

The Transparent Pricing Initiative in India



The *Transparent Pricing Initiative in India* was launched in April 2010 with a series of workshops held in New Delhi, Kolkata, Hyderabad, Bangalore and Chennai. These workshops were attended by a range of industry stakeholders including microfinance institutions, banks, donor institutions, apex bodies and other stakeholders. MFTransparency is working on the *Transparent Pricing Initiative in India* in partnership with ACCESS Development Services and with the support of NABARD, SIDBI, the Microfinance Institutions Network (MFIN), Citi Foundation, Standard Chartered Bank and the Michael & Susan Dell Foundation.



Through this *Initiative*, MFTransparency seeks to raise awareness about issues of transparent pricing in the microfinance sector through the following combination of activities:

Data Collection

MFTransparency will collect pricing data on microloan products offered in India. This data will be available on the MFTransparency website in graphical and tabular form. The product pricing data will be accompanied by descriptive information and analysis to ensure that the information is understood within the specific context of the local market.

Training on Pricing Transparency

MFTransparency will conduct training seminars for MFIs, bankers, apex bodies and government officials. These seminars will provide participants with training on the pricing curve for microfinance loans and generate discussion on the potential impact of various regulations on client protection and access to finance for the very poor.

Development & Dissemination of Educational Materials

MFTransparency will develop training materials for MFIs, donors, investors, regulators and government officials. Each set of materials will aim to address issues related to pricing transparency, tailored to the specific needs of each stakeholder group. We will produce background notes and analytic reports that will explain the unique price curve for India's microfinance sector.

By collecting data on prices for microfinance loan products, MFTransparency will provide an important service to an industry lacking a mechanism to ensure accurate reporting. This work addresses a fundamental component of client protection by enabling consumers to make better-informed decisions. It also helps facilitate a healthy free market in which fair competition on microloan pricing is possible. MFTransparency focuses on the training and education of a broad range of stakeholders to create an environment in which transparency leads to a strengthening of the local microfinance industry. Through the *Transparent Pricing Initiative in India*, MFTransparency seeks to promote sustainable microfinance and expand access to responsible microfinance services.

Update on the Indian microfinance sector

- A proposed Microfinance Bill has been under consideration by the Government of India since 2007 which aims to regulate and set standards for the microfinance sector.
- Several leading microfinance organizations have been involved in the development of a Code of Conduct, which seeks to promote good governance and consumer protection.
- Many senior microfinance practitioners have received training in quality management practices, which also contributes to improving standards in the sector.
- Institutions concerned with the quality of their microfinance operations have obtained certification from the International Organization for Standardization (ISO).

If you are interested in participating in the India Transparent Pricing Initiative in India or would like more information please visit www.mftransparency.org or write to india@mftransparency.org Thank you.