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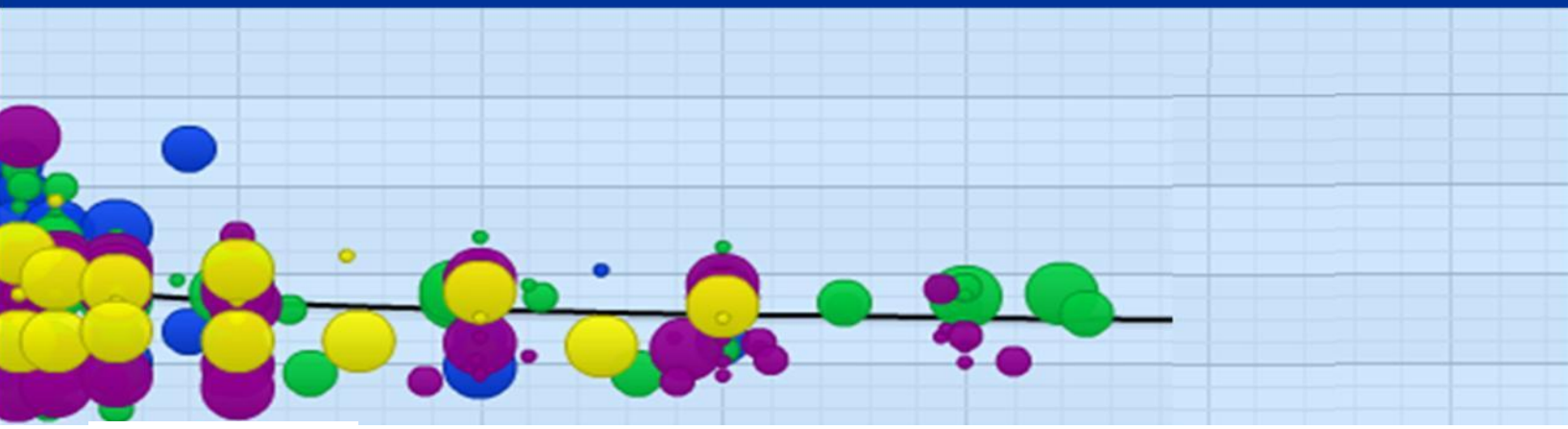
Promoting Transparent Pricing in the Microfinance Industry

PRICING DATA REPORT

TRANSPARENT PRICING INITIATIVE IN INDIA

26 January 2011



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MF*Transparency* would like to extend a special thank you to Standard Chartered Bank, lead sponsor of the *Transparent Pricing Initiative in India*. We would like to recognize the important role that Standard Chartered Bank played in moving this project forward in its very earliest stages. Standard Chartered Bank was the initial funder of the *Initiative* and was instrumental in bringing together the funding consortium.

DATA LAUNCH CONFERENCE

MF*Transparency* will host a national conference to formally launch the India market pricing data on February 25, 2011 in Mumbai. Conference participants will include a range of industry leaders. Please contact Jordan Filko at jordan@mftransparency.org for more information.

LIVE PRICING DATA

The full India pricing dataset on which this report is based is available on the MF*Transparency* website at www.mftransparency.org. The live data site features an interactive graph with filter capabilities as well as data by institution and product.

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FORWARD FROM MF*TRANSPARENCY*

This is an historic moment for MF*Transparency*, for microfinance in India, and for microfinance in the world. Never before has accurate pricing information for so many clients been publicly available. **Our data set contains pricing information from 82 Indian MFIs, representing US$4.5 billion in loans to 27 million clients, over 90% of whom are women.** In terms of the approximate, known total market activity, this represents approximately 77% of active borrowers and 80% of the total gross loan portfolio.[1]

Product prices are fundamentally important with any product, and more so with financial products sold to the poor. With transparent pricing information, better decisions are made by all stakeholders, and with the information now accessible from www.mftransparency.org, better decisions will be made in India.

MF*Transparency* would like to thank the sponsors Citi Foundation, the Michael & Susan Dell Foundation, Standard Chartered Bank and the Microfinance Institutions Network (MFIN) for their support and encouragement to launch MF*Transparency*'s *Transparent Pricing Initiative in India*. Without their support this project would not have been a success. We give particular thanks to Standard Chartered Bank, who not only was the initial funder of the *Initiative*, but also played a key role in bringing together the broader funding consortium. The *Initiative* very possibly would not have moved to implementation without the encouragement and support SCB's team provided in the early stages.

We are also very pleased with the support and interest we have received from the College of Agricultural Banking (CAB) and the Reserve Bank of India. We are looking forward to our workshop together in February 2011, which CAB has graciously agreed to host, as an opportunity to have a deeper discussion about the data and its potential for informing policy. It is very important for this initiative to have the support of a wide variety of international and national stakeholders in order to ensure that the initiative adds value to the sector, and both CAB and the RBI have played their roles in giving this project meaning.

We are also grateful to ACCESS Development Services for their operational support and for serving as a strong anchor for the *Initiative*. We are particularly thankful to Vipin Sharma and SP Mishra for their vision and commitment to the project's success.

MFIN leaders were also instrumental to the implementation of the *Initiative*. Their support was especially critical during the data collection phase in ensuring strong participation levels among their membership.

We are grateful to the Institute for Financial Management and Research (IFMR) for their partnership in helping to organize and publicize our launch workshop in Chennai. We were extremely pleased with the wide participation we received thanks in large part to their support. We would also like to thank the UN Solution Exchange Microfinance Community of Practice for serving as our outreach partner to help in spreading the word about the *Initiative* when we were launching the project in April. Last but not least, we would like to thank the

[1] These market share figures were compiled primarily using data from the MIX market. As the true scale of the Indian microfinance market is unknown, these figures are approximations.

participating MFIs for their time, dedication and enthusiasm. The *Transparent Pricing Initiative in India* could not have been a success without the wide support and participation of more than 80 MFIs in India. We look forward to continuing the dialogue and partnership with all Indian MFIs in promoting transparency and consumer protection in India.

Chuck Waterfield
President & CEO
MF*Transparency*

Narasimhan Srinivasan
Board Chair
MF*Transparency*

FOREWORD FROM ACCESS DEVELOPMENT

Once it established itself as a sustainable strategy that impacts the poor, the microfinance sector, globally, has grown at a blistering pace. Much over a 100 million poor benefit from the access to financial services that is now available through the models and mechanisms devised by the sector. However, in the last one decade, considerable debate has been raised on the issue of pricing of microcredit loans. While we have no global benchmarks on "appropriate" pricing of loans, given great variations between regions and countries, seemingly, the rates that the sector charges to clients is seen as high. Given the new momentum towards client protection, a new dimension added to the debate and discussions is the issue of "transparency". Does the client know how her loans are priced? The MF*Transparency* initiative, started two years back, is a very welcome response to the industry concerns on transparency in pricing, and ACCESS feels privileged to collaborate and house this initiative within India.

Particularly in India, where there is duality of distribution channels for delivering microcredit, the concerns on pricing are seriously threatening the sector's rationale. While on the one hand, there is a comparison between the rates at which poor self-help groups get their loans from bank branches under the Linkage banking programme and the rates offered by microfinance institutions to their clients, on the other hand, there are concerns on the hidden costs that clients are unaware of, while accessing loans from MFIs. While not attempting to prescribe the reasonability of rates at which clients should get loans, the MFT initiative supports an effort to analyze the true costs charged by different MFIs and other providers and share them at a sectoral level for institutions to compare their rates with other institutions, for policy makers to track pricing trends and also to allow global comparisons within the sector. The MFT initiative informs and influences both the "responsible pricing" as well as the "client protection" movement, increasingly gaining momentum in the Sector. In some manner, it also traces trends in commercialization of the sector.

It was very timely that MF*Transparency* has launched its *Transparent Pricing Initiative in India* which, I'm sure, will ensure the availability of verifiable pricing data of Indian MFIs according to globally accepted standards. This will be the first time in the country when such a rigorous and extensive research has been carried out on pricing transparency, having participation of MFIs from every region of the country, representing approximately 80% in terms of market share. The information this initiative envisages to generate is vital. It will be relevant to all the

stakeholders in the sector including the microfinance client, policy makers, regulators, donors, investors, researchers and the MFIs and will enable them all to make informed decisions in their respective functions.

ACCESS, since its inception, been focused on undertaking diverse initiatives that support the growth, knowledge development and sustainability of the microfinance sector in India. Our association with the MicroFinance Transparency in facilitating the *Transparent Pricing Initiative in India* is core to the mandate and strategies of ACCESS. It has been, and continues to be a privilege to provide support to MicroFinance Transparency in establishing its secretariat at our head office in Delhi and in reaching out to different stakeholders.

The overwhelming positive response of the MFIs in this voluntary initiative is a testimony of its success. I would like to thank the participating MFIs for their active engagement in this initiative and would also urge that the sector should look at this as an ongoing initiative that will require continuous effort of the participating MFIs to periodically update their data.

I hope the findings of this initiative and the live pricing data of India along with that of the other countries available on the MicroFinance Transparency's website will help different stakeholders not only in the context of India but globally as well.

Vipin Sharma

CEO, ACCESS Development Services, New Delhi

PRICING TRANSPARENCY

This section provides an overview of the importance and major components of pricing transparency, as well as how MF*Transparency* is leading the industry movement for transparent pricing.

THE IMPORTANCE OF PRICING TRANSPARENCY

While microfinance has been operational in India for several decades now, it was relatively unknown globally until several years ago. As microfinance came into the public eye, for the most part it was widely respected as a tool for helping the poor. The microfinance industry as a whole has developed and matured at a rapid pace in recent years, with some milestones meeting with international criticism. As microfinance institutions have made progress toward becoming financially sustainable, some have questioned their continued success in remaining fully committed to their social mission. The industry's vulnerability to negative perception is exacerbated by the fact that there is little explanation or understanding of pricing in microfinance. The current situation in the international microfinance industry demonstrates, more than ever, the importance of pricing transparency.

Shouldn't the same principles of transparent pricing applied within the commercial finance industry in many countries also apply to the microfinance industry?

THE NEED FOR TRANSPARENCY

Many leaders have described the current situation in microfinance as a "mid-life crisis." The next stage in the growth of the industry will require a new level of understanding and openness about the costs of lending in small units and transparent communication of the prices charged to cover those costs. In India, Mr. Vijay Mahajan of BASIX has said that "the coming decade will decide the fate of the sector, deciding whether microfinance will reduce poverty or if it will be subjected to further criticism."[2] Particularly in India, the microfinance sector has developed and matured to a stage where it is able to demonstrate that commercial microfinance is not always synonymous with exploitation. However, transparent pricing is a necessary ingredient in proving that commercial microfinance can truly be pro-poor.

Due to the challenges of interpreting and comparing prices of financial products, regulations require commercial lenders in many countries to state true product pricing using standards such as the APR (Annual Percentage Rate) formula mandated forty years ago in the US Truth-in-Lending Act. Such laws were enacted to help consumers make informed decisions between loans that seem comparable but in actuality have very different prices. We currently have the same disparity in the microfinance industry that existed in the US prior to Truth-in-Lending laws. For example, a quoted interest rate of 3% per month can result in an APR between 36% and 96%,

[2] Interview conducted by Microfinance Insights, host publication for Srijan 2010

and beyond. An important question for us to consider is: Shouldn't the same principles of transparent pricing applied within the commercial finance industry in many countries also apply to the microfinance industry?

Pricing transparency is essential to well-functioning markets, promoting efficiency, healthy competition, and better prices for millions of poor people. However, obscure pricing in the microfinance industry has proliferated in the absence of a strong regulatory framework for microfinance. Without an established, independent credit bureau, the microfinance industry needs to develop policies to promote stronger industry-driven consumer protection. In the current context, there is an urgent need to remove distrust and suspicion related to interest rates.

UNDERSTANDING TRANSPARENT PRICING

There are four key points to focus on when addressing pricing transparency:

1. ***Interest rates vary significantly relative to loan size, making transparency difficult.*** Because the cost of providing a micro-loan is relatively similar for all loan sizes, the smaller the loan the higher a percentage of the loan amount this cost constitutes. Therefore, microfinance institutions (MFIs) with a goal of financial sustainability must charge higher prices, as a percent of the loan amount, to cover the costs of that loan. Often, the result is that MFIs charge the highest rates on the smallest loans, frequently targeted to the poorest clients, which many may perceive as an unethical aspect of microfinance.

2. ***We operate in an industry where non-transparent pricing is common.*** Non-transparent pricing is practiced for many reasons which can include gaining a competitive edge, masking inefficiency and operating within a policy framework that is not effective in addressing pricing transparency. Another contributing factor is the challenge of explaining why MFIs need to charge higher interest rates than the commercial sector, and to charge the *highest* interest rates to the *poorest* clients. The easier alternative in some cases has been to use non-transparent pricing. Microfinance organizations often use a confusing set of pricing mechanisms, such as employing "flat" monthly interest rates[3] and adding additional fees, to make a quoted price appear significantly lower than the actual price.

3. ***Non-transparent pricing creates a serious market imperfection,*** resulting in poor price-setting decisions on the part of institutions which must operate without knowledge of their competitors' prices, and also poor choices by consumers who cannot accurately compare the products available to them. This also generates the potential for high profits from lending to the poor. If clients don't know true prices, the market doesn't work. This can lead to client abuse, overindebtedness and inhibited

[3] Flat interest rates, very common in microfinance, mean that the interest each period is calculated on the original amount of the loan, rather than the current balance.

competition leading to higher prices. A lack of transparency also invites political and regulatory reactions, like interest rate caps, that may reduce the availability of credit to the poor.

4. ***Pricing transparency is essential to well-functioning markets, promoting efficiency, healthy competition, and better prices for millions of poor people.*** Pricing transparency can contribute to building healthy and vibrant markets for microcredit products by providing a valuable component necessary to free markets and now virtually absent in microfinance: transparent, open communication about the true costs of the products. The average consumer would not want to buy *any* product without understanding its real price. There is no reason why micro-loan clients should be forced to do so.

The microfinance industry has tolerated non-transparent pricing thus far mainly because of the wide range of practices that exist across countries and within countries. MFIs have very different products which need to be priced differently. It can be challenging to communicate this to both the public and the end-client, especially without strong client protection mechanisms in place. MF*Transparency*'s *Transparent Pricing Initiative in India* is one of several initiatives now addressing this issue in the Indian microfinance market.

ABOUT MF*TRANSPARENCY*

MF*Transparency* works to address the issue of transparent pricing in the microfinance industry, for the reasons explained above, through the methodology described in the following sections.

OBJECTIVES & METHODOLOGY

MicroFinance Transparency enables transparent communication between suppliers and consumers of microcredit products. We are a US-based non-profit dedicated to addressing the issue of transparent pricing in the microfinance industry. We are the implementing partner for The Smart Campaign's Client Protection Principle #2: Transparent and Responsible Pricing and we provide product pricing calculations for the Social Performance Report to the MIX and the Social Performance Task Force.

By providing a valuable component necessary to free markets and currently virtually absent in microfinance – transparent, open communication about the true cost of the product – MF*Transparency* is the venue for the microfinance industry to publicly demonstrate its commitment to transparency, integrity and poverty alleviation. Our ultimate goal is to provide essential information necessary for healthy free market conditions.

Mission & Vision

Our Mission is to be the venue for the microfinance industry to publicly demonstrate its commitment to pricing transparency, integrity and poverty alleviation.

Our Vision is a microfinance industry operating with healthy free market conditions where consumers and other stakeholders can make informed decisions.

TRANSPARENT PRICING INITIATIVE

Our methodology, known as the *Transparent Pricing Initiative*, is an innovative combination of training, interest rate disclosure, education and policy advisory that seeks to engage the broad range of industry stakeholders. We employ this methodology internationally on a country-by-country basis, adapted to meet the specific characteristics of each market.

TRAINING

In each country where we work, we launch the *Transparent Pricing Initiative* with a training workshop to which a range of local industry stakeholders are invited. Through this workshop we offer initial training on the calculation of interest rates, the importance of transparent pricing and how to communicate prices to clients in a way that is clear and consistent. These workshops are also a unique opportunity for dialogue on the issue of transparent pricing.

INTEREST RATE DISCLOSURE

Following this training workshop we then undertake a data collection process in which we gather pricing information for microloan products offered within the country. When we have data representing the vast majority of the market, we publish it on our website along with contextual information. For each product we calculate Annual Percentage Rates (APRs) and Effective Interest Rates (EIRs), so that all costs to the client are taken into account and prices are comparable across products. All prices are calculated from and verified by real repayment schedules submitted by MFIs and also published on our website. Additionally, the pricing information for each product is presented in graphs that demonstrate the relationship between loan size and interest rate in the market where it is offered.

We also work with microfinance institutions, networks and regulators to facilitate the use of transparent pricing practices such as standardized loan documentation, the use of declining as opposed to flat interest rates and disclosure to clients of all costs of borrowing including fees, charges and commissions and compulsory savings requirements.

EDUCATIONAL MATERIALS

In each country where we work, we design educational materials tailored to the local context and the specific needs of each stakeholder group, including tools for MFIs to use in calculating prices, policy recommendations for regulators and financial literacy materials for clients.

Our approach is based on the belief that all microfinance industry stakeholders stand to benefit from transparent pricing. In every project we engage the full range of players including clients, microfinance institutions, MFI networks, funders, regulators, technical assistance providers, research institutes, media and the general public. We work closely with organizations that form the local infrastructure of the market. We see our role as providing expertise on the topic of transparent pricing and facilitating discussion to strengthen

relationships between the industry actors that will ultimately make our vision for transparency into a reality within their own market.

POLICY ADVISORY

Having an effective regulatory framework in place can contribute substantially to the creation of a conducive environment for transparency. MF*Transparency* works closely with the regulators of every market we operate in to provide them with knowledge and skills to support the development of policy for interest rate disclosure and transparent pricing practices. Through experience in microfinance markets around the world, we are able to share examples of successful policy that regulators can incorporate into their own strategy.

IMPACT

Through this combination of activities, we have succeeded in facilitating transparent pricing in microfinance markets throughout the world. Hundreds of industry participants internationally have attended the training workshops we've held in 18 countries. In less than two years of operations we have completed projects in nine countries with another nine underway and ten more in the pipeline. In addition to pilot projects in Bangladesh and Peru, we currently have pricing data published on our website for Azerbaijan, Bosnia, Cambodia, Kenya, Bolivia, Ecuador and India. In these seven countries MF*Transparency* has published product pricing data for more than 100 institutions and 700 loan products sold to over 35 million clients. This data represents the overwhelming majority of the market share in these countries, with strong local partnerships in each country contributing tremendously to this success. Currently we have projects underway in Argentina, Colombia, Burkina Faso, Senegal, Togo, Benin, Uganda, Rwanda and Malawi. Data for Malawi will be published on our website in February with data for Senegal and Burkina Faso forthcoming.

Through our training, advocacy and educational materials, MF*Transparency* has enhanced the industry-wide discussion on transparency in microfinance. We have advocated for pricing transparency as presenters in over 20 international microfinance gatherings. Nearly 100 leading industry experts from around the world participated in our first data launch webinars, and to date almost 700 industry participants have expressed support for our work by signing our endorsement statement. Recently we produced official pricing certification reports for Lift Above Poverty Organization (LAPO) and the Grameen Bank, at the request of each institution, demonstrating our recognized expertise in pricing and also the potential value for institutions in publicly announcing their verified prices.

Much of our impact on clients will take some time to observe. We anticipate that with increased information and transparent prices, clients will be able to make better decisions related to the price of financial services and MFIs will be able to make better price-setting decisions. We also believe that transparent pricing will help lower prices. We already have anecdotal evidence of microfinance institutions lowering their interest rates in Bosnia and Peru after submitting pricing information to MF*Transparency* and seeing the country data live on our website. In the coming months as we complete the first round of updates for two of our pilot countries, Bosnia and Cambodia, we will be able to study the early signs of the long-term impact of our work for the first time.

THE EVOLUTION OF THE *TRANSPARENT PRICING INITIATIVE IN INDIA*

The *Transparent Pricing Initiative in India*, a project long-envisioned before actually coming to action, is truly the result of an industry-wide collaboration.

LAUNCH OF THE *TRANSPARENT PRICING INITIATIVE IN INDIA*

Nascent plans for the *Transparent Pricing Initiative in India* emerged at the 2010 Annual Microfinance Conference organized by Sa-dhan around the theme of "Financial Inclusion and Responsible Microfinance" in March 2010. The presentation by MF*Transparency* CEO and President Chuck Waterfield received an overwhelmingly positive response, with many industry actors requesting that MF*Transparency* carry out a project in India. Support poured in from MFIs, microfinance networks, donors, investors and apex bodies.

The earliest sponsor of the *Transparent Pricing Initiative in India* was Standard Chartered Bank, who helped to engage the Microfinance Institutions Network (MFIN), Citi Foundation and the Michael & Susan Dell Foundation in a donor consortium. MF*Transparency* also established an early collaboration with ACCESS Development Services as the in-country implementation partner. NABARD and SIDBI have also supported the *Initiative* from the beginning.

MF*Transparency* launched the *Transparent Pricing Initiative in India* with a series of five regional workshops held in April 2010 in New Delhi, Kolkata, Hyderabad, Bangalore and Chennai. More than 130 participants attended these workshops collectively, and expressing strong support for the project in each location. In addition to facilitating industry dialogue on the issue of transparent pricing, these workshops provided training on interest rate calculations, transparent communication of prices to clients and the importance of transparent pricing in microfinance.

DATA COLLECTION

MF*Transparency* mobilized its India team to begin data collection in May 2010 with the support of MFIN leaders, the project donors and numerous networks and support agencies in India. Equitas Microfinance India led the process as the first microfinance institution (MFI) to submit its pricing data. The final dataset includes product pricing for 82 Indian MFIs representing US$4.5 billion in loans to 27 million clients, over 90% of whom are women.

Throughout the data collection process, MF*Transparency* staff worked closely with many MFIs across India in order to gain a deeper understanding of their products and policies. This process initiated a dialogue on transparent pricing and consumer protection and also encouraged MFIs to explore issues within their institutions that had previously gone overlooked. Simultaneously, the dialogue has led to a deeper understanding throughout the sector of the challenges MFIs face in developing sustainable products while trying to reach unbanked markets in remote or high-risk populations.

All 82 of the participating MFIs submitted their data to us voluntarily, showing a commitment to transparency and a trust in our methodology during difficult times for the industry. In order to ensure the complete accuracy of their data, and reflect pricing changes made in response to changing industry dynamics, we extended the timeline of the data submission process to offer MFIs a well-deserved extra opportunity to review and update their pricing data as necessary. Data verification, processing and analysis continued through December with ample preview periods for participating Indian MFIs, donors and other partners of the project.

Thanks to the staunch cooperation of all involved in the *Transparent Pricing Initiative in India*, pricing data for the Indian microfinance market is now publicly available for the first time ever. To expand on this report, MF*Transparency* will host an industry-wide conference to officially launch the data, share analysis, gather feedback and encourage discussion. Learnings of this conference will be incorporated into the training session that MF*Transparency* and the Reserve Bank of India have jointly organized, aimed toward gaining a deeper understanding of the data, the overall outcomes of the *Initiative* and its implications for policy and regulation in India.

The data set is now available to viewers globally, free of cost, and will be updated periodically. You can access the data at our website, www.mftransparency.org.

