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Mumbai

CRISIL releases publication: Top 50 Microfinance Institutions in India

Mumbai: CRISIL has published a path-breaking study on the microfinance sector in India. The publication, *Top 50 Microfinance Institutions in India*, was released here today at CRISIL's seminar, 'Microfinance Lending: a Growth Engine for the Indian Economy'. The publication presents an overview of the leading players in India's microfinance institution (MFI) space, and includes a comprehensive and incisive commentary on the sector.

According to Shri Umesh Chandra Sarangi, Chairman of National Bank for Agriculture and Rural Development (NABARD), the Chief Guest at the seminar, “This is a seminal initiative by CRISIL, creating a wealth of information in an area where lenders and investors earlier had very little to rely on. I am sure the publication will add to the interest in the sector, and lead to increased transparency among MFIs.”

Speaking at the seminar, **Ms. Roopa Kudva, Managing Director and CEO, CRISIL Ltd**, observed, **“The publication is part of CRISIL's enabling role in the structured evolution of the MFI sector. As part of CRISIL's continuing initiative to create greater awareness amongst market participants, the book will be freely available, and can be downloaded from our website www.crisil.com.”**

The MFI sector has, over the past two years, recorded strong business growth and increasing geographic diversity. This has been enabled principally by greater investor interest in the sector, and the consequent strengthening of MFIs' balance sheets. However, to maintain this growth trajectory, MFIs will need sustained access to an even larger quantum of funding. In addition, aggressive growth will result in pressure on MFIs' processes and controls, and will test their governance architecture. CRISIL also expects asset quality in the sector to deteriorate, but this will be cushioned by the sector's high capital coverage; in comparative terms, the proportion of risky assets in this sector will still be considerably lower than in other asset classes.

CRISIL launched MFI gradings in 2002, becoming the world's first credit rating agency to develop a separate methodology and scale to assess MFIs. Since then, CRISIL has assessed around 150 MFIs and established itself as the leading rating agency in the Indian microfinance space. In addition to MFI grading and risk assessment services, CRISIL rates MFIs' bank facilities and securitisation transactions: CRISIL is India's first rating agency to have rated bank loans of MFIs and securitisation transactions involving microfinance loan receivables.

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