

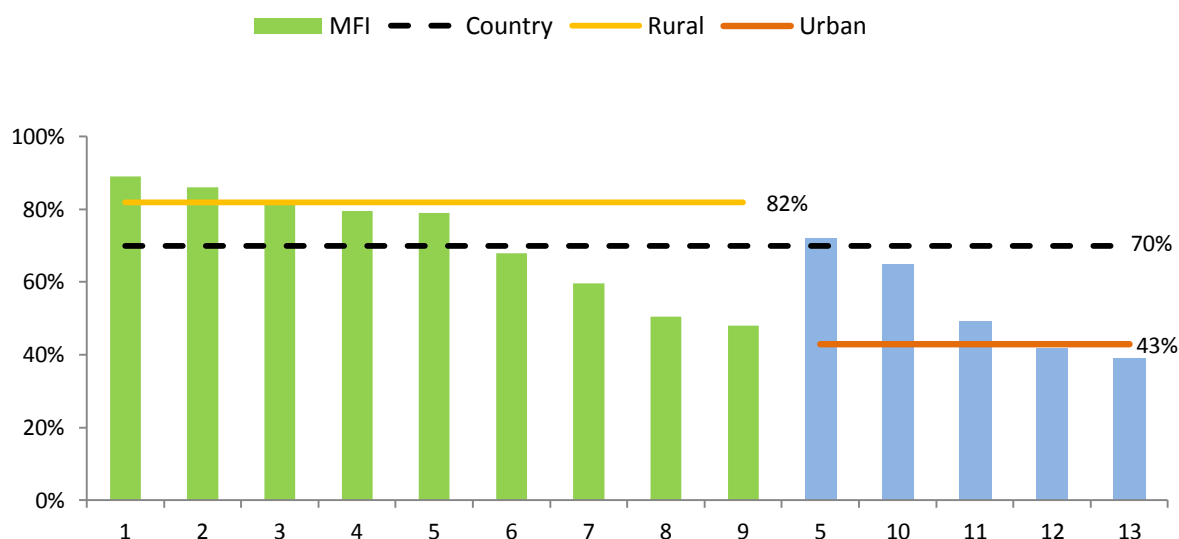
## Outreach of MFIs in India to low income families below the \$2 a day and \$1.25 a day thresholds

**Exhibit 1** summarises the information collected by M-CRIL from the social ratings of Indian MFIs over the past 18 months. It uses the depth of outreach below the \$2 a day income level of clients for 9 MFIs with predominantly rural clients and another 4 MFIs with mainly urban clients and one with both rural and urban that spans both sets. The data used is either for entry level clients or for all clients since consistent data purely on entry-level clients is not available.

Comparing client outreach to the population in the state with income below ‘\$2 a day’ shows that MFI client profiles are getting close to matching the proportion of population in the (Indian) state below this level. However, the wording of MFI mission statements on poverty reduction suggests that their client profile should have deeper outreach than the state average, something they have yet to achieve consistently in a significant number of cases.

It is apparent that MFIs need to work harder – in terms of aligning systems for client selection, ensuring the design of products serves the actual needs of poorer clients and aligning staff incentives – to achieve the greater depth of outreach that will enable MFIs to contribute to financial inclusion for the poorer sections of the population.

**Exhibit 1:** Outreach to clients with incomes <\$2 a day – rural & urban



Extracted from the **M-CRIL Microfinance Review 2011, a financial and social analysis of Indian microfinance**. Gurgaon, India: Micro-Credit Ratings International Limited, November 2011.