THE PUSH FOR TRANSPARENCY AND CONSUMER PROTECTION IN THE INDIAN MICROFINANCE INDUSTRY

The microfinance industry globally as well as in India is at a critical juncture in determining whether self-regulation is desirable and, if so, how to practice it. We are approaching new territory as we explore what "responsible finance" is and how it should be defined. The case for external regulation is clear, whereas "self-regulation" implies going beyond the minimum legal requirements—distinguishing *responsible* business from normal business. Self-regulation is a visible demonstration of the industry's practice of ethics. In addition to the *Transparent Pricing Initiative in India*, we have observed several other complementary initiatives aimed at self-regulation.

CODES OF CONDUCT

Two such initiatives are the Codes of Conduct of two of the microfinance network associations in India, Sa-dhan and the Microfinance Institutions Network (MFIN), which seek to promote good governance and consumer protection. The Sa-dhan Code of Conduct includes a clause on transparency which states "We shall give our clients complete and accurate information and educate them about the terms of financial services offered by us in a manner that is understandable by them." The MFIN Code of Conduct details a number of fair practices such as clear, written communication of charges to borrowers, limits on lending and multiple lending and information sharing, among others. The Reserve Bank of India (R.B.I.) has also released a notification for Non-Banking Finance Companies (NBFCs) on "Guidelines on Fair Practices Code", which explicitly pertains to NBFCs only. In addition to these network initiatives, many MFIs have also designed such Codes of Conduct for their operational teams to follow. Some MFIs have separate departments of risk management and internal audits in which they look into transparency issues with clients that may sometimes be neglected by the operational teams. While

having established codes of conduct is an important element to the development of deeper consumer protection in the Indian market, the enforcement of such codes can sometimes be difficult to implement, the codes laid out by a range of organizations in the Indian microfinance industry provide a strong foundation on which good practices can be built.

TRANSPARENCY & PERFORMANCE AWARDS

A new initiative in 2010, the Srijan MFI Transparency Awards, instituted by Intellecap, sought to "recognize, document and publicize practices that ensure maximum transparency for all MFI stakeholders".[4] Organizers of the Srijan Financial Inclusion Forum 2010 asked stakeholders and practitioners in the Indian microfinance sector to nominate Indian MFIs who have strong practices and innovative initiatives in place that improve their efficiency and promote transparency. The Award is said to evaluate transparency in pricing and product design, financial literacy initiatives promoting transparency with clients, effectiveness of communication and reporting mechanisms and organizational systems and innovative practices that promote transparency. The forum also included a session that will discuss transparency and "customer-centric approaches." It came as no surprise that the two winners of the Srijan MFI Transparency Awards are also participants of MF*Transparency*'s *Transparent Pricing Initiative in India*: Arohan and Ujjivan.

INTEREST RATE DISCLOSURE

Practicing transparent pricing in the Indian microfinance market is challenging due to the volume and variety of institutions, clients and products including savings, credit, insurance, remittances and pensions. Some MFIs in India also offer "microfinance plus" services to their clients such as technical assistance for livelihood activities or business development services for microenterprises. Nonetheless, we have observed a strong commitment to measuring social performance as well as pricing transparency in India. In India, MF*Transparency* has also received 158 endorsements from industry leaders and practitioners.

Mr. N. Srinivasan, MF*Transparency* Board Chair, represented MF*Transparency* in a roundtable organized by the International Finance Corporation (IFC) on working "Towards Transparent Reporting for Responsible and Inclusive Finance." In this discussion, the high level of participation in MF*Transparency*'s *Transparent Pricing Initiative in India* was highlighted as evidence of Indian MFIs' willingness to progress toward transparent and responsible pricing. One of the main objectives of the roundtable was to reach consensus among major networks, stakeholders, technical providers and regulators on a responsible finance framework and social performance metrics.

Industry leaders as well as donors and investors have agreed on the importance of promoting pricing transparency in the Indian microfinance market. Alpha Micro Finance Consultants P Ltd (Alpha), an MFIN initiative headed by Vijay Mahajan, chairman of BASIX, and P. N. Vasudevan, managing director of Equitas Microfinance, have been working to put together a credit bureau called "High Mark" dedicated to avoiding client

[4] http://www.srijanforum.com/

over-indebtedness in the microfinance sector. MF*Transparency* hopes to work closely with all these initiatives to incorporate transparent pricing as an additional focus.

OUTCOMES OF THE *INITIATIVE*

MF*Transparency* disseminates important information broadly, and without any cost for access to that information. Access to such data allows for a deeper understanding of the smaller microfinance markets within a large microfinance sector such as India's. Filling this gap enables a broad range of stakeholders to make decisions based on information, ultimately strengthening the microfinance industry as a whole. In interviews with dozens of donors and investors, the vast majority admit that they do not know the actual price of the products they are helping to finance. At best, they know average portfolio yield. Therefore the *Transparent Pricing Initiative in India* will be useful for investors and donors in selecting and working with their partners. Likewise, networks can use the information produced by this *Initiative* to select partners that are compatible with their strategy and values.

As a result of the *Transparent Pricing Initiative*, we have observed globally that market prices become more efficient. MFIs often lower prices for products priced higher relative to the market in order to stay competitive. This is beneficial to clients as products become more affordable. Similarly, MFIs have also raised prices for products they learned were priced lower relative to the market. This can be equally beneficial to the poor as the quality of service delivery may improve due to the increased revenue, and the extent of outreach may grow with financial sustainability. In India, we see great potential for the power of this transparent pricing information in the public domain to influence the pricing behavior of MFIs, particularly through the competitive forces mobilized by a new ability to compare prices.

In order to grow and develop, microfinance markets need policies that are tailored to their unique characteristics and meet the demands of the local clients and other stakeholders. With access to better, more complete information, all stakeholders and policymakers can make more informed decisions. MF*Transparency* works with policymakers in each of the countries where we work, including the RBI in India, to help them apply the information gathered in the *Transparent Pricing Initiative* in developing policies for consumer protection and interest rate disclosure. Better decisions lead to a better functioning marketplace, and an improved market can lead to greater financial inclusion.

CALCULATING TRANSPARENT PRICES IN INDIA - OVERVIEW OF METHODOLOGY

In most countries where MF*Transparency* has worked, we have experienced that one product can have a range of interest rates, depending on various pricing differentiation factors such as loan size, client risk profile, branch location, etc. At the same time, a key component of our global methodology is to analyze and publish loan samples of the same product for different loan-size buckets. Depending on the minimum and maximum loan amount of a given product, our data collection tool asks for sample schedules in one or several loan-size ranges. This allows us to systematically represent numerous MFIs' loan products in a given market in a set range of loan

sizes so that the loans are more easily compared to one another. Often, for products with a narrow range in loan sizes, we request multiple samples for the same loan-size bucket. This approach is very useful in markets where the interest rate varies for different sized loans of the same product.

India is a unique case. For many institutions, the prices for different loans within the same product are standard for all clients. For this reason, displaying multiple loan samples in the same loan-size bucket would result in an unnecessarily crowded graph, with multiple data points appearing on top of one another all showing the exact same price. To avoid over-crowding the market graph with duplicate prices for loans of the same size and the same product, we adjusted our methodology.

In order to facilitate a thorough understanding of pricing data and to present a country graph that is representative for the local market, we will explain the methodology we used to calculate transparent prices in India.

CALCULATING REPRESENTATIVE PRICES AT THE LOAN PRODUCT LEVEL

Given the reality of standard pricing for many loan products in India, and in order to ensure the graphical presentation is clear and accessible, we asked for fewer loan samples from each institution in India. For each product with standard interest rates, the MFIs submitted one sample passbook (a standard passbook with standard repayments for every client) and multiple loan contracts for loans of different sizes and distinct clients.[5] As a result, we show one data point on our graph for each loan-size bucket for each product, which may represent numerous loan samples within a bucket. As we analyzed multiple client contracts per product to verify there is only one standard interest rate for a specific product irrespective of the loan amount, this methodology allows us to ensure the accuracy of the representative prices per product disclosed on our India graph.

Consequently, this methodology is consistent with our approach of showing at least one data point for each product in a given loan-size bucket. While in other countries, we usually show several dots within the same loan size range for the same product, in India we accept one dot per bucket due to the standardized price of each product. In the same way as our other country data, this graphical representation allows the viewer to analyze the pricing data vertically and to compare the prices of all products that are being offered within a given loan-size category.

CALCULATING STANDARDIZED PRICES

What really is the true price of a loan? The true price of a loan takes into consideration pricing techniques that influence the amount of money a client actually has and the amount of time the client has use of that money. The true price of a loan includes not only interest paid on the loan but various other charges required by the

[5] Most MFIs in India use standard passbooks rather than repayment schedules. MF*Transparency* constructs the repayment schedule for a loan sample based on the information included in the passbooks, loan contracts as well as any additional pricing factors disclosed in the MFI's data collection tool. In a case where an MFI gives repayment schedules, not a passbook, we received repayment schedules and contracts for *each* sample, just as we do in other countries.

lender to access a loan, such as compulsory fees, security or cash deposits and other charges. Because of these multiple factors, as well as differences in interest calculation methods, comparing the pricing of different loan products can be very challenging. The Annual Percentage Rate (APR) is a mathematical formula used to express the true price as a standard measure that allows for the comparison of credit charges among different loan products.

It is important to note that, generally speaking, **all** mandatory financial charges should be taken into account when calculating the true price of a loan product. In order to understand the true price of a loan, we must look at the *cash flow* of the client as she services the loan. Any requirement that reduces the amount of money available to the client during the loan cycle, regardless of its purpose, is considered a cost and should therefore be included in the calculation of the true price of the loan.

The Indian microfinance market is currently working to build consensus on standards of pricing, regulation and reporting. In the "Report of the Sub-Committee of the Central Board of Directors of Reserve Bank of India to Study Issues and Concerns in the MFI Sector" (also referred to as the "Malegam Report), a new set of industry standards for calculating the prices of microloans is established, contributing to those already commonly used. To reflect the various practices and standards currently used in India, the MF*Transparency* dataset employs several variations of the APR formula. MF*Transparency* has chosen to display three commonly used Annualized Percentage Rate (APR) calculations in order to allow the viewer to compare the prices of microfinance products offered in India in a clear, consistent and accurate manner. These APR variations include:

1. **APR India (Interest + Fees + Deposit):** As per the Microfinance Institutions Network (MFIN) Code of Conduct, member institutions calculate the APR of their products using the reducing balance method and must include most mandatory fees (i.e. processing fee, service charge, etc.) as well as mandatory security deposits collected upfront (also referred to as compulsory savings or cash security) or advance collection (or "upfront interest"). The **APR India (Interest + Fees + Deposit)** calculation *does not*, however, include any mandatory insurance charges levied on microloans.
2. **APR (Interest + Fees + Insurance):** The international definition of an APR is the annual cost of a loan, including interest, the origination fee and mandatory insurance charges, expressed as a declining balance percentage rate. This rate does *not* include mandatory cash or security deposit (compulsory savings). This APR calculation is widely used in the global microfinance market as it accounts for many of the hidden costs charged to clients when accessing a loan.
3. **APR (Including Security Deposit):** This rate is essentially the same as the internationally defined **APR** formula described in #2 (Interest + Fees + Insurance) but also includes mandatory security deposits described in #1. In effect, this rate is *interest + fees + insurance + compulsory savings*. MF*Transparency* advocates the use of this rate in addition to the others as it most accurately represents the true cost of a loan from the perspective of the client. By including all of the mandatory financial commitments a client assumes when accessing a loan, it comprehensively reflects the cash flow of a borrower when taking a microloan. The presentation of this rate, alongside the APR calculation described in **APR India (Interest + Fees + Deposit)**, allows us to see exactly how much compulsory insurance charges really cost from the perspective of the client.

The Malegam Report recommends standardized interest rate calculations for all microfinance institutions. Their recommendation suggests "There should be only three components in the pricing of the loan, namely (i) a processing fee, not exceeding 1% of the gross loan amount (ii) the interest charge and (iii) the insurance premium." (Malegam Report, Page 18) This disclosure of interest, mandatory fees and mandatory insurance premium is consistent with MF*Transparency*'s policies and is similar to the **APR (Interest + Fees + Insurance)** calculation we use globally. The unique feature of the Malegam interest rate calculation formula, and what sets it apart from the **APR (Interest + Fees + Insurance)** calculation, is the 1% ceiling placed on the processing fees. The formulas MF*Transparency* uses do not limit the components of interest rates but rather determine what components are required in disclosure. While the **APR (Interest + Fees + Insurance)** is representative of the Malegam Report's recommended interest rate calculation, it includes **all** mandatory fees, which may include additional fees over the 1% processing fee the Reserve Bank of India will restrict MFIs to.

The following table provides a comparison of each of the interest rate formulas discussed above:

Table 1: APR Calculation Methods

	Interest	Fees	Insurance	Security Deposit
APR India (Interest + Fees + Deposit)	X	X		X
APR (Interest + Fees + Insurance)	X	X	X	
APR (Including Security Deposit)	X	X	X	X
Malegam Recommendation for Interest Rate Calculation	X	X*	X	

*The Malegam Report recommends limiting fees to one loan processing fee of 1% of the gross loan amount. (Reserve Bank of India)

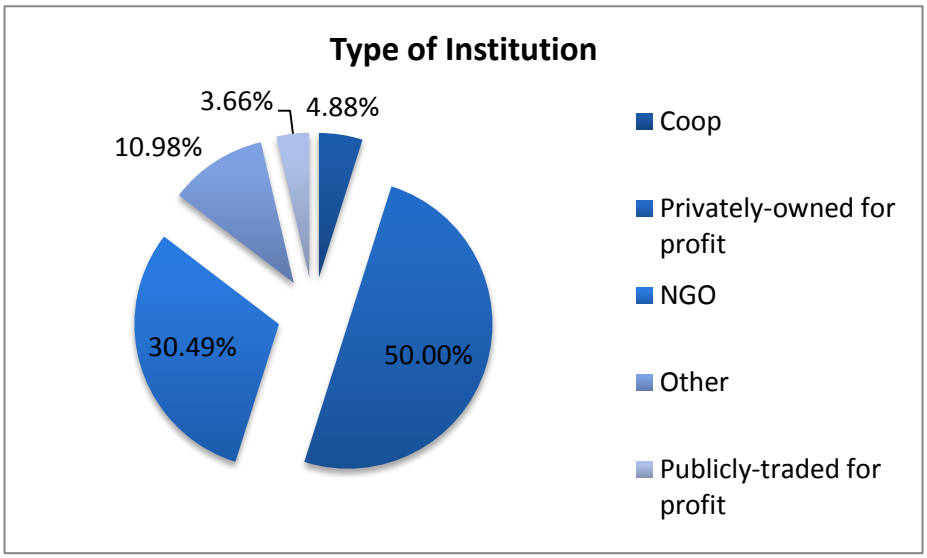
It is our hope that the various rates we have calculated and displayed for MF*Transparency*'s *Transparent Pricing Initiative in India* will help MFIs, regulators and other industry stakeholders in India to work together towards defining a standard interest rate calculation and building consensus on reporting standards in order to be transparent and protect the rights of consumers. It is important to always consider the true price of a loan from the point-of-view of the client – how much money does a client have to spend in order to access a loan? It is only when we take into account the *actual* cash flow of the client that we can accurately understand how much a loan really costs. We believe that by considering the cost of borrowing from the client's perspective all stakeholders in the industry can use the pricing data we have collected in India for the strengthening of the market as a whole.

CURRENT PRICING IN INDIA

MF*Transparency* collected comprehensive product and pricing data from 82 microfinance institutions in India over the course of seven months. The data posted on the MF*Transparency* website reflects all 82 institutions, and any additional institutions that choose to submit data to the *Initiative* in the future will be added to the website.

The 82 participating institutions represent approximately 80% of the known market by gross loan portfolio and 77% by number of active borrowers.[6] The final dataset includes product pricing for US$4.5 billion/INR 207.7 billion in outstanding loan portfolio to 27 million clients, over 90% of whom are women.

Figure 1: Institution Types



Of the 82 MFIs that submitted data to MF*Transparency*, half (41) are registered as privately-owned for profit institutions and 25 are non-governmental organizations (NGO). The other institutions participating in our study include four cooperatives, three publicly-traded for-profit institutions and nine undefined organization types. The pie chart above summarizes the general (non-legal) types of institutions that compose this dataset.

Among the 82 MFIs represented in this project, the vast majority responded that they are regulated under Indian law. When beginning operations, all institutions must register as one of the following: Non-Bank Financial Company (NBFC), Section-25 Company, Cooperative or non-governmental organization (NGO). Although this subjects every institution to some regulatory oversight, this does not necessarily include specific regulation of an institution's microfinance activities. The policy is particularly unclear in reference to NGOs. Out of 9 institutions who indicated that they are unregulated, 7 also indicted that they are NGOs. Seventy three institutions, representing 89% of the group, indicated that they are regulated while only 9 institutions (11%) indicated that they are unregulated. The breakdown of legal types of all the institutions in this dataset is shown below.

[6] These market share figures were compiled primarily using data from the MIX market. As the true scale of the Indian microfinance market is unknown, these figures are approximations.

Figure 2: Regulation Status

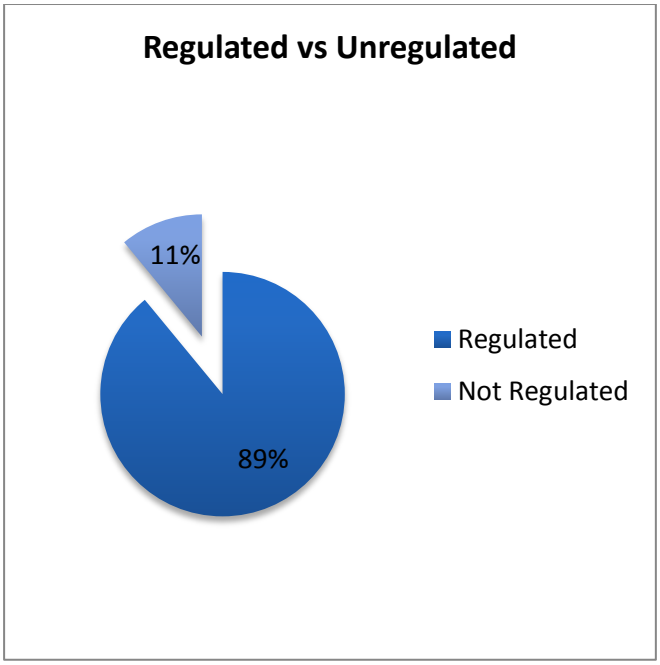
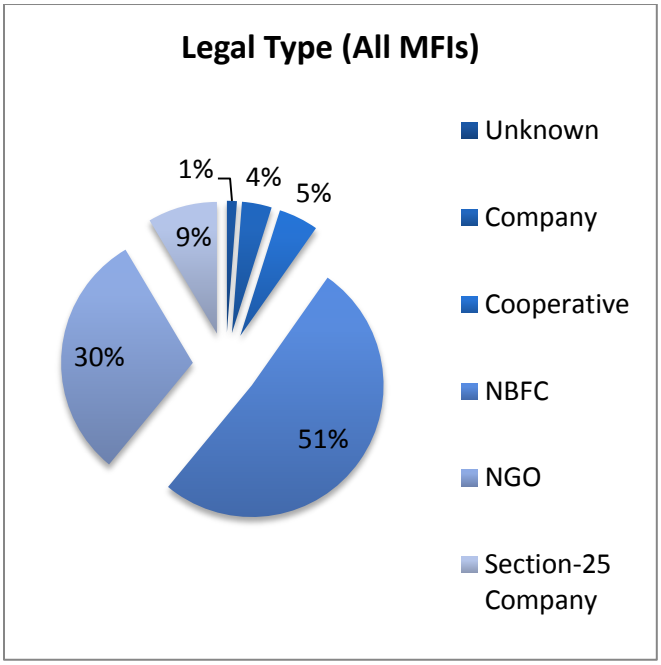
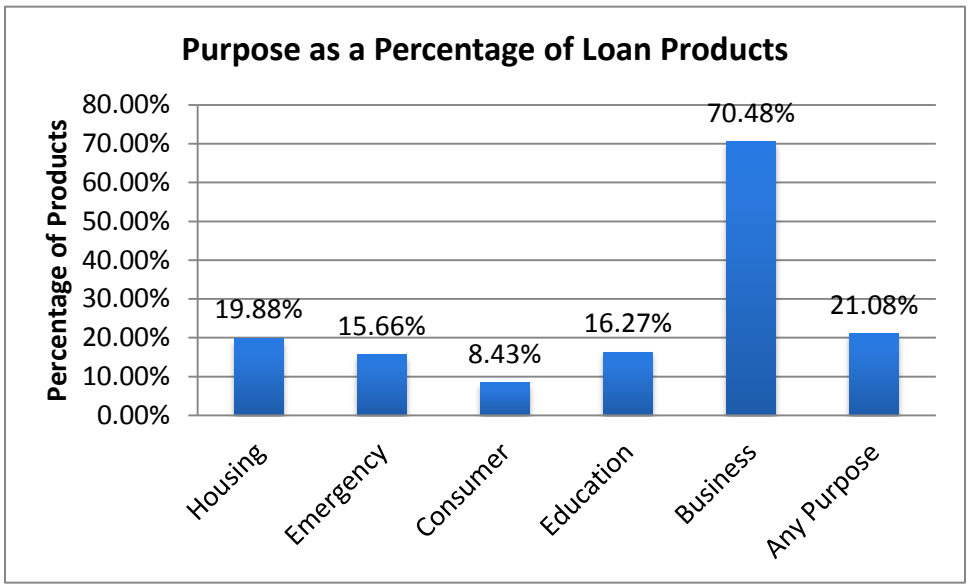


Figure 3: MFI Legal Type



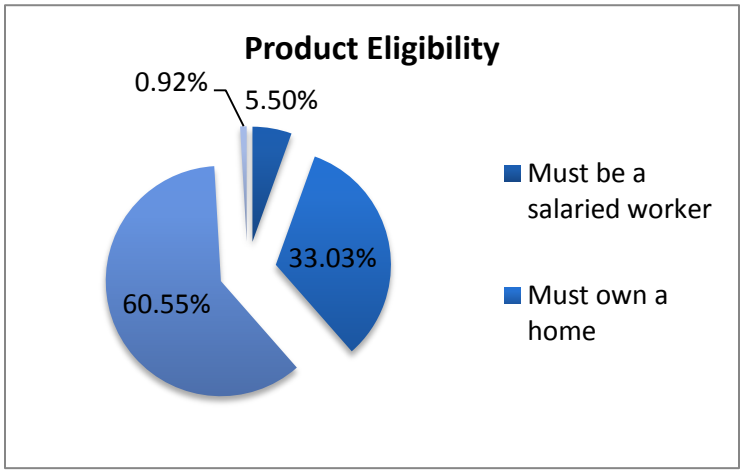
As NBFCs and NGOs are the predominant institution types in the microfinance market, business loans are by far the most common type of product. As the following chart illustrates, 70.48% of all loan products may be used for business purposes. Other reported product purposes include housing (19.88% of products), emergency (15.66%), education (16.27%) and consumption (8.43%). Twenty-one percent of loan products can be used for any purpose.

