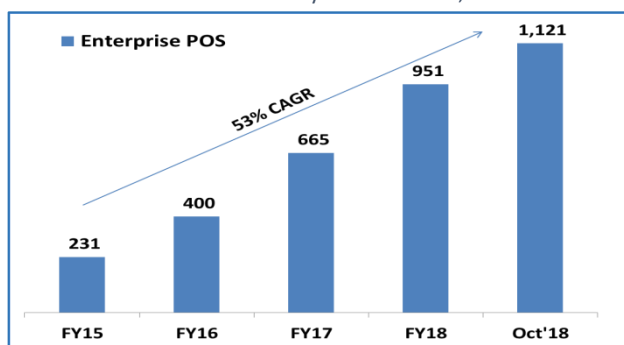
Secondly, cost to serve is critical, as most of the **MSME** loans are small and it is important to build processes which will help to deliver MSME loans in a cost efficient manner. Depending upon the segment and market, the cost to serve ratio of **2-6%** is manageable. Technology can play a big role, both in reducing the operational risk as well as optimizing the cost to serve."

He further stated that, "A well-structured credit guarantee scheme from SIDBI/GOI, will help the lenders to take more prudent risks to increase the outreach of credit in **Tier2 to Tier4** unserved and underserved markets and increase the credit flow to this segment".



### Focus on Enterprise Portfolio

The core focus of **Vistaar** is on **Enterprise Sector** which is the **Missing Middle** segment consisting of a variety of thriving small businesses. Our Enterprise portfolio is growing at **CAGR** of **53%**. Our disbursements are growing month on month and with a good degree of buoyancy in the market and with the busy season ahead, the outlook is bright and promising.



### Snapshot - Oct, 2018

States	14
Branches	224
Districts	152
Customers	38,475
Employees	2,036
Disbursements (YTD) (₹ Crs.)	445
Enterprise POS (₹ Crs.)	1,121
Portfolio (₹ Crs.)	1,356