Figure 4: Product Purposes



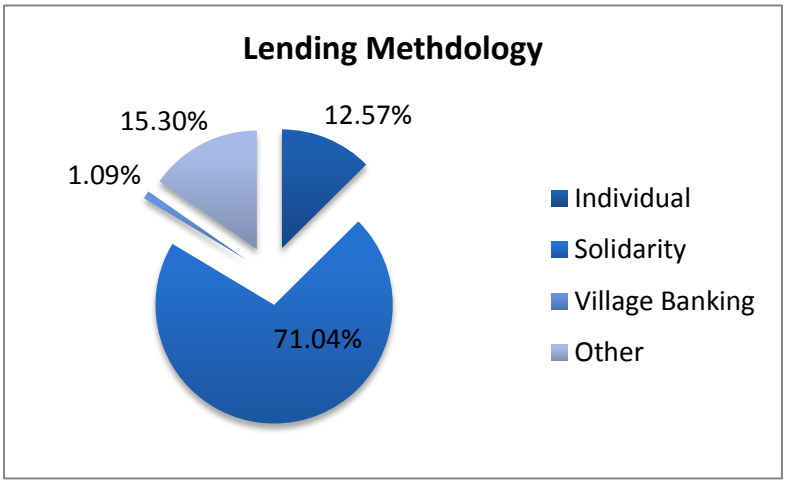
Given that most loans are disbursed for business purposes, it is perhaps not surprising that many products require the borrower to run a business, which is the leading criterion of all mandatory eligibilities reported (60.55%).

Figure 5: Product Eligibility



Solidarity group lending is the most widely used lending methodology: 71.04% of all lending methodologies cited by MFIs feature solidarity groups, followed by individual lending with 12.57%, with village banking representing only 1.09% of reported methodologies and "other" lending methodologies accounting for the final 15.30%.

Figure 6: Lending Methodology

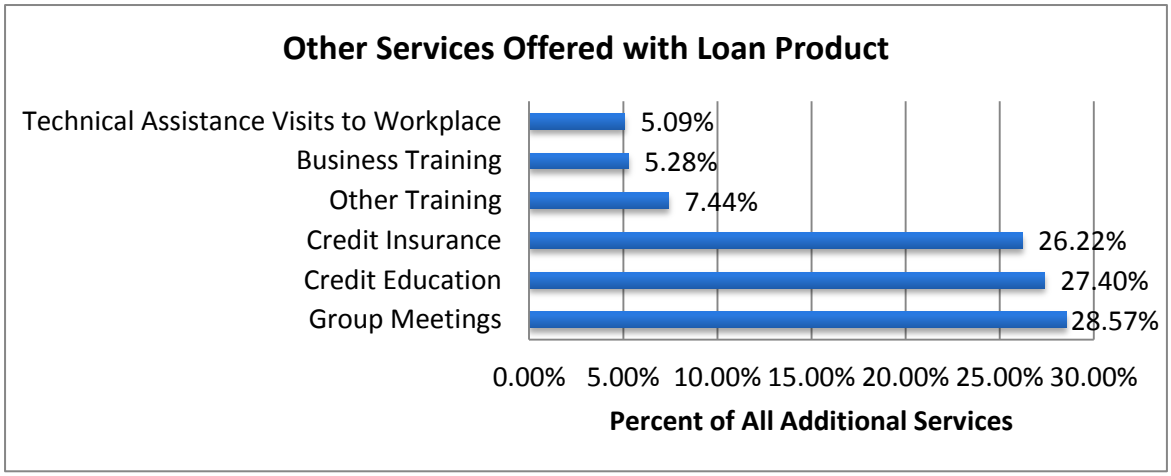


Several MFIs in India offer additional services along with their loan products. Of all services reported, the most common are group meetings, representing 28.57% of services, as well as credit education[7] (27.40%), and credit

[7] Credit education refers specifically to in-person meetings between borrowers and loan officers in which loan officers review the loan terms stated in the loan contract with the borrower, ensuring that the repayment process is understood.

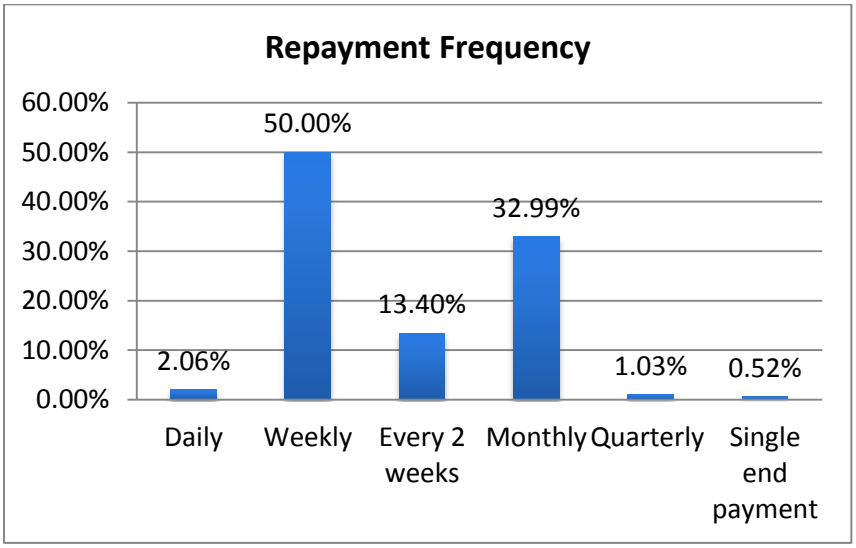
insurance (26.22%). Other services that are less commonly offered include business training[8] (5.28%), technical assistance visits to the client's workplace (5.09%) and other types of training[9] (7.44%).

Figure 7: Additional Services Offered with Loan Products



MFIs in India offer loans with different repayment frequencies. Weekly payments are the predominant repayment frequency, accounting for 50.00% of all cited frequencies. Monthly payments (32.99%) and payments every two weeks (13.40%) are also common.

Figure 8: Repayment Frequency



[8] Business training refers specifically to educational sessions given to clients on how to manage a successful business.
[9] Other training refers to educational sessions given to clients on topics other than managing a business, for example leadership training.

It is interesting to note that 72.29% of all products do not require compulsory savings. Only 25.90% of products require savings for all loans, and 1.81% for some loans of the product.

Table 2: Compulsory Savings Requirements

Compulsory Savings		
Required for all loans	43	25.90%
Required for some loans	3	1.81%
Never required	120	72.29%
Total	166	100.00%

Of the 46 products with compulsory savings, the borrowers control these savings internally for 4.35% of the products. Interestingly, for most products, 65.22%, compulsory savings are disclosed on the repayment schedule, which is not the case in many microfinance markets.

Figure 9: Borrower Control of Savings

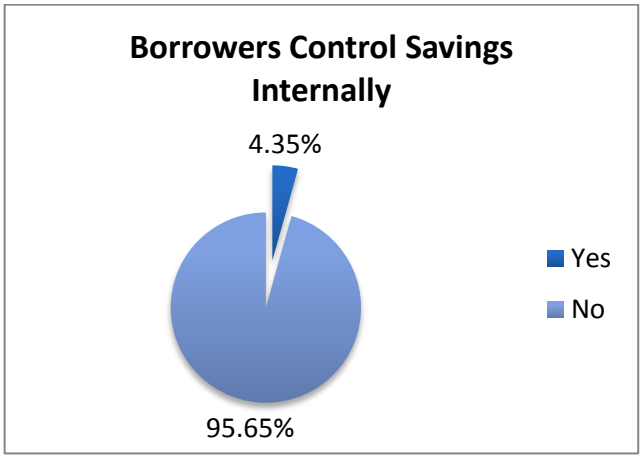
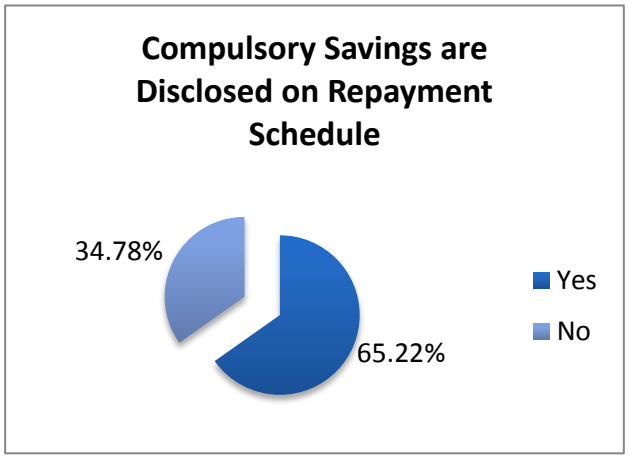
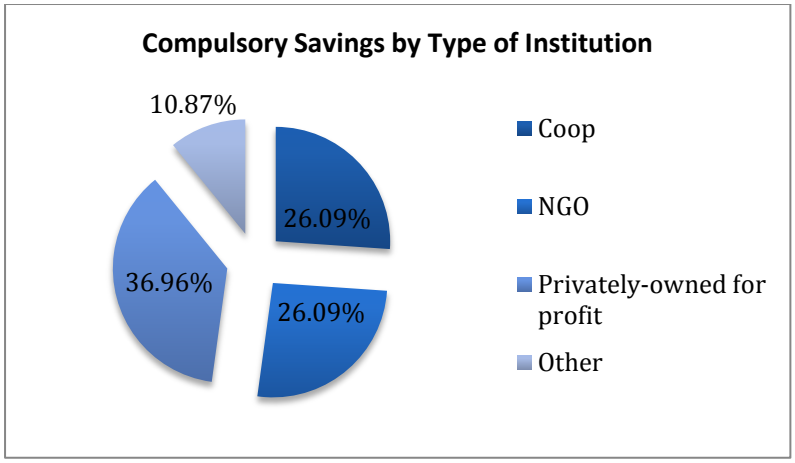


Figure 10: Disclosure of Compulsory Savings Requirements



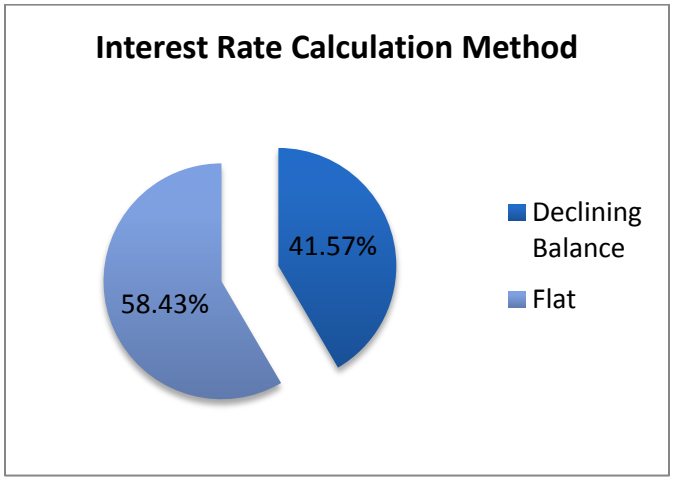
As the following figure illustrates, 36.96% of the products with compulsory savings are offered by privately-owned for-profit MFIs, 26.09% by NGOs, 26.09% by cooperatives and 10.87 % by other institutions.

Figure 11: Compulsory Savings by Institution Type



Just as important as including deposit requirements on the repayment schedule, using the declining balance interest rate calculation method is a fundamental transparent pricing practice. With the "flat" method, where interest is charged on the initial loan amount throughout the loan term, the price of the loan appears much lower than it actually is. For the majority of loan products in our dataset (58.43%), interest is charged using the "flat" method of interest calculation. Only 41.57% of microloan product pricing is done using the declining balance calculation method.

Figure 12: Interest Calculation Method



Almost all products included in our analysis (153 out of 166) have at least one fee or insurance charge. They are nearly all paid at disbursement (99.64%) and over half, 53.74%, are not disclosed on the repayment schedule.

Figure 13: Fee Types

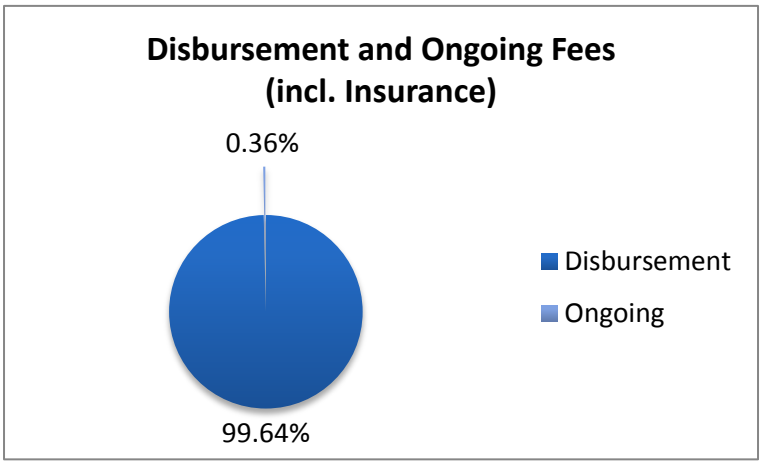
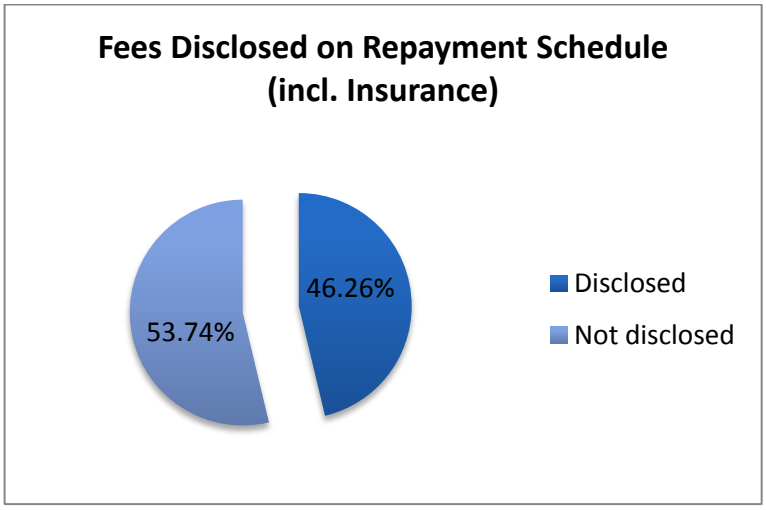


Figure 14: Disclosure of Fees on Repayment Schedules



It is useful to keep in mind these characteristics when analyzing the prices of the loans in the dataset, both in the aggregate and on a product by product basis. As described in the section "Calculating Standardized Prices", we will focus on two APR calculations in this report: the **APR (Interest + Fees + Insurance)** and the **APR India (Interest + Fees + Deposit)**. For each descriptive statistic, we will present both rates so the reader can gain a deeper understanding of the effects of certain cost components on the borrower.

The graphs below show prices for the complete India dataset calculated as **APRs (Interest + Fees + Insurance)** in the first graph and as APR **India (Interest + Fees + Deposit)** in the second graph. In each graph the price is plotted against loan size. Each bubble represents the price of one loan of a product, with the size of the bubble indicating number of clients with that loan.

Figure 15: India Pricing Graph - APR

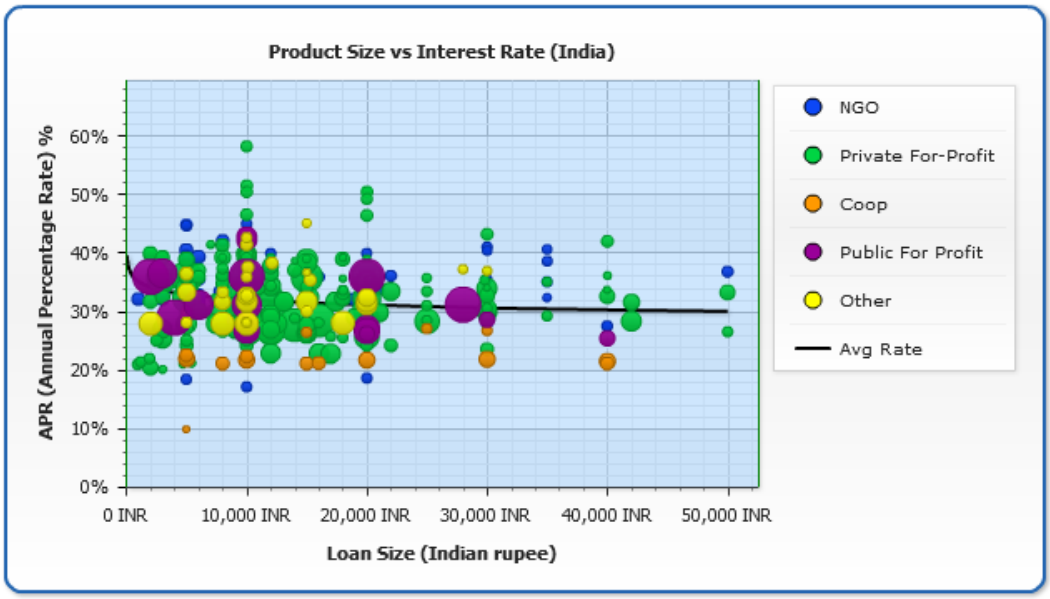
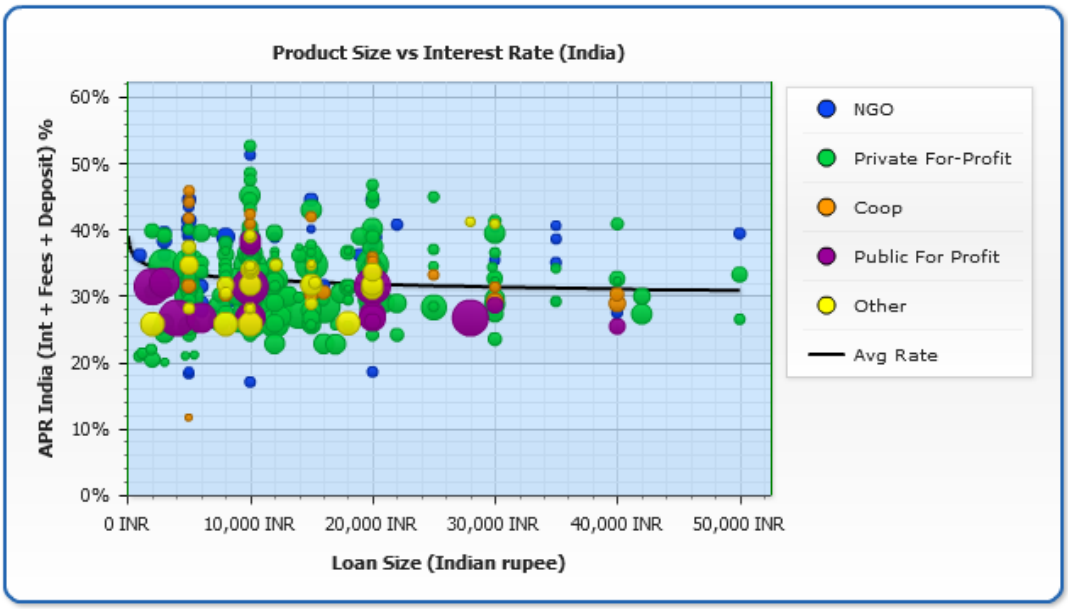


Figure 16: India Pricing Graph - APR India



There is a gradual curve: as loan amounts get smaller, prices increase slightly. This relationship is discussed at length later in this report, and put into context through analysis of the Indian market relative to several other countries.

In India, an important dimension of the dataset is the institution types it is composed of, typically a major determinant of pricing. The lowest reported microloan APRs, using either the **APR (Interest + Fees + Insurance)** or the **APR India (Interest + Fees + Deposit)** formulas, came from Cooperative institutions (9.86% and 11.75%, respectively) while the highest-reported APRs were calculated for products offered by Privately-owned For-profit institutions (58.29% and 52.69%, respectively). The average **APR (Interest + Fees + Insurance)** for all institutions is 32.78% while the average **APR India (Interest + Fees + Deposit)** for the group is 32.61%.

Table 3: APR by Institution Type

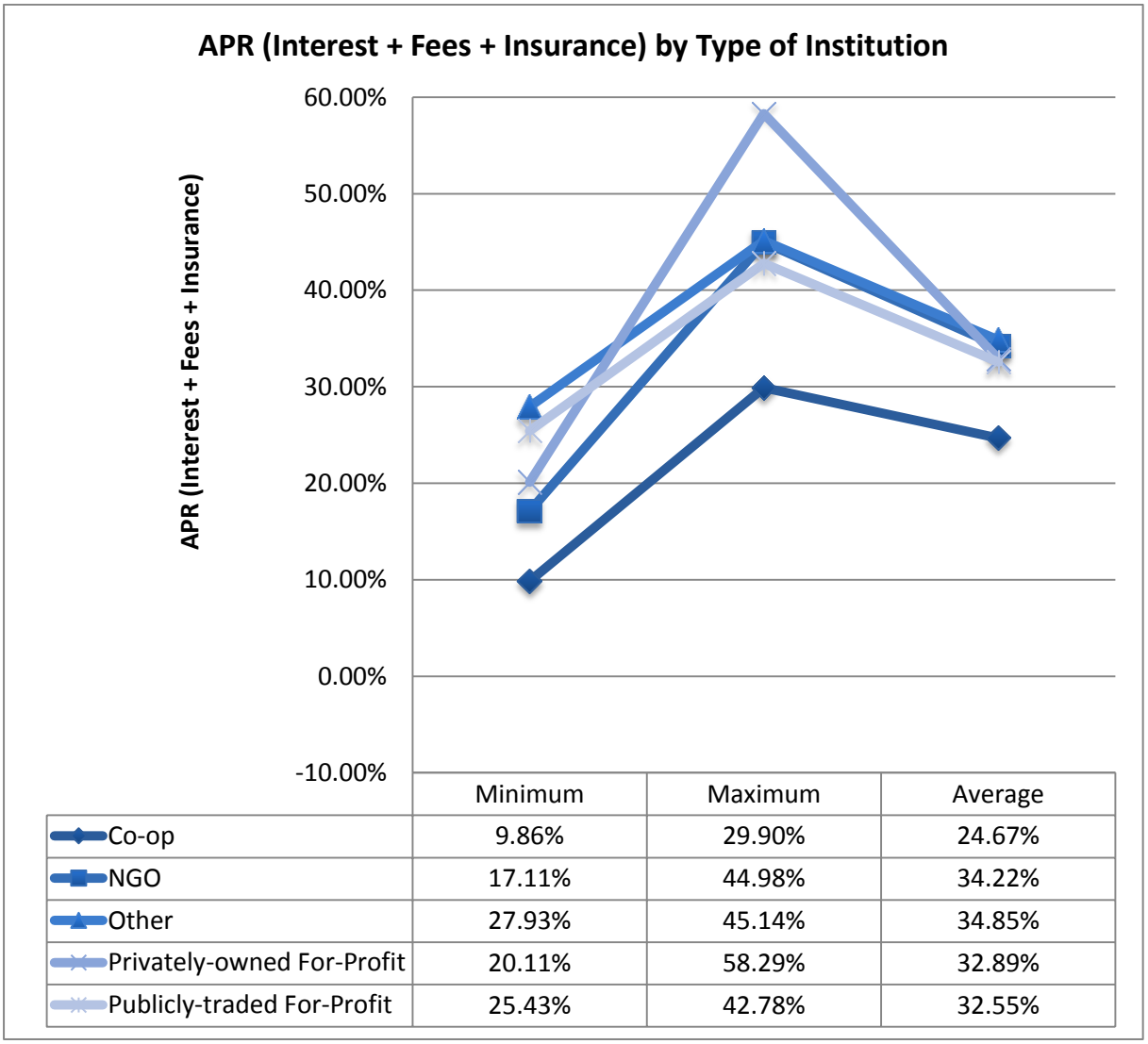
Type of Institution	Minimum of APR (Interest + Fees + Insurance)	Maximum of APR (Interest + Fees + Insurance)	Average of APR (Interest + Fees + Insurance)
Co-op	9.86%	29.90%	24.67%
NGO	17.11%	44.98%	34.22%
Other	27.93%	45.14%	34.85%
Privately-owned For-Profit	20.11%	58.29%	32.89%
Publicly-traded For-Profit	25.43%	42.78%	32.55%
AGGREGATE	**9.86%**	**58.29%**	**32.78%**

Table 4: APR India by Institution Type

Type of Institution	Min of APR India (Interest + Fees + Deposit)	Max of APR India (Interest + Fees + Deposit)	Average of APR India (Interest + Fees + Deposit)
Co-op	11.75%	45.90%	31.26%
NGO	17.11%	51.34%	33.95%
Other	25.83%	41.28%	33.57%
Privately-owned For-Profit	20.11%	52.69%	32.22%
Publicly-traded For-Profit	25.43%	38.39%	29.99%
AGGREGATE	**11.75%**	**52.69%**	**32.61%**

As demonstrated in the figure below, when using the **APR (Interest + Fees + Insurance)** calculation the prices charged by cooperatives are clearly the lowest in the market, and the prices charged by privately-owned for-profits have the widest range.

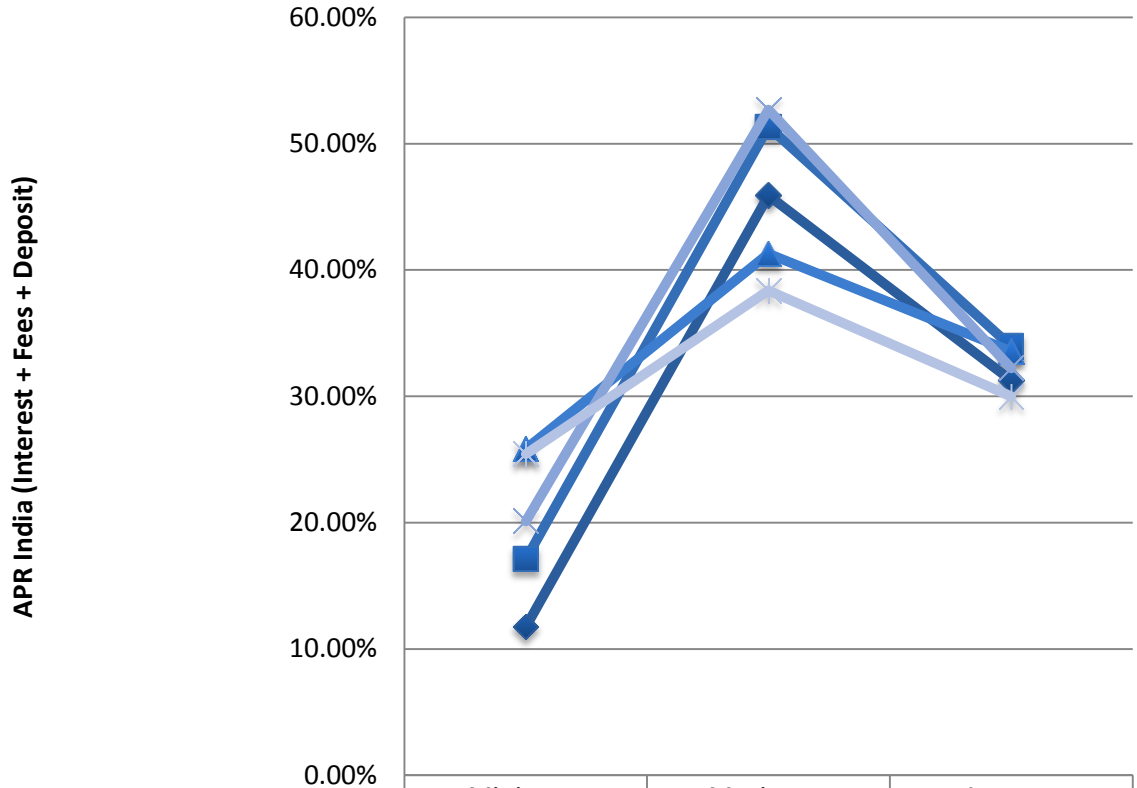
Figure 17: APR by Institution Type



	Minimum	Maximum	Average
Co-op	9.86%	29.90%	24.67%
NGO	17.11%	44.98%	34.22%
Other	27.93%	45.14%	34.85%
Privately-owned For-Profit	20.11%	58.29%	32.89%
Publicly-traded For-Profit	25.43%	42.78%	32.55%

By contrast, when using the **APR India (Interest + Fees + Deposit)** calculation, the cooperatives have the widest range of prices, suggesting that deposit requirements are a significant factor in price-setting for these institutions. Privately-owned for-profit prices remain among the highest, but when deposit requirements are factored into APR, the NGO prices are at very similar levels.

Figure 18: APR India by Institution Type



	Minimum	Maximum	Average
Co-op	11.75%	45.90%	31.26%
NGO	17.11%	51.34%	33.95%
Other	25.83%	41.28%	33.57%
Privately-owned For-Profit	20.11%	52.69%	32.22%
Publicly-traded For-Profit	25.43%	38.39%	29.99%

Analyzing the pricing data by loan product can be very illuminating. Frequently, practitioners in the microfinance sector make assumptions about pricing based on loan purpose. For example, we often hear expectations that housing and education loans carry the lowest prices in the market while consumption loans are expected to be the most expensive. The India data does not follow these commonly held assumptions, as each type of product has a wide range of prices offered by different microfinance institutions in the market. In fact, loans that can be used for any purpose (which may include housing, emergency, consumption, education, business, etc.) show the largest spread of APRs, from 9.86% to 44.87% using the **APR (Interest + Fees + Insurance)** calculation and 11.75% to 32.03% using the **APR India (Interest + Fees + Deposit)**.

Table 5: APRs by Loan Purpose

	APR (Interest + Fees + Insurance)			APR India (Interest + Fees + Deposit)		
Loan Purpose	**Minimum**	**Maximum**	**Average**	**Minimum**	**Maximum**	**Average**
Housing	23.15%	42.78%	34.13%	23.57%	45.26%	34.43%
Emergency	20.47%	40.50%	34.04%	20.47%	45.26%	34.24%
Consumption	23.15%	39.89%	34.37%	25.82%	45.26%	37.12%
Education	20.11%	41.36%	32.45%	20.11%	45.26%	33.42%
Business	17.11%	58.29%	33.25%	17.11%	52.69%	33.98%
Any Purpose	9.86%	44.87%	32.91%	11.75%	44.21%	32.03%

The average APRs of each loan purpose show tight spreads, with a 1.92% range between the minimum and maximum for the **APR (Interest + Fees + Insurance)** and a 5.09% spread in the averages of the **APR India (Interest + Fees + Deposit)**.

Examining the data by geographic focus, i.e. urban or rural settings[10], we observe significant spreads between the lowest and highest APRs offered on microloans. While the average **APRs (Interest + Fees + Insurance)** are similar between urban and rural (33.48% and 31.62%, respectively), the spreads between the minimum and maximum rates are large (48.43 for urban loans and 28.03 for rural loans). The same is true for the **APR India (Interest + Fees + Deposit)** rates: average APR India rates are 33.55% for urban loans and 31.54% for rural loans but the spreads between minimum and maximum of each geographic area are large (40.94 for urban loans and 27.89 for rural loans).

Table 6: APRs by Urban/Rural Focus

	APR (Interest + Fees + Insurance)			APR India (Interest + Fees + Deposit)		
Urban/Rural	**Minimum**	**Maximum**	**Average**	**Minimum**	**Maximum**	**Average**
Urban	9.86%	58.29%	33.48%	11.75%	52.69%	33.55%
Rural	17.11%	45.14%	31.62%	17.11%	45.00%	31.54%
Both (50/50)	23.57%	44.82%	36.09%	23.57%	43.57%	34.52%

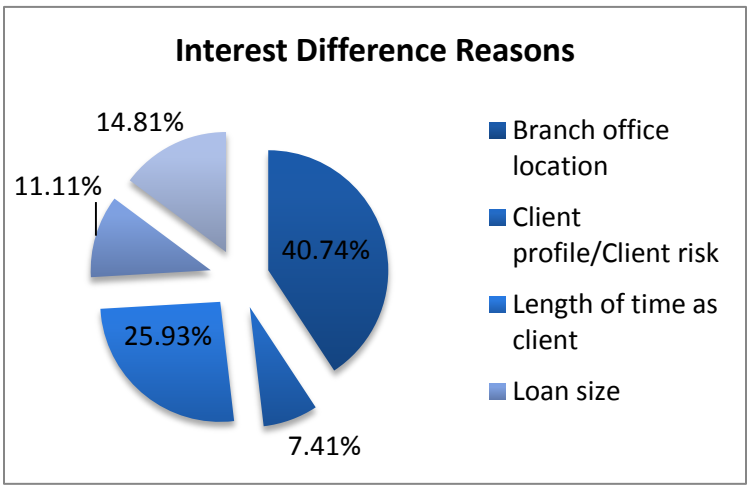
Institutions that indicated that they offer loans in both rural and urban areas also have significant spreads between the minimum and maximum prices offered to clients on microloans, but the differences are not as pronounced: 21.25 for **APRs (Interest + Fees + Insurance)** and 20 for **APR India rates (Interest + Fees + Deposit)**.

One of the most interesting aspects of Indian microfinance pricing is that it is very standard. Most loan products have set prices that do not vary and are constant for all clients who access that product. This standardization in microloan product pricing makes calculating the true prices in India loans a bit more straightforward. But maybe more interesting is examining the microloan products in India that *do* have varying interest rates, since there are so few of them.

[10] We defined those products with >50% of active borrowers in urban areas as urban and products with >50% of active borrowers located in rural areas as rural.

During our data collection, we identified 18 products that carry a range of prices. The reasons for the variance in pricing within a product are highlighted below. The most common reason for clients receiving different interest rates within the same loan product is geography. We were told by MFIs that they charge one set of prices in certain States within India and another set of prices in other States.

Figure 19: Reasons for Interest Rate Variation



Another common reason for variation in product pricing is the length of time a client has been with the institution. Frequently, first-time clients are charged a higher price than clients who have been with the institution for some time and proven their ability to repay. Over time, the interest rate may come down as the client moves through subsequent loan cycles. In some instances, however, we have seen prices increase with the loan cycle. This is not frequent but was observed in a few cases, often when an MFI uses larger loans to subsidize smaller loans, intended for more economically disadvantaged clients.

MF*Transparency* Transparency Index

Pricing methods are very often complex and confusing. MF*Transparency* recommends several basic pricing practices for transparency. We recommend charging interest rates on a declining balance basis rather than a flat balance. Fees should be few and straightforward. Additional services such as insurance and savings should be optional, not mandatory. Prices should be quoted to consumers as APRs or EIRs. Loan documentation should be thorough and clear, including interest rates, all fees, loan terms and a schedule of payments.

To measure the level of an MFI's adherence to these transparent practices, MF*Transparency* calculates a Price Transparency Index by product, comparing the nominal interest rate quoted to the client relative to the calculated APR. For example, if a product has a nominal interest rate of 30%, but because of fees or other cost factors has an APR of 40%, the loan has a Transparency Index of 75%, calculated as 30% / 40%. This means that only 75% of the true cost of the loan is communicated to the client through the interest rate, so the closer the two figures, the more transparent the price is. A 100% is considered a "perfect score" on the Transparency Index, or a completely transparent price.

In India, there are 13 products with a transparency index greater than 90%, as follows:

MFI	Product	Transparency Index
Ujjivan Financial Services Private Limited	Emergency Loan	122.2
Equitas	Gurukul Loan	101.1
Society for Promotion of Youth & Masses	Income Generation Loan	99.8
Equitas	Shiksha Loan	97.9
Equitas	Primary Loans	96.7
Equitas	Vidya Loan	96.7
Equitas	Additional Micro-Credit	96.5
Equitas	Second Cycle Loan	96.1
Disha Microfin Pvt Ltd	PRAGATI	92.8
Disha Microfin Pvt Ltd	GATI	92.0
Spandana Sphoorty Financial Limited	Dharani	91.9
Sonata Finance Private Limited	Individual Loan	90.4
L & T Finance Ltd	Gram Bandhu	90.0

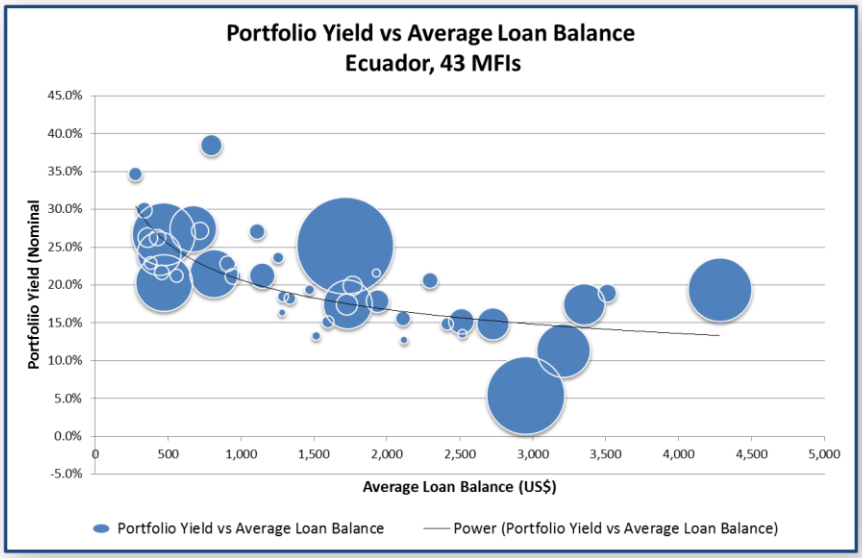
(Note that a product can have an index greater than 100 if the actual APR is *less* than the advertised price. This happened for two products, because interest calculation methods and grace periods resulted in calculations lower than would happen with declining balance interest.)

PRICE AND DELIVERY COST COMPARISONS

THE PRICE CURVE AND THE COST CURVE

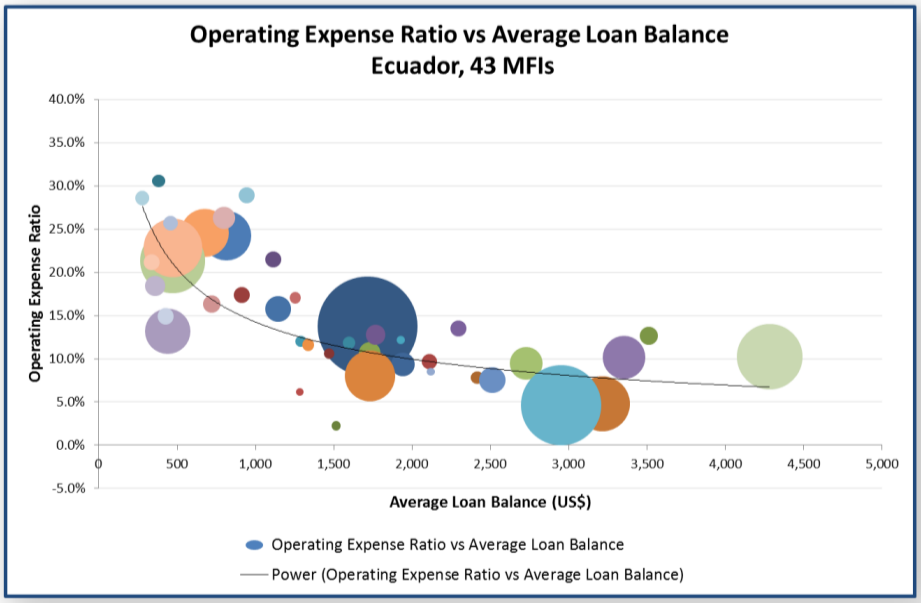
MF*Transparency,* in analyzing dozens of countries using financial data accessible through the MIX (www.mixmarket.org), finds a consistent relationship in most mature markets between the average weighted prices and average loan balance per client for the MFIs in a given market. This is what we call "the price curve." Data from Ecuador is useful as an example, illustrating the price curve clearly in the figure below. Each data point represents the average figures for a single MFI, with the size of the bubble showing the scale of the MFI by number of clients. With a few exceptions, it can be seen that those MFIs working downscale generate a gradually higher portfolio yield. The trend appears to be relatively independent to the scale of the MFI, with MFIs of all sizes intermingled.

Figure 20: Portfolio Yield vs Average Loan Balance, Ecuador



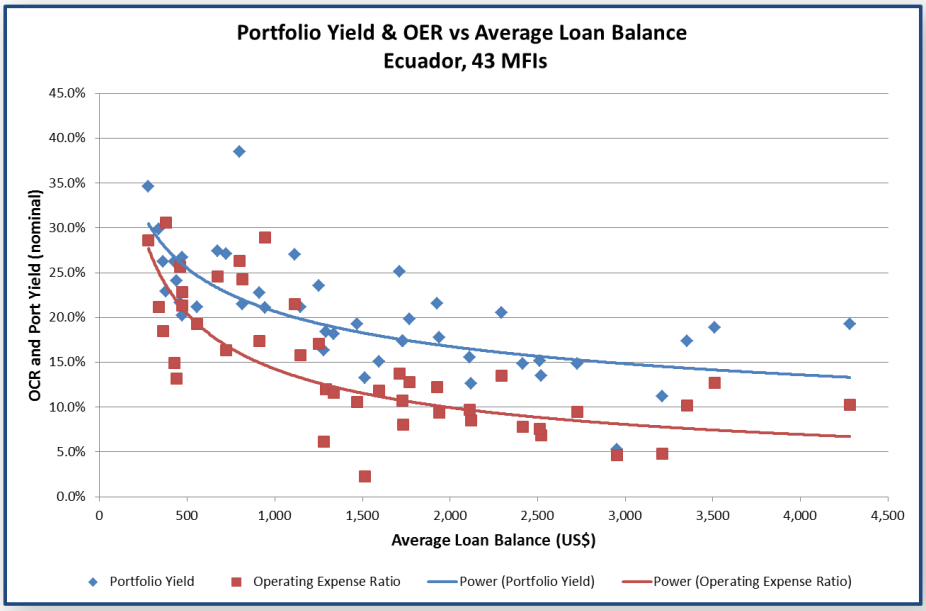
Similarly, there is a correlation between average operating costs and average loan balance, or a "cost curve", as shown for Ecuador in the next figure. The operating cost ratio is calculated as operational costs for the year divided by average loan portfolio for the year, and is the primary measure of "efficiency" in financial services. As seen in the graph, there is a clear tendency for the operating cost ratio to be higher for those MFIs targeting smaller loans. Again, the data appears independent of scale, challenging the common argument that MFIs "become more efficient" as they scale up. There are clearly issues of loan size affecting efficiency when expressed as "operating cost ratio".

Figure 21: Operating Expense Ratios vs Average Loan Balance, Ecuador



Finally, we can place the data from the first two graphs into the same graph (see next figure), removing the bubble-size representing scale for better clarity. We can see an interesting comparison, demonstrating that generally, prices increase as an MFI targets smaller loans because cost ratios increase for MFIs targeting smaller loans. In general, higher prices are charged not to generate high profits, but rather to cover higher costs. In fact, the gap between the blue and red lines is the difference between price and operating costs, or a "spread".

Figure 22: Portfolio Yield & OER vs Average Loan Balance, Ecuador



The spread is a fairly consistent amount on the right-hand side of the graph (larger loans), but a rapidly diminishing amount on the left-hand side of the graph (institutions with smaller average loans). In other words, most of the "high prices" we see on very small loans are not generating profits because they are barely even covering operating costs. Why aren't prices continuing to rise to maintain a sufficient spread? One key reason is that Ecuador has an interest rate cap that changes periodically but has been around 30% in 2009. Depending on at what level the interest rate cap is set in a given country, the impact is felt more heavily by those products with the smallest loan sizes.

COST COMPONENTS THAT AFFECT PRICE

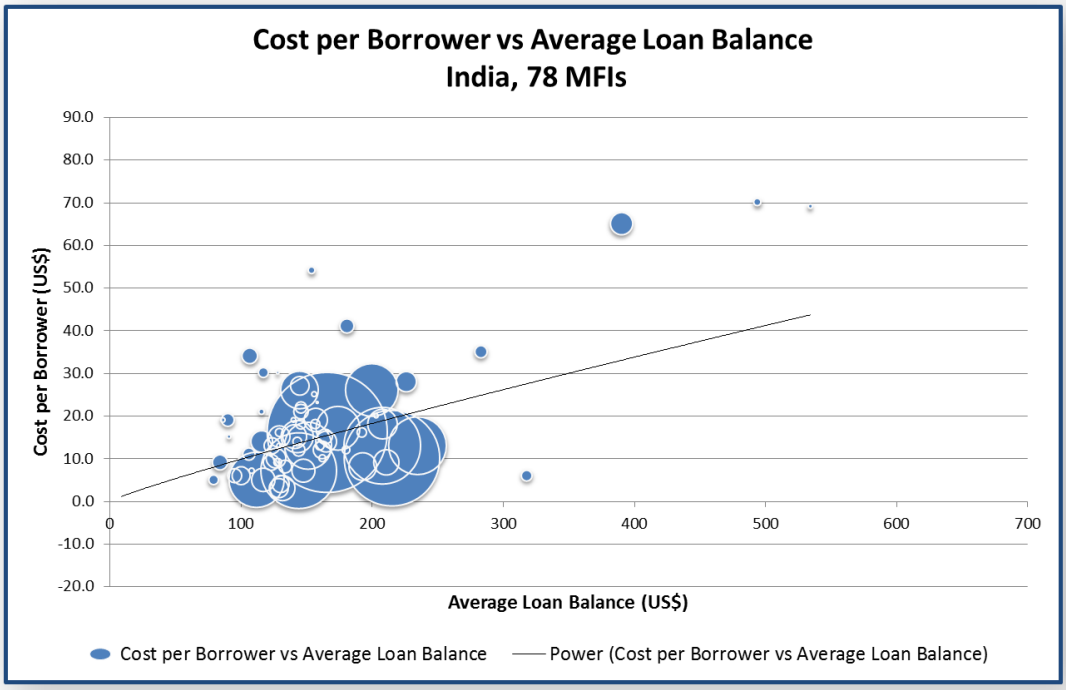
In sustainable businesses, prices need to cover costs, and the components that affect a product's price include financial costs, operational costs, loan losses, and the profit margin. Experience shows that financial costs and loan losses are fairly independent of the loan amounts. The cost curves we just saw, however, indicate that operational costs are quite dependent upon loan size. The table below shows what prices would be necessary for two very different loan amounts, if both loans were to cover costs (and generate a modest amount of profit). The larger micro-loan would be profitable at an APR of 20%, whereas the very small loan would need a price nearly twice as high to be profitable.

In the graphs above, we saw the evidence for increasing operational costs, but we haven't yet explored why this happens. We can do that by looking at the cost of a single loan to a single client. We'll start by examining the graph below, showing "cost per borrower" correlated to average loan balance per borrower. The graph indicates a gradual upward trend – MFIs giving larger loans have operating costs that are gradually higher, a result of spending more time analyzing and monitoring those larger loans presumably.

Table 7: Cost Components of Lending

Component	Rs. 2,000 Loan	Rs. 20,000 Loan
Financial Costs	10%	10%
Loan Loss	2%	2%
Operating Costs	25%	7%
Profit	3%	3%
Total Price	**40%**	**21%**

Figure 23: Cost per Borrower vs Average Loan Balance, India



Most of the Indian MFIs in this MIX dataset have average loan balances between US$100 and US$200, and in that range, the MFIs have a "cost per borrower" in the range of US$8 to US$18. We can therefore start our hypothetical analysis by saying an MFI has an average loan balance of $150 and an average cost per client of $15. That results in an operating cost ratio for that client of 10%, which is fairly typical for an Indian MFI. But this is an *average* figure, and we see very interesting results if we look at the cost ratio for smaller and larger loans.

Table 8: Costs by Loan Amount – R 500 Cost to Monitor Client

Client's Initial Loan Amount	R 2,000	R 4,000	R 6,000	R 8,000	R 10,000	R 12,000	R 14,000	R 16,000	R 18,000	R 20,000	R 22,000
Client's Average Loan Balance	R 1,000	R 2,000	R 3,000	R 4,000	**R 5,000**	R 6,000	R 7,000	R 8,000	R 9,000	R 10,000	R 11,000
Annual cost to monitor that Client	R 500	R 500	R 500	R 500	**R 500**	R 500	R 500	R 500	R 500	R 500	R 500
Operating Cost Ratio	50%	25%	17%	13%	**10%**	8%	7%	6%	6%	5%	5%

In the table above, the center column shows the "client's average loan balance" of R5,000 during the course of the loan term. Given that most loans in India are for one year, with constant payments throughout the year, we can estimate this to be an initial loan of R10,000. The MFI spends R500 to work with that client over the entire year, and the Operating Cost Ratio is 10%. Assuming the MFI spends the same amount of time and attention to a client with a smaller loan of R8,000 as to the client with the R10,000 loan, the operating cost ratio increases to 13%. As the loan size drops, if the MFI still spends as much time monitoring the loan, the operating cost ratio

constantly increases, reaching 50% for a loan of R2,000. This is consistent with the figures we saw for Ecuador. And for loans larger than R10,000, if the MFI spends the same amount of time and expense, the operating cost ratio constantly reduces to a level of 5%. If graphed out as in the previous graphs, this would be a very clear cost curve. Even though the cost for managing a loan increases with loan size, the cost as an overall percentage of the loan amount decreases much more significantly. This is why, as demonstrated by the figures in the previous section, the operating expense ratio tends to be higher for smaller loans.

The India data doesn't show such a dramatic curve, nor do we see such extreme curves in other countries. The reason is that MFIs with smaller loans make extra efforts to reduce their cost per client. If you target a loan size of R10,000, you design a particular methodology. If you target a loan size of R2,000, you make every effort to streamline costs. You spend less time per client and less expense per loan. The table below shows the very same loan products, but shows very different figures for the "annual cost to monitor that client". In this case, the MFI spends only R300 rather than R500 for the loan of R2,000, and gradually increases to spending R800 to monitor the loan of R22,000. The MFI with the smaller loans is more "efficient" in that it spends less than half the amount per client or per loan, but when expressed as a percentage of the loan balance, the MFI with the small loan looks much less "efficient".

Table 9: Costs by Loan Amount – R 300 Cost to Monitor Client

Client's Initial Loan Amount	R 2,000	R 4,000	R 6,000	R 8,000	R 10,000	R 12,000	R 14,000	R 16,000	R 18,000	R 20,000	R 22,000
Client's Average Loan Balance	R 1,000	R 2,000	R 3,000	R 4,000	**R 5,000**	R 6,000	R 7,000	R 8,000	R 9,000	R 10,000	R 11,000
Annual cost to monitor that Client	R 300	R 350	R 400	R 450	R 500	R 550	R 600	R 650	R 700	R 750	R 800
Operating Cost Ratio	30%	18%	13%	11%	**10%**	9%	9%	8%	8%	8%	7%

Data in country after country, as well as common logic demonstrates that this is the reality of microfinance. For smaller and smaller loans, even if the MFI makes serious efforts to reduce the cost-per-loan, the operating cost ratio still increases, and increases dramatically. Since loan prices are measured as percentages of the loan amount, then break-even price of the smallest loans must then be higher. There is a cost curve, which necessitates a price curve.

CROSS-COUNTRY COMPARISONS

The following series of graphs compare efficiency and pricing ratios for India to those in other countries with some of the most mature, competitive microfinance markets in the world. Although the determinants of this data are specific to the environment in each country, these comparisons offer a useful context for understanding the overall nature of the Indian microfinance market and specifically the relevance of these data points.

The horizontal axis in each graph below shows the average loan balance per client of the MFI, expressed as a percent of GNI. Each data point represents one MFI, using data reported to the MIX in 2009. This conversion allows the data of different countries to be reasonably compared (but note that portfolio yields are not "real" on the y-axis, so difference in inflation rates result in some differences in prices). The vertical axis of the first graph in each pair shows operating expense ratios as a measure of efficiency, and in the second graph shows portfolio yield as a measure of price.

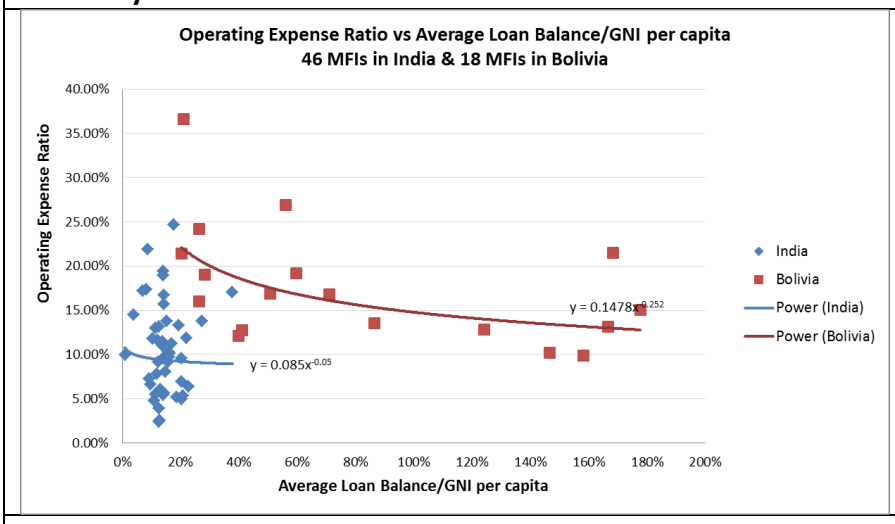
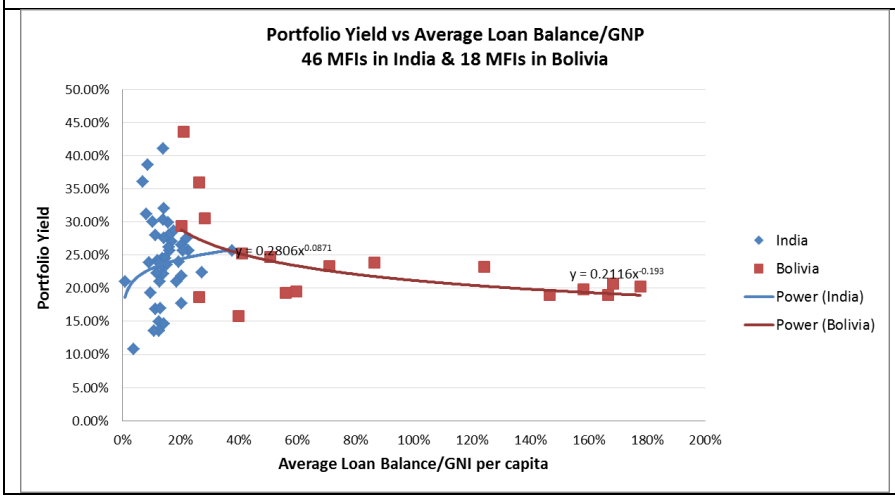
INDIA / BOLIVIA COMPARISON

Bolivia is one of the oldest microfinance markets in the world and regarded as highly developed and a model example for microfinance globally. It is very different from India in nearly every other respect. What can we see when comparing micro-credit costs and pricing?

TARGET GROUP

As can be seen in the graphs, the Indian MFIs, clustered to the far-left, universally give much smaller loans (as percentage of GNI) than the majority of Bolivian MFIs. This may suggest that Indian MFIs are more focused on serving the poorer clients in India, whereas in Bolivia the market has expanded to serve clients with a larger capacity for credit. Working with smaller loans has implications for cost ratios and for the prices necessary to cover those costs.

Figure 24: India vs Bolivia

Efficiency	Highlights
	• Despite much smaller loan sizes, India's efficiency ratios are still dramatically lower than those in Bolivia. The ability to offer very small loans with low costs is typically only characteristic of the most competitive, mature markets. • The India efficiencies are quite spread out, vertically, but the majority of India MFIs still are more efficient than MFIs in Bolivia.
Price	**Highlights**
	• In comparing portfolio yield, the data of the two countries is relatively more aligned. The spread between operating costs and prices is somewhat larger in India than Bolivia. • The majority of Indian MFIs have prices on par with Bolivian MFIs who manage much larger loans • The highest prices in India are on par with the highest prices in Bolivia

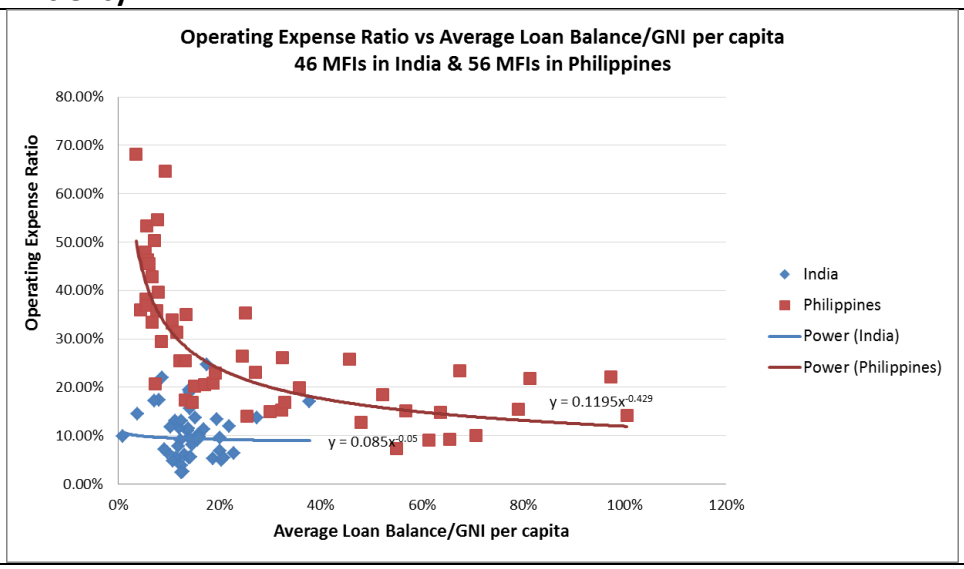
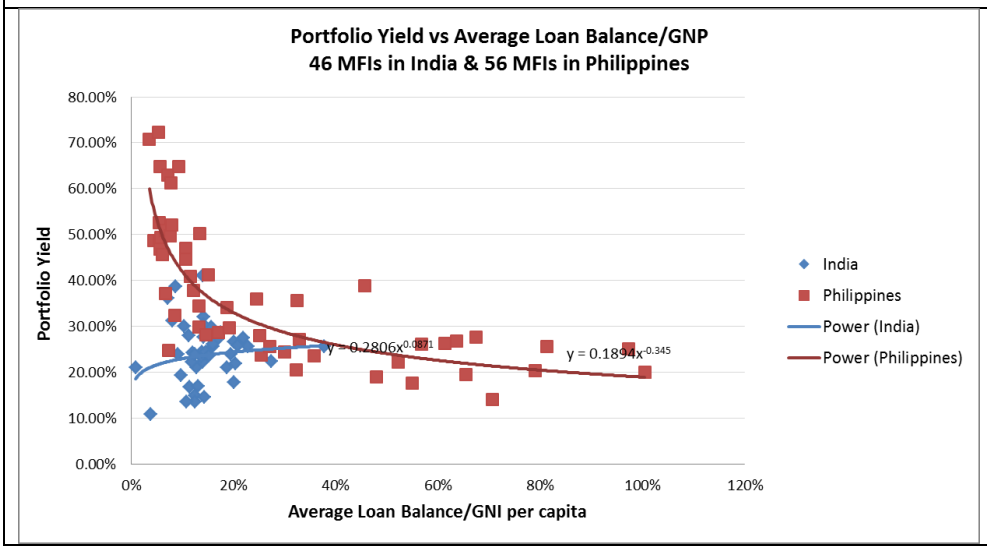
INDIA / PHILIPPINES COMPARISON

Data from the Philippines allows comparison with another Asian country, and a market which has been very highly regarded for its maturity and for working with low-income segments of the population.

TARGET GROUP

In this case, the Indian MFIs are not clustered as much to the far-left of the continuum. Many Philippine MFIs work with clients of the same economic level.

Figure 25: India vs Philippines

Efficiency	Highlights
	• The comparison of operating costs is quite striking. Though loans are of the same amount, expressed as percent of GNI, the Philippine MFIs have operating costs that are dramatically higher.
Price	**Highlights**
	• In comparing portfolio yield, the Philippine portfolio yields are about double the average in India, even for loans of the same size as % GNI per capita. • Comparing costs with prices, it can be seen that the Philippines MFIs are charging these much higher prices because of much higher costs.

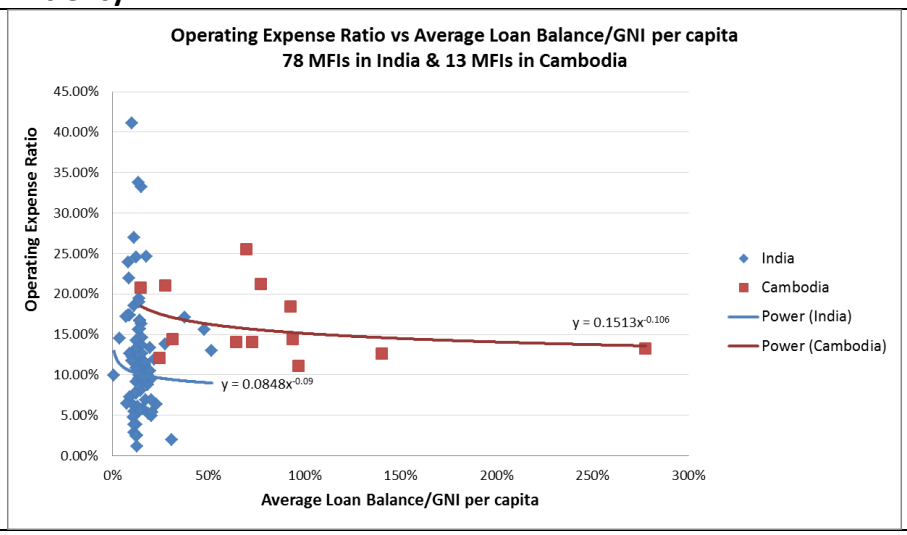
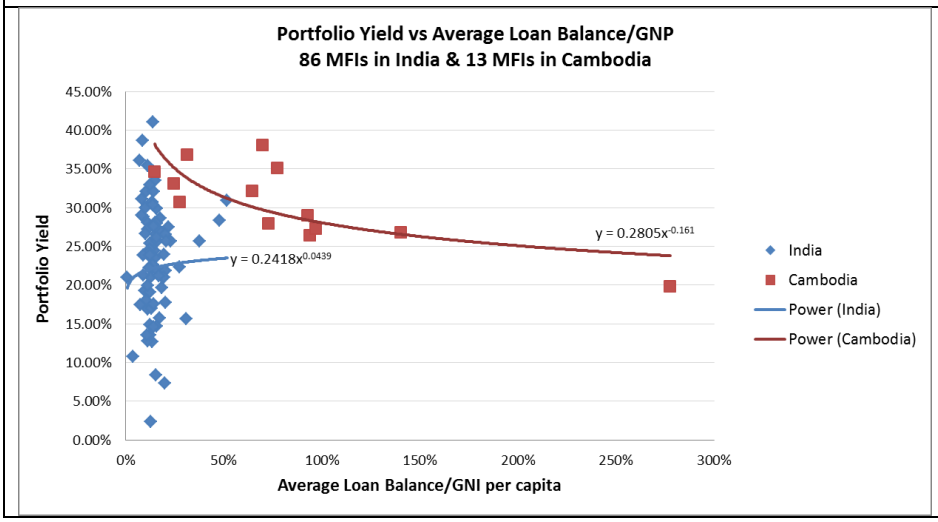
INDIA / CAMBODIA COMPARISON

Cambodia allows comparison with another Asian country, and a market which has been very highly regarded for its maturity, transparency, and efficiency.

TARGET GROUP

As with the Bolivia comparison, the Indian MFIs, clustered to the far-left, universally give much smaller loans (as percentage of GNI) than the majority of Cambodian MFIs. Working with smaller loans has implications for cost ratios and for the prices necessary to cover those costs.

Figure 26: India vs Cambodia

Efficiency	Highlights
	• The comparison of operating costs looks quite similar to the Bolivia-India comparison. Again, India's efficiency ratios are dramatically lower than those in Cambodia. • The majority of India MFIs are significantly more efficient than MFIs in Cambodia.
Price	**Highlights**
	• In comparing portfolio yield, the data of the two countries is relatively more aligned. • But still, Indian MFIs do charge a much lower interest rate for the size of the loans disbursed.

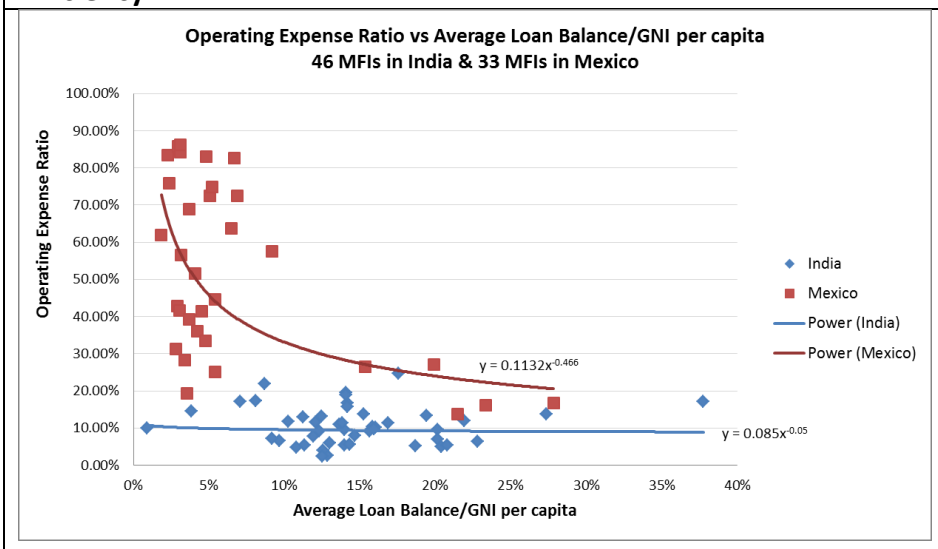
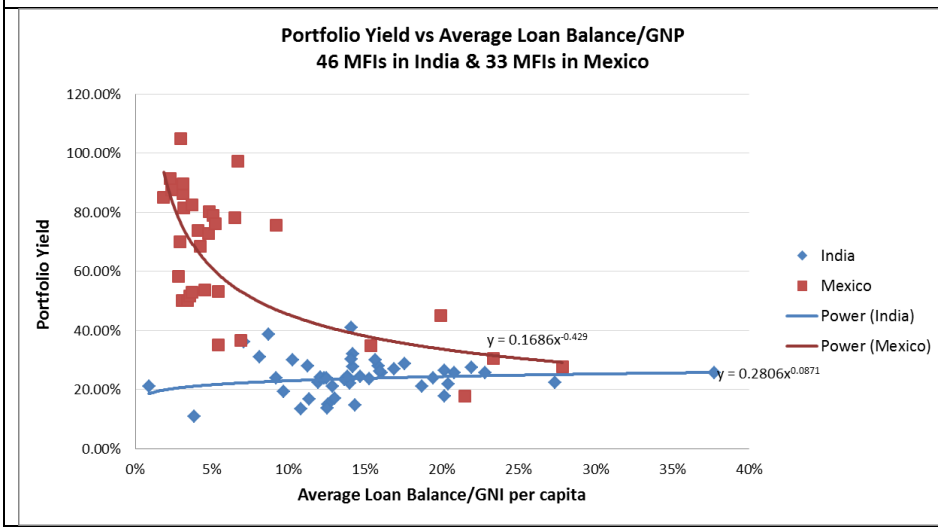
INDIA / MEXICO COMPARISON

Mexico is a highly commercial market and rather large country. The two notable IPOs in microfinance have occurred in Mexico and India, and a comparison of the two yields quite interesting results.

TARGET GROUP

Quite striking is the fact that Mexican MFIs work with clients living at a very low income level relative to the general population in Mexico. In fact, many Mexican MFIs work at an even lower population on the economic continuum than India, something we haven't seen in the other comparisons and is likely due to the extreme income inequality in Mexico.

Figure 27: India vs Mexico

Efficiency	Highlights
	• The comparison of operating costs is quite striking. Mexican MFIs work with equal loan sizes or even smaller. And working with such small loans results in a quite dramatic operating cost curve. The figures are quite high, reaching levels seldom seen in other countries – 50% to 80%. • In comparison, the Indian MFIs look efficient partly because of their larger loan sizes, and we have not seen India with larger loan sizes in any other comparison.
Price	**Highlights**
	• Mexican prices are considered among the highest in the world. Interestingly, this graph shows that MFIs targeting an average loan balance of 20% of GNI have prices on par with Indian MFIs. It is the MFIs working at very small loans of 5% of GNI that are charging the very high prices in the range of 60% to 100%.

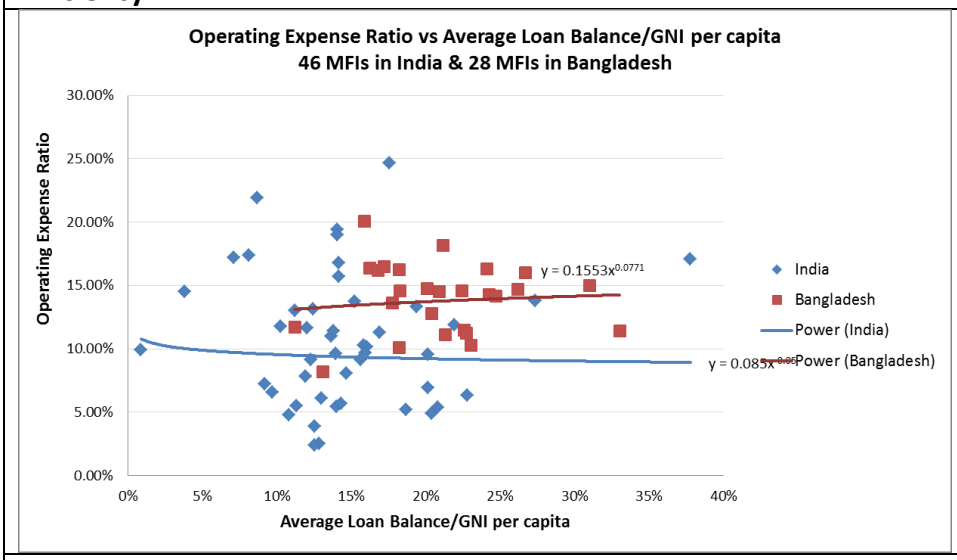
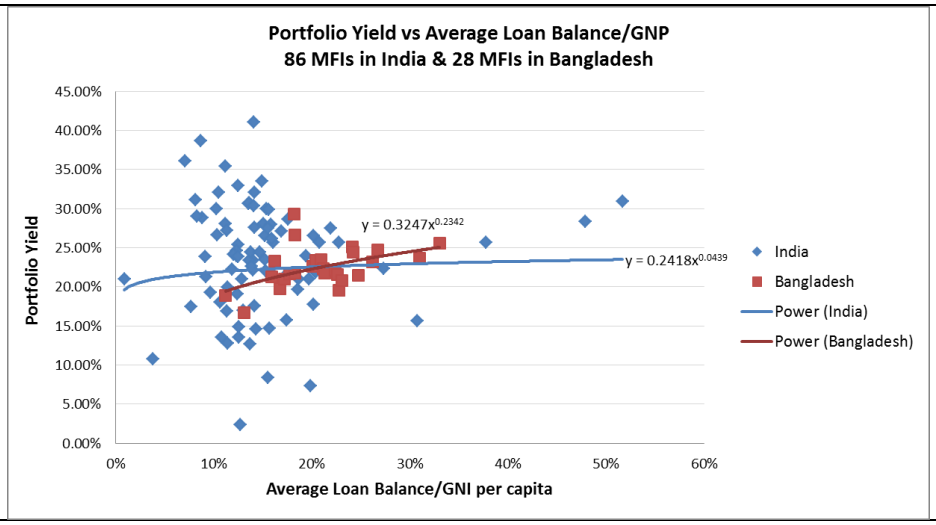
INDIA / BANGLADESH COMPARISON

Bangladesh and India are often compared, and often considered distinct from other national markets in many ways. It makes a suitable closing comparison.

TARGET GROUP

Indian and Bangladeshi MFIs work with very similar target groups, with the bands showing a considerable overlap on the horizontal axis.

Figure 28: India vs Bangladesh

Efficiency	Highlights
	• Bangladeshi MFIs are known for their low costs, but this comparison shows that they are not lower than India, and have in fact a higher operating cost ratio on average.
Price	**Highlights**
	• The price comparison shows rather tight clustering of the Bangladeshi prices, more so than the Indian prices.

CONCLUSIONS

This report conveys new and groundbreaking information never before available in the microfinance industry. Indian MFIs have been active in transparency of their financial statements, but the true price of their products was never before calculated nor communicated. The decision made by the MFIs participating in the *Transparent Pricing Initiative in India* to share their pricing data was entirely voluntary, neither required by law nor encouraged by any influence outside the industry. Data submissions began in July 2010 and were largely completed by September, clearly demonstrating that the sector's commitment to transparency is independent of any particular industry climate.

This valuable pricing information can now be incorporated into decision making by stakeholders at all levels – MFIs can use this in setting prices, clients can use it in comparison shopping, investors can use it to select partners with compatible approaches, the press can use it to correct the common errors made when publishing prices of micro-loans, and regulators can use it to determine what policy decisions will correct market imperfections and help strengthen the market. As an objective third party, MF*Transparency*'s role is to present this information in a way that stakeholders can accurately interpret and put to use. It is now up to those within the Indian microfinance market to build upon this foundation of transparent pricing new industry standards for responsible pricing practices. The launch of the India pricing dataset is the beginning of a process for change, for increased transparency and client protection, one that MF*Transparency* will continue to support alongside all who take up the cause.

ANNEXES

There are three annexes in this report:

Annex 1: Participation by Institution

Annex 2: Pricing graphs from website

Annex 3: Pricing data by Institution and Product

ANNEX 1: PARTICIPATION BY INSTITUTION

Overall Participation in the *Transparent Pricing Initiative in India* – By Institution		
#	**Participating Institutions**	**Institutions that Declined Participation[11]**
1	Equitas	BASIX
2	Samasta	Grameen Financial Services (Grameen Koota)
3	Chaitanya	Margdarshak
4	PWMACS	**Non-Participating Institutions[12]**
5	Trident	BISWA
6	Uttarayan Financial Services	Indian Cooperative Network for Women (ICNW)
7	Sahara Uttarayan	Madura Microfinance Ltd. (Formerly Microcredit Foundation of India)
8	Saadhana	Bharatha Swamukti Samsthe
9	Asirvad	SMILE
10	Suryoday	S.E. Investments Limited
11	Sahayata	Sharada's Women's Association for Weaker Section (SWAWS)
12	Ujjivan	Mahasemam
13	Fusion	Jagannath Financial Services Limited (Formerly KAS Foundation) (JFSL)
14	Disha	Kotalipara
15	Barasat Grameen Society	Gram-Utthan
16	Arman	SEWA MACTS

[11] Institutions that declined to participate formally communicated their decision not to submit pricing data to MF*Transparency*.

[12] Non-participating institutions neither submitted data to MF*Transparency* nor conclusively declined to participate. Though they may have intentions to participate at some future date, they are considered as non-participating for the purposes of this report.

17	HELP	Adhikar
18	Navachetana	KBSLAB
19	ASA	Rashtriya Seva Samithi
20	CDOT	Welfare Services Ernakulam
21	VAMA	Gandhi Smaraka Grama Seva Kendram
22	Sonata	Star MicroFin Service Society, formerly SYA
23	Swadhaar FinServe	Rores MED Trust
24	Sahara Utsarga	Indur MACS
25	GOF	SEWA Bank
26	Cashpor	Aadarsha Welfare Society
27	LBT	India's Capital Trust Ltd
28	Satin	Development Organization for Village Environment (DOVE)
29	Belstar	ASA India
30	Pahal	Share MACTS
31	We The People	Bharathi Women Development Centre
32	Janalakshmi	Janodaya
33	Sarala	Nav Bharat Jagriti Kendra
34	Asomi	Pustikar
35	VFSPL	Sakhi Samudaya Kosh
36	Nano Financial Services India Pvt. Ltd	Srivardan Sociodevelopment Foundation
37	BMC	Grameen Sahara Matia Goalpara
38	Nirantara	Vivekananda Sevakendra-o- Sishu Uddyan
39	WEMCS	Sanchetna
40	RISE	Gram Tarang Financial Services Pvt. Ltd
41	Grama Vidiyal	Nidan
42	Sahayog	KOPSA
43	Credible	Sulaxmi Finance Pvt Ltd
44	Prayas	Aadhar
45	Utkarsh	Intrepid
46	FFSL	Samrudhi Microfin Society Hindusthan Microfinance Pvt Ltd
47	L&T Finance	CCFID, Pondicherry
48	Saija	All Backward Class Relief and Development Mission (ABCRDM)

		Institutions Omitted from the Dataset[13]
49	NEED	
50	SKS	BWDA Finance Ltd.
51	Swayanshree	IDF Financial Services
52	CRESA	SKDRDP
53	YSSS	Sarvodaya Nano Finance
54	Jaago	
55	Arth MicroFinance	
56	Arohan	
57	ESAF	
58	SPYM	
59	AES	
60	People's Forum	
61	Dibakar / DSW	
62	Seba Rahara	
63	SAATH	
64	Mahashakti	
65	Hope	
66	Jan Kalyan	
67	Vikas Samiti	
68	Sambhav	
69	Asmitha	
70	Anjali	
71	Bandhan	
72	SVCL (SV Creditline Pvt Ltd)	
73	Dovefin	
74	SWAWS Credit Corporation India Private Limited	
75	Share	
76	Parama	
77	Pragathi	
78	Mimo Finance / Mimoza Enterprises Finance Pvt. Ltd.	
79	Spandana	
80	NBSAAVS	
81	VFL	
82	Vistaar	

[13] Institutions omitted from the dataset are not included because they are outside the parameters of the *Transparent Pricing Initiative in India*. Their omission should not be interpreted as a lack of commitment to transparency. MF*Transparency* hopes to include them in the future.

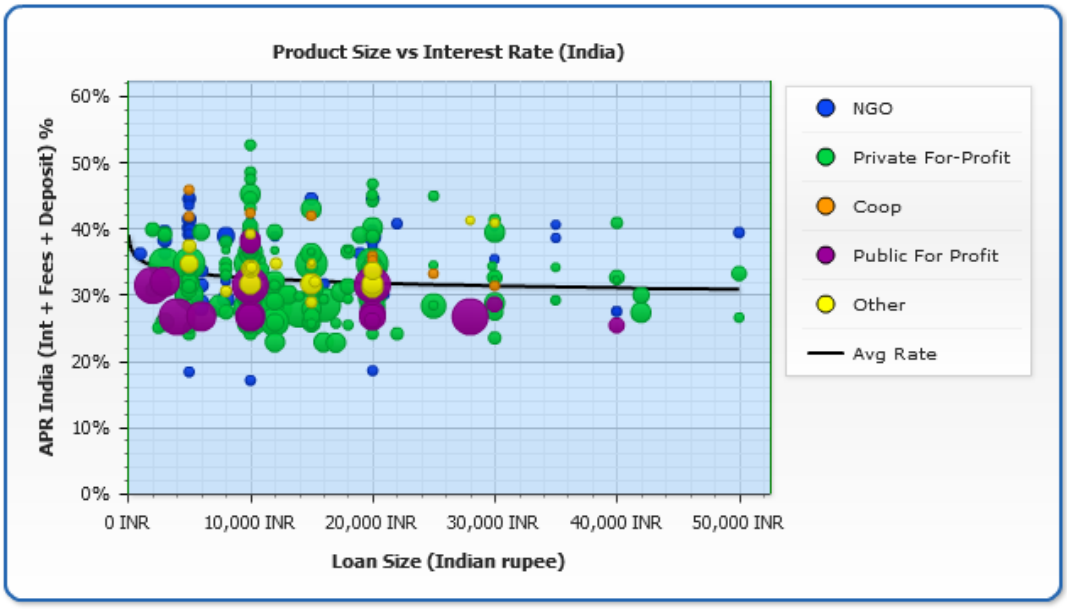
ANNEX 2: PRICING GRAPHS FROM WEBSITE

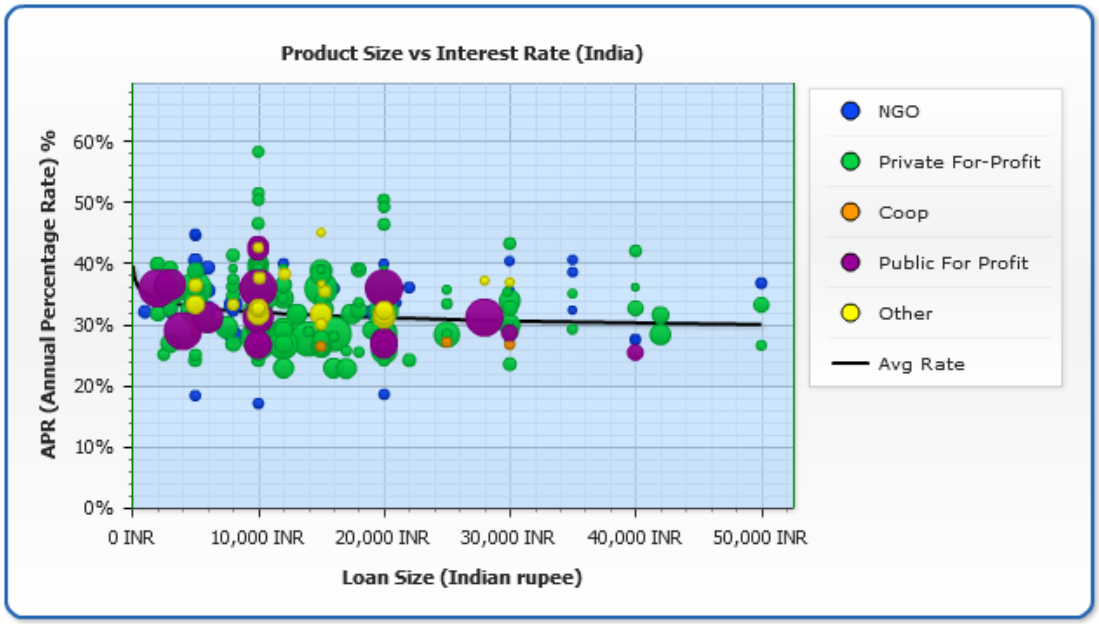
For each country where MF*Transparency* works, we publish interactive pricing graphs that allow the viewer to filter according to a range of variables and analyze our dataset in more detail. These graphs also reflect the relative scale of the loan products included in the dataset in terms of number of active borrowers, represented by the size of the bubbles. Each bubble in this analysis represents a single loan, so most products are represented by multiple loans (i.e. bubbles) in different loan-size buckets. The color coding of the bubbles represents the type of institution, specifically NGO (blue), Private For-Profit (green), Coop (orange), Public For-Profit (purple), and Other institutions (yellow).

The interactive graph for India features the option to filter for variables such as loan size, number of clients, loan term, purpose, institution type, interest rate type, and interest rate range. The following series of graphs illustrates the level of detail with which our dataset can be analyzed, and makes some interesting observations about the India dataset.

1. **APR India (Interest + Fees + Deposit) and APR (Interest + Fees + Insurance): loans < INR 50,000. Purpose: Business**

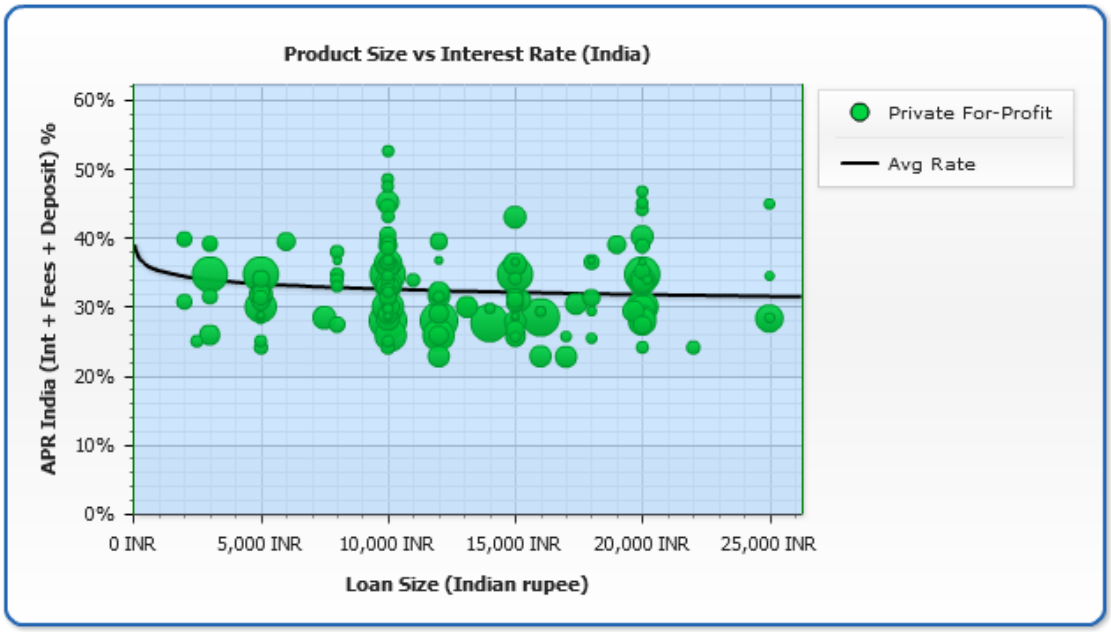
   The following graphs shows interest rates calculated with both the APR India (Interest + Fees + Deposit) and the APR (Interest + Fees + Insurance) formula for loans smaller than INR 50,000 that may be used for business purposes. As illustrated, all five types of institutions offer loans with these characteristics. We can observe a relatively broad range in interest rates for a given loan-size bucket. Note also that the curve is relatively shallow, meaning that as loan size increases prices stay relatively constant.

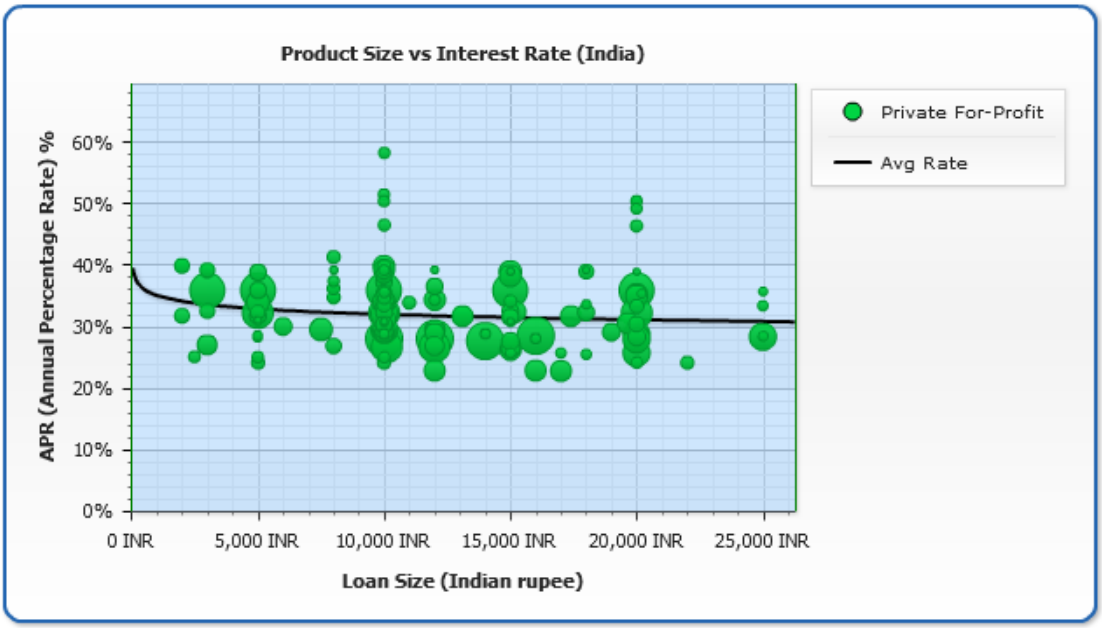




2. APR India (Interest + Fees + Deposit) and APR (Interest + Fees + Insurance): loans < INR 25,000. Purpose: Business. Institution Type: Private For-Profit MFIs

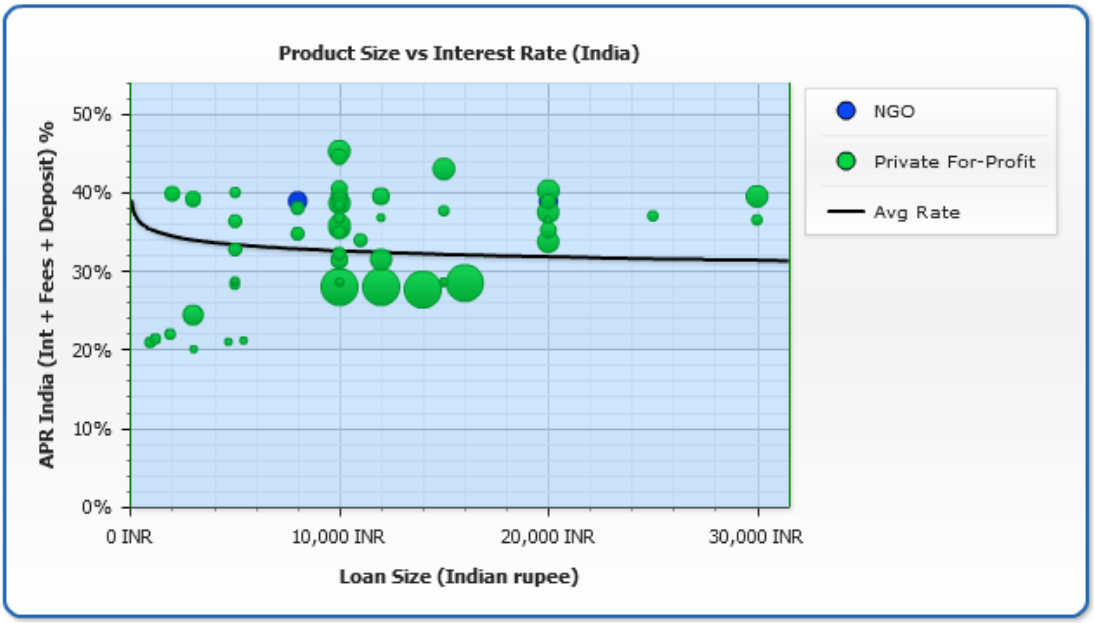
Applying additional filters, the next graph examines loans below INR 25,000 offered by privately-owned for profit institutions for the purpose of business activities. This filtered graph allows for a comparison of business loan products among the same type of institutions. We observe that particularly for loans with an amount of approximately INR 10,000, interest rates may vary considerably, which is likely due to other factors not taken into account by this particular graph. Such factors might include geographic differences, additional services offered with the loan product, or the characteristics of the target market.

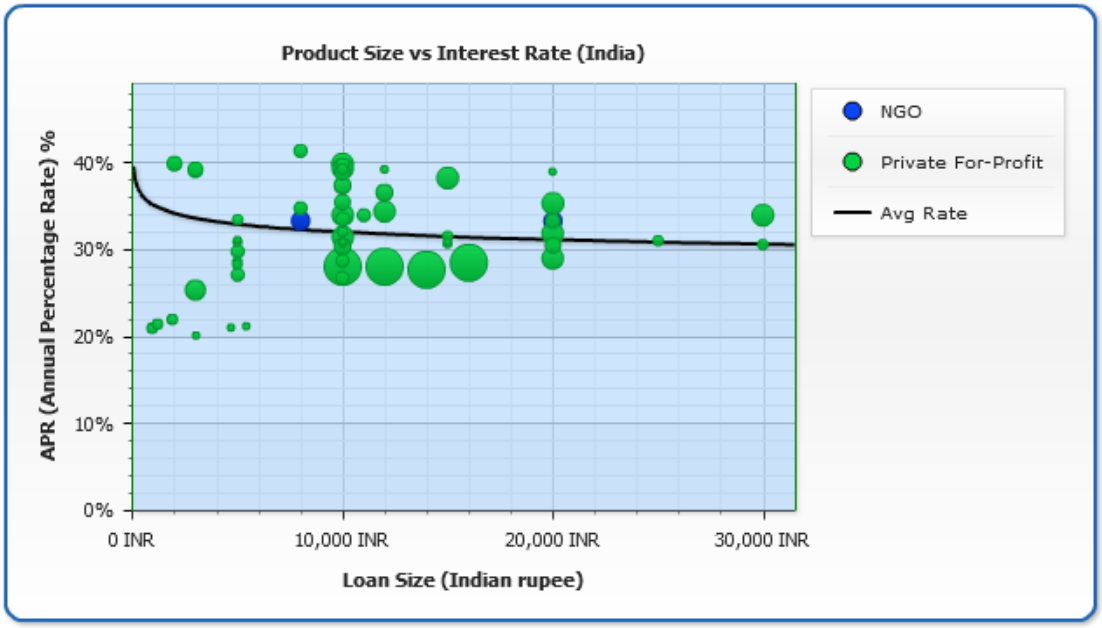




3. **APR India (Interest + Fees + Deposit) and APR (Interest + Fees + Insurance): loans < INR 30,000. Purpose: Education**

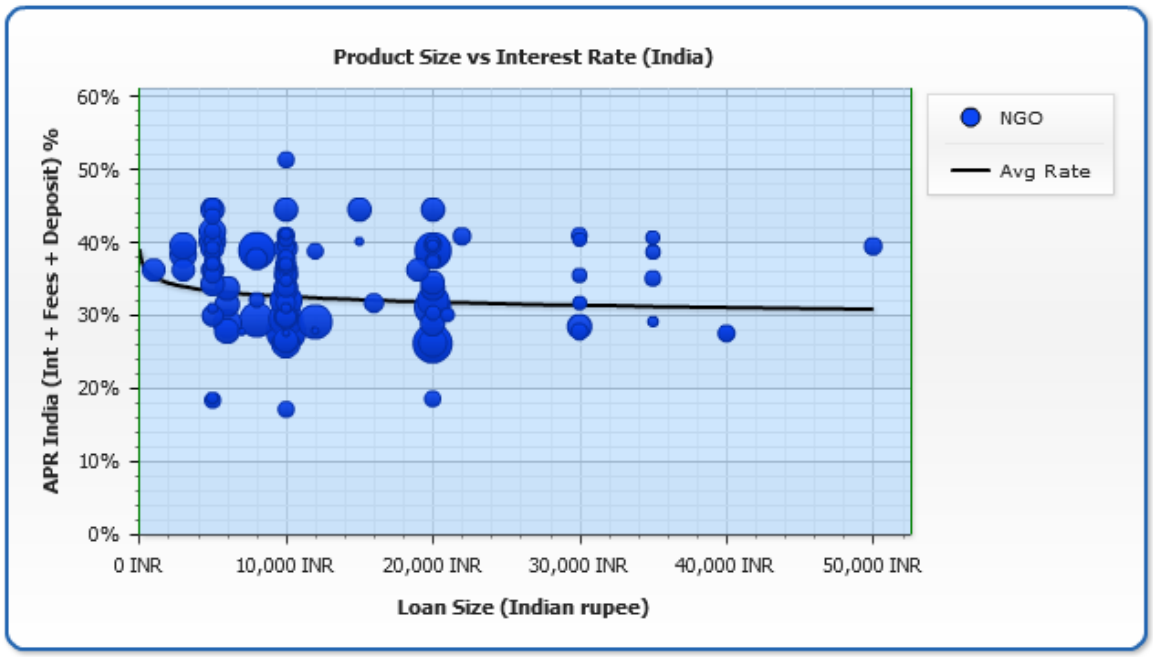
Loans for the purpose of education are generally below INR 30,000 and almost exclusively offered by private for-profit institutions, although in one case by an NGO as well.

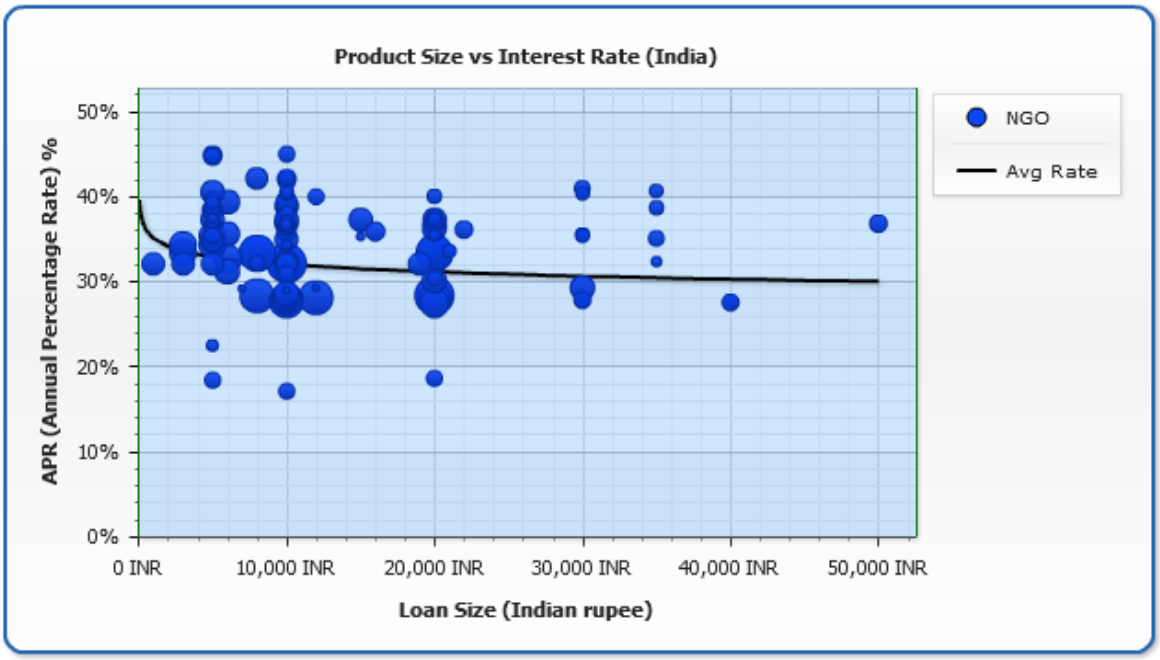




4. APR India (Interest + Fees + Deposit) and APR (Interest + Fees + Insurance): loans < INR 50,000. Institution Type: NGOs

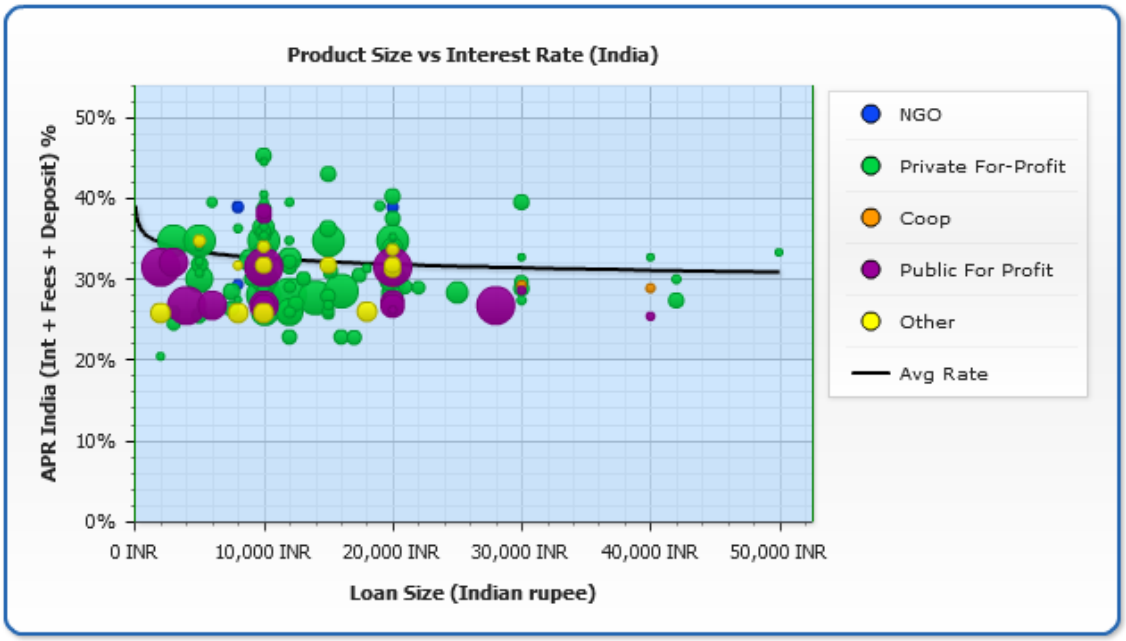
The following graph illustrates the prices of all loans below INR 50,000 provided by NGOs. We can observe that the loans representing comparably large products in terms of scale (number of active borrowers) are relatively closer to the market curve.

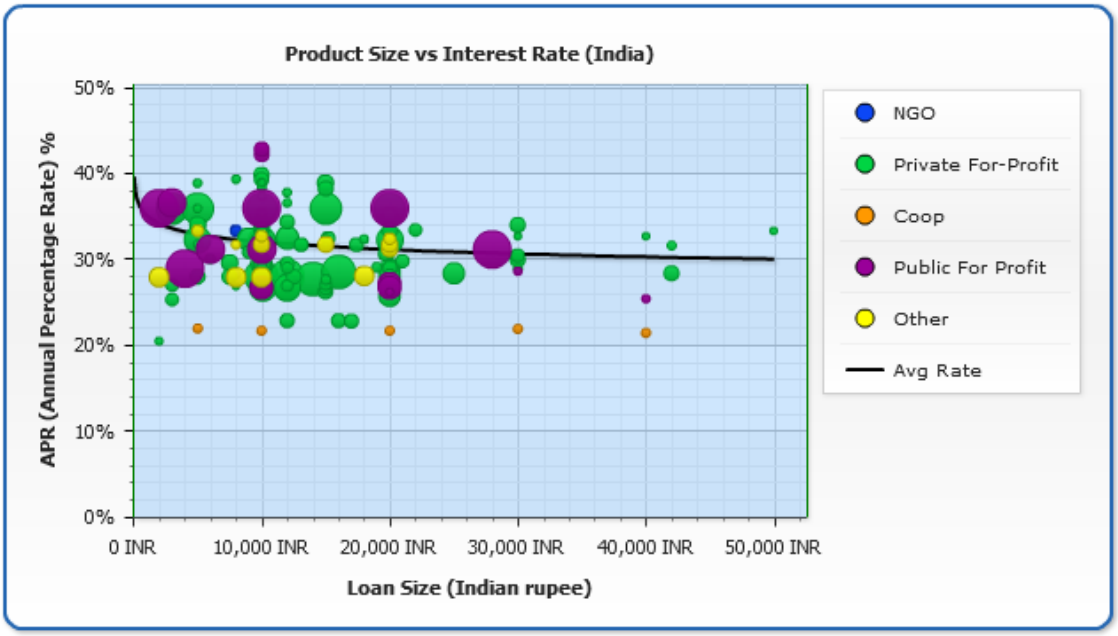




5. **APR India (Interest + Fees + Deposit) and APR (Interest + Fees + Insurance): loans < INR 50,000. Number of Active Borrowers > 20,000**

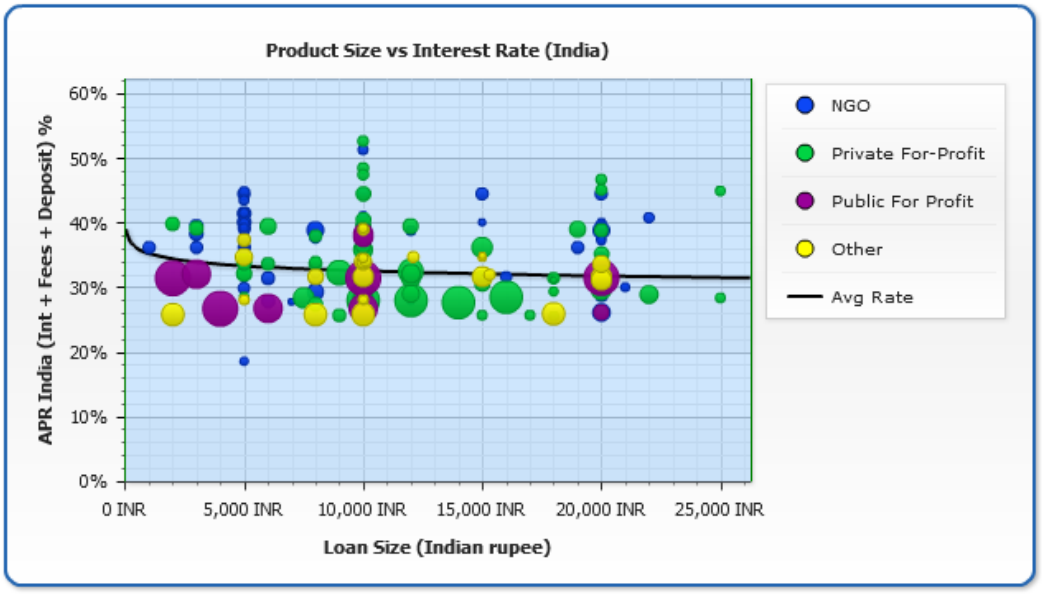
In the following graph we are only considering loans of relatively large amounts with more than 20,000 active borrowers. The filtered graph suggests that products with a significant number of clients tend to have relatively lower prices and are, with some exceptions, primarily located on or below the market curve for APR India and slightly higher for APR.

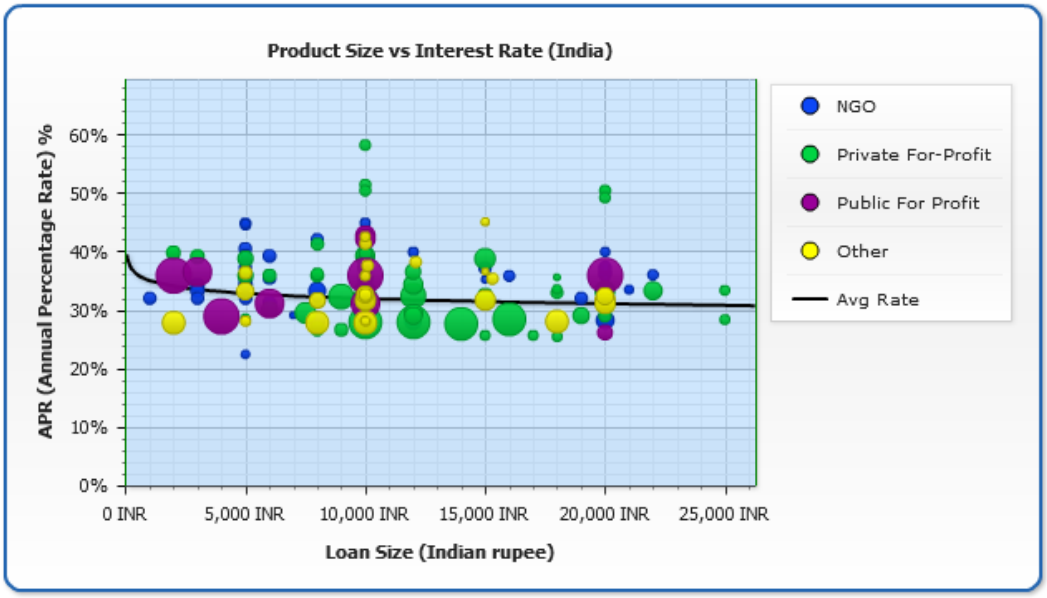




6. **APR India (Interest + Fees + Deposit) and APR (Interest + Fees + Insurance): loans < INR 25,000. Interest Calculation Method: Flat**

This final graph shows all loans smaller than INR 25,000 for which the institution uses the flat interest calculation method. While the prices for all these loans are quoted as a flat rate to the clients, they are presented in APR terms in this graph, i.e. as the declining balance equivalent interest rate. While several loans of products with relatively few clients are above the market curve, larger products are mainly priced below the market average.





ANNEX 3: PRICING DATA BY INSTITUTION AND PRODUCT

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Action For Social Advancement (ASA)	27,610,543	4	**34.4%**	33.4%	35.4%	**39.9%**	38.3%	41.5%
Agri-Input & Allied Loan - EMI	27,610,543	4	**34.4%**	33.4%	35.4%	**39.9%**	38.3%	41.5%
Anjali Microfinance	23,172,000	6	**35.6%**	33.1%	38.8%	**32.1%**	30.4%	34.3%
Anjali Laxmi	23,172,000	6	**35.6%**	33.1%	38.8%	**32.1%**	30.4%	34.3%
Anupama Education Society (MFI)-Satna	15,210,915	2	**38.9%**	38.4%	39.4%	**36.6%**	36.1%	37.0%
Income Generation Loan	15,210,915	2	**38.9%**	38.4%	39.4%	**36.6%**	36.1%	37.0%
Arman Financial Services Limited	78,547,932	1	**39.8%**	39.8%	39.8%	**38.6%**	38.6%	38.6%
Group Loan	78,547,932	1	**39.8%**	39.8%	39.8%	**38.6%**	38.6%	38.6%
Arohan Financial Services Ltd.	977,953,655	10	**31.9%**	28.0%	37.0%	**30.3%**	25.5%	36.2%
Bazar Loan	89,050,957	3	**37.0%**	37.0%	37.0%	**35.7%**	35.1%	36.2%
Saral Product - Bihar	58,498,266	3	**31.9%**	31.9%	31.9%	**30.1%**	29.4%	30.6%
Saral Product- WB	830,404,432	4	**28.0%**	28.0%	28.0%	**26.4%**	25.5%	27.0%
Arth Microfinance Pvt Ltd	45,441,990	8	**34.8%**	32.4%	35.9%	**31.0%**	29.2%	31.7%
Sampda	5,360,750	1	**32.4%**	32.4%	32.4%	**29.2%**	29.2%	29.2%
Shahyog	27,025,420	3	**35.9%**	35.9%	35.9%	**31.7%**	31.7%	31.7%
Srijan	13,055,820	4	**34.5%**	33.6%	35.4%	**30.9%**	30.1%	31.7%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Asirvad Microfinance Private Limited	1,228,614,000	6	35.5%	29.4%	38.9%	33.4%	28.3%	36.2%
Income Generation Program Loan	1,228,614,000	6	35.5%	29.4%	38.9%	33.4%	28.3%	36.2%
Asmitha Microfin Limited	14,185,327,160	5	31.5%	28.9%	32.3%	29.5%	27.4%	30.1%
Joint Laibility Group Loan (JLG Loan)	13,122,903,540	3	32.3%	32.3%	32.3%	30.1%	30.1%	30.1%
Micro Enterprise Loan	1,062,423,620	2	30.2%	28.9%	31.6%	28.7%	27.4%	30.0%
Asomi Finance Private Limited	251,400,000	4	30.5%	29.1%	33.4%	40.6%	38.9%	45.0%
Entrepreneurship Development Loan	12,800,000	1	33.4%	33.4%	33.4%	45.0%	45.0%	45.0%
SHG Loan	238,600,000	3	29.5%	29.1%	30.1%	39.2%	38.9%	39.5%
Bandhan Financial Services Private Limited	7,431,474	1	21.8%	21.8%	21.8%	21.8%	21.8%	21.8%
Samriddhi Loan (Micro Small and Medium Enterprise Loan)	7,431,474	1	21.8%	21.8%	21.8%	21.8%	21.8%	21.8%
BARASAT GRAMEEN SOCIETY	5,273,925	2	33.1%	30.9%	35.4%	38.9%	36.2%	41.6%
Small Loan	5,273,925	2	33.1%	30.9%	35.4%	38.9%	36.2%	41.6%
Belghoria Janakalyan Samity	24,818,991	10	31.1%	29.9%	32.1%	35.0%	33.6%	36.2%
Small Loan	24,818,991	10	31.1%	29.9%	32.1%	35.0%	33.6%	36.2%
Belstar Investment & finance private ltd	342,136,237	6	26.3%	22.9%	31.3%	25.9%	22.9%	30.2%
Micro Enterprise Loan	342,136,237	6	26.3%	22.9%	31.3%	25.9%	22.9%	30.2%
Bhartiya Micro Credit	4,600,000	2	43.3%	41.5%	45.1%	36.8%	34.7%	39.0%
Dairy Product Loan	3,000,000	1	45.1%	45.1%	45.1%	34.7%	34.7%	34.7%
Income Generating Loan (IGL)	1,600,000	1	41.5%	41.5%	41.5%	39.0%	39.0%	39.0%
Cashpor Micro Credit	2,673,981,826	4	28.0%	27.9%	28.1%	25.9%	25.8%	26.0%
Income Generating Loan	2,673,981,826	4	28.0%	27.9%	28.1%	25.9%	25.8%	26.0%
Centre For Development Orientation and Training	47,379,577	6	35.7%	31.6%	40.5%	31.7%	28.6%	35.6%
Income Generating Product	47,379,577	6	35.7%	31.6%	40.5%	31.7%	28.6%	35.6%
Chaitanya India Fin Credit Pvt Ltd	7,518,366	6	30.9%	30.7%	31.1%	28.7%	28.6%	28.9%
BUSINESS LOAN BH 01	1,161,934	3	31.0%	30.9%	31.1%	28.8%	28.7%	28.9%
BUSINESS LOAN JK 01	6,356,432	3	30.8%	30.7%	30.9%	28.6%	28.6%	28.7%
Credible Microfinance Pvt Ltd	88,485,639	8	24.4%	23.6%	25.1%	24.4%	23.6%	25.1%
Agri-allied	30,616,031	4	24.9%	24.2%	25.1%	24.9%	24.2%	25.1%
Income Generation Activities	57,869,608	4	24.0%	23.6%	24.2%	24.0%	23.6%	24.2%
CRESA Financial Services Private Limited	248,640,566	6	32.2%	31.8%	32.6%	31.2%	30.8%	31.5%
GENERAL LOAN	174,048,396	3	32.2%	31.8%	32.4%	31.2%	30.8%	31.3%
SUPPORT LOAN	74,592,170	3	32.2%	31.8%	32.6%	31.2%	30.8%	31.5%
DIBAKAR	7,701,610	5	36.6%	36.1%	37.1%	41.2%	39.5%	44.9%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Micro	7,701,610	5	**36.6%**	36.1%	37.1%	**41.2%**	39.5%	44.9%
Disha Microfin Pvt Ltd	100,000,000	4	**34.4%**	34.0%	34.8%	**34.4%**	34.0%	34.8%
GATI	46,500,000	3	**34.5%**	34.0%	34.8%	**34.5%**	34.0%	34.8%
Pragati	53,500,000	1	**34.2%**	34.2%	34.2%	**34.2%**	34.2%	34.2%
Dovefin Microfinance Pvt Ltd	30,911,550	2	**33.1%**	33.1%	33.1%	**31.5%**	31.5%	31.5%
JLG	30,911,550	2	**33.1%**	33.1%	33.1%	**31.5%**	31.5%	31.5%
Equitas	9,567,399,137	18	**24.7%**	20.1%	27.7%	**24.1%**	20.1%	26.5%
Additional Micro-Credit	127,892,394	2	**26.2%**	25.3%	27.0%	**25.2%**	24.5%	25.9%
Gurukul Loan	276,251	3	**20.8%**	20.1%	21.2%	**20.8%**	20.1%	21.2%
Primary Loans	8,386,671,786	4	**26.9%**	26.7%	27.4%	**26.1%**	25.9%	26.4%
Second Cycle Loan	906,509,804	4	**27.1%**	26.5%	27.7%	**26.1%**	25.7%	26.5%
Shiksha Loan	909,548	3	**21.4%**	20.9%	22.0%	**21.4%**	20.9%	22.0%
Vidya Loan	145,139,354	2	**25.3%**	25.3%	25.3%	**24.5%**	24.5%	24.5%
ESAF Microfinance & Investments (P) LTD	1,545,737,674	12	**29.6%**	28.2%	31.7%	**29.6%**	28.2%	31.7%
GENERAL LOAN	101,312,509	1	**31.7%**	31.7%	31.7%	**31.7%**	31.7%	31.7%
Income Generation Loan	1,435,096,030	4	**31.6%**	31.2%	31.7%	**31.6%**	31.2%	31.7%
JEEVANDHARA	5,937,620	4	**28.2%**	28.2%	28.2%	**28.2%**	28.2%	28.2%
Nirmal	3,391,515	3	**28.2%**	28.2%	28.2%	**28.2%**	28.2%	28.2%
Fusion Microfinance Pvt. Ltd.	25,124,506	6	**39.2%**	39.0%	39.3%	**36.7%**	36.6%	36.8%
GATI	2,655,301	1	**39.0%**	39.0%	39.0%	**36.6%**	36.6%	36.6%
Jagrati	81,274	1	**39.3%**	39.3%	39.3%	**36.8%**	36.8%	36.8%
Pragati	1,205,224	1	**39.3%**	39.3%	39.3%	**36.8%**	36.8%	36.8%
Roshni	18,473,304	1	**39.3%**	39.3%	39.3%	**36.8%**	36.8%	36.8%
Samridhi	1,136,323	1	**39.0%**	39.0%	39.0%	**36.6%**	36.6%	36.6%
Unnati	1,573,080	1	**39.3%**	39.3%	39.3%	**36.8%**	36.8%	36.8%
Future Financial Services Ltd.	2,410,743,660	7	**40.8%**	26.3%	51.5%	**39.1%**	27.5%	48.6%
Daily Loan	22,214,000	4	**50.7%**	50.5%	51.5%	**46.6%**	45.1%	48.6%
Midterm Loan	86,749,700	1	**26.9%**	26.9%	26.9%	**27.5%**	27.5%	27.5%
Monthly Loan	1,533,697,000	1	**26.3%**	26.3%	26.3%	**27.9%**	27.9%	27.9%
Weekly Loan	768,082,960	1	**29.5%**	29.5%	29.5%	**32.2%**	32.2%	32.2%
Grama Vidiyal Microfinance Limited	6,051,556,728	11	**35.1%**	31.9%	39.9%	**35.1%**	31.9%	39.9%
Business Loan	323,702,472	4	**32.8%**	32.7%	33.3%	**32.8%**	32.7%	33.3%
GENERAL LOAN	5,364,477,411	3	**32.2%**	31.9%	32.5%	**32.2%**	31.9%	32.5%
Seasonal Loan	363,376,845	4	**39.5%**	39.2%	39.9%	**39.5%**	39.2%	39.9%
Growing Opportunity Finance (India) Pvt. Ltd.	285,564,000	19	**33.0%**	25.5%	42.3%	**32.1%**	25.5%	42.3%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Livestock Loan	2,000,000	3	**25.7%**	25.5%	25.7%	**25.7%**	25.5%	25.7%
Rural Trust Bank	125,937,000	7	**34.9%**	30.4%	39.3%	**33.7%**	30.4%	39.3%
Student Loan	2,000,000	3	**28.4%**	28.3%	28.6%	**28.4%**	28.3%	28.6%
Urban Trust Bank	155,627,000	6	**36.6%**	29.2%	42.3%	**35.3%**	29.2%	42.3%
HMF Financial Services Pvt. Ltd. (HELP)	20,277,198	1	**35.7%**	35.7%	35.7%	**34.6%**	34.6%	34.6%
Samvruddhi	20,277,198	1	**35.7%**	35.7%	35.7%	**34.6%**	34.6%	34.6%
HOPE FOUNDATION	233,623,428	4	**32.1%**	31.5%	33.4%	**29.9%**	29.3%	31.1%
Income Generation Loan	233,623,428	4	**32.1%**	31.5%	33.4%	**29.9%**	29.3%	31.1%
Jaago Samajik Arthik Harit Vikas Sangathan	12,599,383	5	**37.0%**	30.1%	43.5%	**34.2%**	28.9%	37.5%
IGL	12,599,383	5	**37.0%**	30.1%	43.5%	**34.2%**	28.9%	37.5%
Janalakshmi Financial Services (P) Ltd.	1,617,812,403	9	**34.0%**	30.6%	39.8%	**39.8%**	36.6%	45.3%
Education Loans	12,275,833	5	**31.7%**	30.6%	33.5%	**38.0%**	36.6%	40.1%
Small group loans	1,605,536,570	4	**36.8%**	34.0%	39.8%	**42.0%**	39.5%	45.3%
L & T Finance Ltd	5,220,000,000	4	**26.8%**	26.7%	27.1%	**26.8%**	26.7%	27.1%
Gram Bandhu	5,220,000,000	4	**26.8%**	26.7%	27.1%	**26.8%**	26.7%	27.1%
Lok Biradari Trust, Indore (M.P.)	30,390,038	2	**40.6%**	39.1%	42.2%	**36.8%**	35.7%	37.8%
Micro Enterprise Loan	30,390,038	2	**40.6%**	39.1%	42.2%	**36.8%**	35.7%	37.8%
Mahashakti Foundation	140,085,000	9	**30.6%**	27.4%	35.6%	**28.3%**	26.1%	31.5%
Micro Enterprise Loan	55,185,000	4	**31.8%**	29.3%	35.6%	**29.7%**	28.5%	31.5%
Seasonal Business Loan	55,185,000	2	**29.9%**	28.5%	31.2%	**27.2%**	26.6%	27.9%
Small Business Loan	29,715,000	3	**29.5%**	27.4%	32.7%	**27.1%**	26.1%	28.9%
Mimoza Enterprises Finance Pvt. Ltd	477,796,407	10	**30.7%**	26.6%	35.9%	**30.7%**	26.6%	35.9%
Joint Liability Group Loan	454,555,430	6	**32.2%**	29.0%	35.9%	**32.2%**	29.0%	35.9%
Meso Loan	23,240,977	4	**28.3%**	26.6%	29.2%	**28.3%**	26.6%	29.2%
Nano Financial Services India Private Limited	194,000,535	2	**26.7%**	26.6%	26.7%	**25.7%**	25.7%	25.7%
AP-JLGD21T12ME	167,595,305	1	**26.6%**	26.6%	26.6%	**25.7%**	25.7%	25.7%
TN-JLGF12T12ME	26,405,230	1	**26.7%**	26.7%	26.7%	**25.7%**	25.7%	25.7%
Navachetana Microfin Services PVT LTD	72,821,975	4	**35.9%**	35.9%	35.9%	**33.7%**	33.7%	33.7%
Income Genereting Activity (IGA)	72,821,975	4	**35.9%**	35.9%	35.9%	**33.7%**	33.7%	33.7%
Network of Entrepreneurship & Economic Development	210,000,000	4	**28.0%**	28.0%	28.1%	**32.1%**	32.0%	32.1%
JLG Loan	210,000,000	4	**28.0%**	28.0%	28.1%	**32.1%**	32.0%	32.1%
Nirantara Community Services	48,626,144	7	**36.2%**	34.2%	39.3%	**32.2%**	31.0%	33.7%
Income Generation Loan (IGL)	47,098,260	3	**37.6%**	36.5%	39.3%	**33.7%**	33.7%	33.7%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Income Generation Loan (IGL) - FNR - IGL	1,527,884	4	**35.1%**	34.2%	37.4%	**31.0%**	31.0%	31.0%
PAHAL	955,137	2	**40.5%**	40.5%	40.5%	**34.8%**	34.8%	34.8%
Micro Enterprise Loan	955,137	2	**40.5%**	40.5%	40.5%	**34.8%**	34.8%	34.8%
Parama Mahila Samittti Kamalpur	59,500,000	4	**37.3%**	37.3%	37.3%	**44.6%**	44.6%	44.6%
Micro Loan	59,500,000	4	**37.3%**	37.3%	37.3%	**44.6%**	44.6%	44.6%
PEOPLE'S FORUM	238,494,190	6	**26.6%**	25.1%	28.3%	**27.2%**	25.1%	29.5%
SHG Finance	238,494,190	6	**26.6%**	25.1%	28.3%	**27.2%**	25.1%	29.5%
Pragathi MAC Credit & Marketing Federation Ltd.	242,718,712	21	**26.7%**	22.9%	27.4%	**39.8%**	29.0%	51.7%
Agriculture and Allied busniess	27,739,282	5	**27.3%**	27.3%	27.3%	**40.0%**	34.4%	51.6%
Crop Loan	73,971,417	3	**22.9%**	22.9%	23.0%	**35.1%**	29.0%	42.7%
Education loan	9,246,427	2	**27.3%**	27.2%	27.3%	**46.1%**	40.6%	51.7%
Group Loan	4,623,213	3	**27.3%**	27.2%	27.4%	**36.7%**	33.8%	40.9%
Housing Loan	18,492,854	3	**27.3%**	27.3%	27.3%	**43.3%**	37.3%	51.6%
Micro Enterprise Loan	108,645,519	5	**27.3%**	27.2%	27.4%	**39.8%**	33.8%	51.4%
PRAYAS (Organisation for Sustainable Development)	27,818,412	5	**38.1%**	32.1%	44.9%	**33.6%**	29.8%	37.8%
Monthly Product	18,390,365	2	**33.4%**	32.1%	34.7%	**29.9%**	29.8%	29.9%
Weekly Product	9,428,047	3	**41.1%**	36.5%	44.9%	**36.1%**	33.8%	37.8%
Rural and Urban Innovative Social Entrepreneurship	20,121,844	3	**37.1%**	35.4%	38.3%	**33.7%**	32.0%	34.8%
Income Generation Loan	20,121,844	3	**37.1%**	35.4%	38.3%	**33.7%**	32.0%	34.8%
Saadhana Microfin Society	638,481,800	8	**29.0%**	27.6%	32.2%	**27.3%**	26.2%	27.8%
GENERAL LOAN	611,010,500	4	**30.3%**	28.3%	32.2%	**27.0%**	26.2%	27.7%
Micro Enterprise Development Loan	27,471,300	4	**27.7%**	27.6%	27.8%	**27.7%**	27.6%	27.8%
Sahara Utsarga Welfare Society	740,337,921	9	**27.2%**	23.1%	30.9%	**30.8%**	25.8%	35.9%
SELF HELP GROUP	740,337,921	9	**27.2%**	23.1%	30.9%	**30.8%**	25.8%	35.9%
Sahara Uttarayan	291,437,465	4	**33.3%**	33.3%	33.4%	**38.9%**	38.9%	39.0%
Small Loan product (12.5%)	291,437,465	4	**33.3%**	33.3%	33.4%	**38.9%**	38.9%	39.0%
Sahayata Microfinance Private Limited	1,737,783,002	20	**34.2%**	31.6%	35.9%	**32.8%**	31.1%	34.8%
Sahayata Midterm Loan	214,263,674	6	**34.5%**	33.1%	35.9%	**33.0%**	32.4%	33.7%
Sahayata Progressive Loan	1,255,841,774	8	**35.0%**	34.0%	35.9%	**33.3%**	31.8%	34.8%
SAHAYATA Vishwas Loan (Reloan)	267,677,554	6	**32.8%**	31.6%	34.0%	**32.0%**	31.1%	32.9%
Saija Finance Pvt. Ltd.	47,310,970	3	**49.6%**	41.4%	58.3%	**45.8%**	38.0%	52.7%
Saija Karobar Rin - Business JLG	15,252,306	2	**53.8%**	49.3%	58.3%	**49.7%**	46.8%	52.7%
Saija Mahila Rin - Household JLG	32,058,664	1	**41.4%**	41.4%	41.4%	**38.0%**	38.0%	38.0%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Samasta Microfinance Limited	277,105,703	1	33.8%	33.8%	33.8%	32.2%	32.2%	32.2%
Income Generation Loan	277,105,703	1	33.8%	33.8%	33.8%	32.2%	32.2%	32.2%
Sambhav Social Service Organization	9,737,000	6	35.8%	22.5%	45.0%	37.7%	18.7%	51.3%
House Repair	600,000	1	35.3%	35.3%	35.3%	40.2%	40.2%	40.2%
Live Stock	2,937,000	3	31.6%	22.5%	36.8%	33.1%	18.7%	41.2%
Sanitation Loan	6,200,000	2	42.3%	39.6%	45.0%	43.4%	35.5%	51.3%
SARALA WOMEN WELFARE SOCIETY	394,235,820	7	34.6%	32.4%	37.2%	36.6%	33.7%	41.3%
Small Business Loan (Unnayan)	7,020,385	2	37.1%	37.0%	37.2%	41.1%	40.9%	41.3%
Small Loan (Suchana 1)	350,849,995	3	32.8%	32.4%	33.3%	34.2%	33.7%	34.8%
Small Loan (Suchana 2)	36,365,440	2	34.6%	32.7%	36.5%	35.7%	34.0%	37.4%
Satin Creditcare Network Ltd	1,752,702,372	6	34.7%	25.4%	42.8%	32.5%	25.4%	38.4%
Income Generation Loan	1,142,573,180	3	42.6%	42.2%	42.8%	38.2%	37.8%	38.4%
Income Generation Loan - Urban	610,129,192	3	26.8%	25.4%	28.6%	26.8%	25.4%	28.6%
Seba-Rahara	24,841,151	2	35.0%	35.0%	35.0%	39.2%	39.2%	39.2%
Income Generating Loan	24,841,151	2	35.0%	35.0%	35.0%	39.2%	39.2%	39.2%
SHARE Microfin Limited	22,076,816,364	12	32.7%	28.4%	35.9%	31.7%	27.4%	34.8%
Joint Laibility Group Loan (JLG Loan)	20,531,439,218	5	35.9%	35.9%	35.9%	34.8%	34.8%	34.8%
Micro Enterprise Loan	1,490,185,105	3	31.1%	28.4%	35.0%	30.0%	27.4%	33.7%
Personal Loans	55,192,041	4	30.0%	28.9%	30.8%	29.2%	28.1%	30.0%
Shraddha Properties and Finance Limited	36,919,094	4	35.8%	34.7%	36.2%	33.5%	32.5%	34.0%
Income Generating Loan	36,919,094	4	35.8%	34.7%	36.2%	33.5%	32.5%	34.0%
SKS Microfinance	42,997,850,410	8	33.4%	28.9%	36.6%	29.2%	26.8%	32.1%
Income Generating Loan	36,789,569,495	5	33.6%	28.9%	35.9%	29.6%	26.8%	31.5%
Mid Term Loan	6,208,280,915	3	33.0%	31.2%	36.6%	28.5%	26.8%	32.1%
Society for Promotion of Youth & Masses	10,000,000	3	18.0%	17.1%	18.6%	18.0%	17.1%	18.6%
Income Generation Loan	10,000,000	3	18.0%	17.1%	18.6%	18.0%	17.1%	18.6%
Sonata Finance Private Limited	905,699,293	13	34.7%	30.6%	39.4%	33.3%	29.5%	37.3%
Income Generating Loan	896,077,803	9	34.3%	30.6%	39.4%	32.8%	29.5%	37.3%
Individual Loan	9,621,490	4	35.4%	35.1%	35.8%	34.3%	34.0%	34.6%
Spandana Sphoorty Financial Limited	40,642,159,571	10	26.5%	22.8%	28.5%	26.5%	22.8%	28.5%
Abhilasha	29,943,614,509	4	28.1%	27.7%	28.5%	28.1%	27.7%	28.5%
Dharani	2,397,498,807	3	22.9%	22.8%	22.9%	22.9%	22.8%	22.9%
Pragathi	8,301,046,255	3	28.2%	28.0%	28.4%	28.2%	28.0%	28.4%
Suryoday Micro Finance Pvt Ltd	248,564,850	5	38.6%	36.7%	41.5%	37.2%	35.5%	39.7%
Madhur	389,079	1	41.5%	41.5%	41.5%	39.7%	39.7%	39.7%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Madhur 2	478,518	1	**37.8%**	37.8%	37.8%	**36.3%**	36.3%	36.3%
Sugandh	212,938,990	1	**38.3%**	38.3%	38.3%	**37.1%**	37.1%	37.1%
Sugandh 2	90,767	1	**38.7%**	38.7%	38.7%	**37.4%**	37.4%	37.4%
Sugandh 3	34,667,496	1	**36.7%**	36.7%	36.7%	**35.5%**	35.5%	35.5%
SV Creditline Pvt Ltd	233,766,312	3	**38.7%**	37.8%	39.3%	**35.5%**	34.8%	36.3%
Income Generation Loan	233,766,312	3	**38.7%**	37.8%	39.3%	**35.5%**	34.8%	36.3%
Swadhaar FinServe Pvt. Ltd.	195,640,262	7	**40.5%**	30.5%	46.6%	**41.4%**	35.2%	44.6%
Swahit - Individual Loan with a Joint Liability Group guarantee	144,862,329	3	**34.9%**	30.5%	38.9%	**40.1%**	35.2%	44.6%
Swayog - Individual Business Loan	50,777,933	4	**44.6%**	42.1%	46.6%	**42.4%**	40.9%	44.2%
SWAWS Credit Corporation India Private Limited	889,724,462	4	**34.3%**	33.4%	35.3%	**29.9%**	28.9%	30.9%
Fortnightly Loan	162,845,583	1	**35.3%**	35.3%	35.3%	**30.9%**	30.9%	30.9%
Monthly JLG	46,467,000	1	**35.2%**	35.2%	35.2%	**30.8%**	30.8%	30.8%
Weekly JLG	680,411,879	2	**33.4%**	33.4%	33.4%	**28.9%**	28.9%	28.9%
Swayanshree Mahila Samabaya Ltd.	48,662,294	7	**19.9%**	9.9%	22.5%	**28.0%**	11.7%	31.6%
Asha Loan	17,586	1	**9.9%**	9.9%	9.9%	**11.7%**	11.7%	11.7%
GENERAL LOAN	48,644,708	6	**21.6%**	21.1%	22.5%	**30.7%**	30.3%	31.6%
The Payakaraopeta Women's MACS Ltd (PWMACS)	315,140,368	5	**21.7%**	21.5%	21.9%	**30.7%**	28.9%	34.5%
Income Generating Loans	315,140,368	5	**21.7%**	21.5%	21.9%	**30.7%**	28.9%	34.5%
The SAATH Savings & Credit Cooperative Society Ltd	27,776,000	11	**27.8%**	26.5%	29.9%	**39.0%**	31.4%	45.9%
Asset Creation Loan	10,635,000	4	**27.5%**	26.5%	29.1%	**38.3%**	33.3%	42.0%
Consumption Loan	6,536,000	3	**28.3%**	26.8%	29.6%	**40.2%**	35.3%	44.2%
Productive Loan	10,605,000	4	**27.8%**	26.7%	29.9%	**38.7%**	31.4%	45.9%
Trident Microfin Limited	1,247,290,231	19	**34.0%**	28.1%	39.3%	**32.1%**	29.4%	39.5%
Agri Allied Loans	9,208,533	3	**33.6%**	33.6%	33.6%	**29.4%**	29.4%	29.4%
Crop Loans to Farmer Groups	6,009,831	4	**28.7%**	28.1%	28.9%	**29.7%**	29.4%	29.8%
Group Loan for Women Monthly	320,040,954	3	**34.8%**	30.4%	37.4%	**36.8%**	31.5%	39.5%
Group Loan for Women Weekly	909,878,532	3	**37.7%**	34.4%	39.3%	**34.5%**	31.5%	35.9%
Individual Micro Enterprise Loans	1,740,383	3	**36.7%**	36.2%	37.0%	**32.3%**	32.3%	32.3%
Personal Loan to Employees	411,998	3	**34.5%**	33.8%	35.7%	**30.4%**	29.9%	31.2%
Ujjivan Financial Services Private Limited	5,069,519,666	13	**28.9%**	20.5%	34.0%	**33.5%**	20.5%	38.7%
Business Loan	3,929,498,227	4	**29.0%**	25.7%	32.1%	**33.3%**	29.8%	36.4%
Education loan	34,377,300	4	**28.1%**	26.7%	29.8%	**34.1%**	32.3%	36.4%
Emergency Loan	21,986,716	1	**20.5%**	20.5%	20.5%	**20.5%**	20.5%	20.5%

Institutions and Products	Portfolio	# Samples	APR (avg)	APR (min)	APR (max)	APR India (avg)	APR India (min)	APR India (max)
Family Loan	1,083,657,423	4	31.6%	29.0%	34.0%	36.4%	33.8%	38.7%
Utkarsh Microfinance Pvt Ltd	114,220,908	2	39.0%	39.0%	39.0%	36.6%	36.6%	36.6%
UTKARSH NAVODAY	114,220,908	2	39.0%	39.0%	39.0%	36.6%	36.6%	36.6%
Uttarayan Financial Services Pvt. Ltd	62,464,119	2	33.4%	33.3%	33.5%	39.1%	38.9%	39.2%
Small Loan product (12.5%)	62,464,119	2	33.4%	33.3%	33.5%	39.1%	38.9%	39.2%
VAMA (Bal-Mahila Vikas Samiti)	24,151,069	19	37.6%	30.4%	41.0%	37.6%	30.4%	41.0%
Agriculture	6,401,488	4	34.6%	30.4%	38.0%	34.6%	30.4%	38.0%
Dairy	5,237,581	5	38.3%	35.5%	40.4%	38.3%	35.5%	40.4%
Infra	4,364,651	5	38.9%	37.0%	40.7%	38.9%	37.0%	40.7%
MICRO ENTERPRISES	8,147,349	5	37.8%	35.1%	41.0%	37.8%	35.1%	41.0%
Vikas Samiti	8,922,941	2	43.3%	41.8%	44.7%	39.8%	39.6%	40.0%
Long Term Loan for Entrepreneurship	8,922,941	2	43.3%	41.8%	44.7%	39.8%	39.6%	40.0%
Village Financial Services Private Limited	1,063,727,011	4	31.2%	29.0%	33.3%	28.0%	26.3%	29.7%
Pragati	972,219,964	2	33.3%	33.3%	33.3%	29.7%	29.7%	29.7%
Unnati	91,507,047	2	29.0%	29.0%	29.0%	26.3%	26.3%	26.3%
We The People	12,963,159	2	36.3%	35.9%	36.7%	34.8%	34.6%	34.9%
Subh Arambh	1,963,159	1	35.9%	35.9%	35.9%	34.6%	34.6%	34.6%
Sukh Samridhi	11,000,000	1	36.7%	36.7%	36.7%	34.9%	34.9%	34.9%
WOMENS EMPOWERMENT & MICRO CREDIT SERVICES	4,507,144	1	42.6%	42.6%	42.6%	39.3%	39.3%	39.3%
IGL	4,507,144	1	42.6%	42.6%	42.6%	39.3%	39.3%	39.3%
Yukti Samaj Sewa Society	5,252,843	8	35.3%	29.0%	44.8%	34.0%	27.6%	43.6%
Agricultural Loan	295,080	4	29.2%	29.0%	29.3%	27.8%	27.6%	27.9%
Small Business Loan	4,957,763	4	41.4%	38.6%	44.8%	40.2%	37.5%	43.6%
Nirmaan Bharati Samajik and Arthik Vikas Sangathan	149,519,664	2	34.7%	34.6%	34.8%	34.7%	34.6%	34.8%
5k30w	149,519,664	2	34.7%	34.6%	34.8%	34.7%	34.6%	34.8%
Vindhyanchal Finalese Private Limited	55,384,513	2	34.8%	34.8%	34.8%	34.8%	34.8%	34.8%
5k30w	55,384,513	2	34.8%	34.8%	34.8%	34.8%	34.8%	34.8%
Vistaar Livelihood Financial services Private Limited	61,337,288	7	31.3%	30.8%	32.1%	29.9%	29.4%	30.3%
High Ticket livelihood Group Loan Product	14,160,506	4	31.1%	30.8%	31.8%	29.7%	29.4%	30.1%
Standard Ticket Loan	47,176,781	3	31.6%	31.0%	32.1%	30.3%	30.2%	30.3%
Grand Total	**171,597,877,506**	**524**	**32.9%**	**9.9%**	**58.3%**	**33.0%**	**11.7%**	**52.7%**

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Promoting Transparent Pricing in the Microfinance Industry

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