



IndiaP2P Social Impact Performance Report

Unlocking new credit supply to propel India forward

FY 23-24

Photo: IndiaP2P Borrower

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Our Theory of Change

IndiaP2P aims to unlock new capital from private investors by leveraging technology to address the credit gap for underserved rural and semi-urban businesses, especially women-operated ones.

We believe that our SDG goals can be met only if adequate private sector capital is mobilised.

With a focus on streamlining the lending process and eliminating inefficiencies that exist in the current credit value chain, we aim to make a measurable, positive impact on Sustainable Development Goals (SDGs) 1, 5, 8, 9, and 10. In the future, we hope to have an impact across more SDGs.

Investing across these borrower segments generates outsized profits and impact, however, value chain inefficiencies limit the profits that eventual investors earn. We solve this by executing the industry's first end-to-end technology platform. Generating commercially competitive and even superior is our aligned objective via using technology in previously unexplored ways.

This report captures our progress and learnings over the second full year of our operations. We hope you enjoy reading it.



Photo: IndiaP2P Borrower

Founders' Note (1/3)

FY24 saw the Indian economy grow at an estimated 7.6% [1], showing robust post COVID-19 despite continued geopolitical headwinds.

Credit growth stood at 16.3% (22.2 Lakh Cr.) while FY25 estimates are at a slower 11.7% - 12.5%. [2]

Growth in FY24 was in large part attributed to unsecured consumer or retail loans. This was followed by regulatory tightening with the RBI increasing risk weights on consumer loans, credit card exposures and loans to NBFCs partaking in consumer lending.

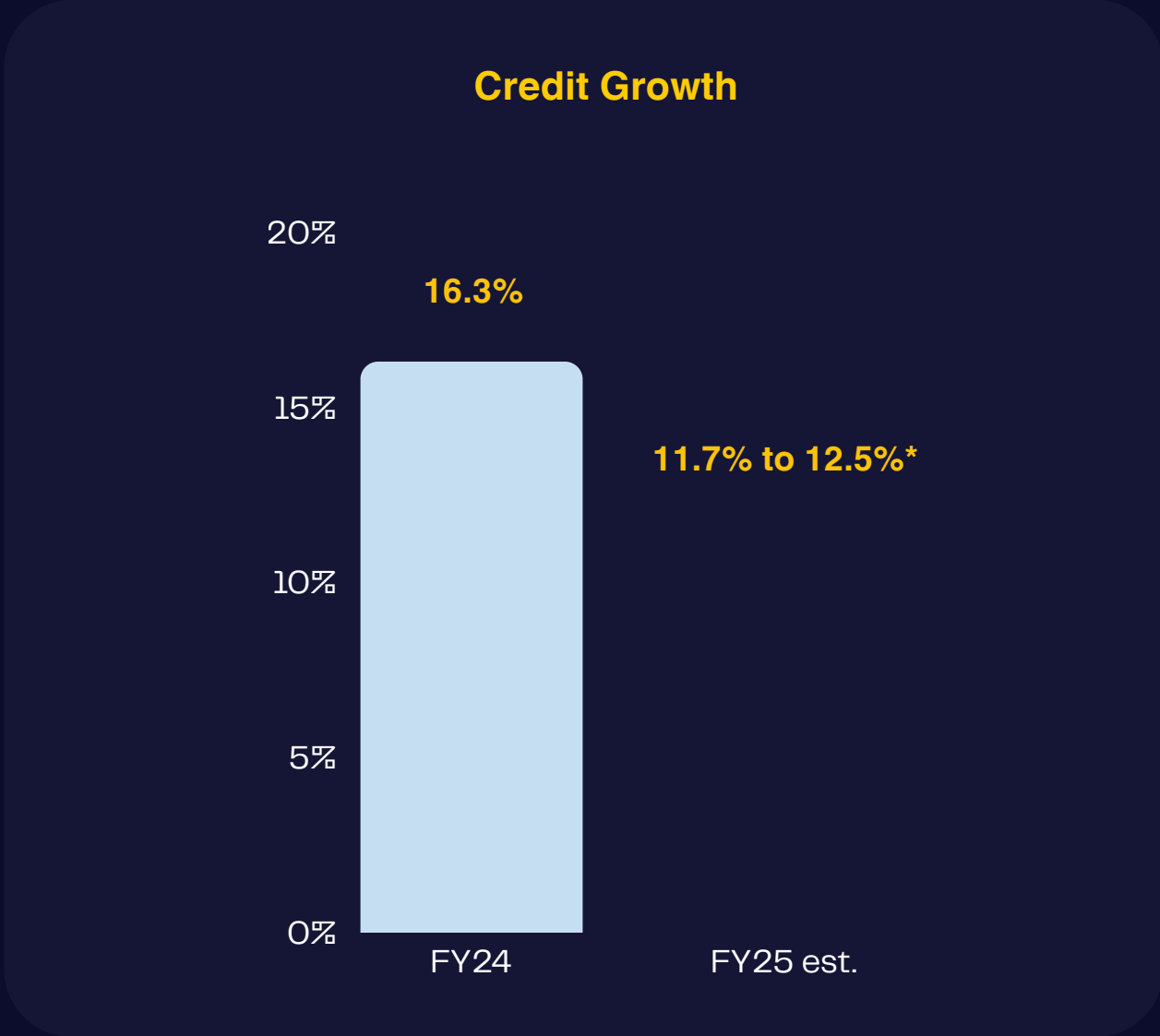
This year also witnessed two trends that deepen our resolve to continue serving the large but unique asset class (small business x women x non-urban) to enable profitable, purposeful returns for investors.

Women outpaced men in credit demand, reversing years of stagnation and divergence was seen in economic progress between rural & urban India.

We remain grateful to investors who have chosen to invest on IndiaP2P to affect these positive shifts in our economy and society.

Closing the country's credit gap with direct participation from retail investors is not only a step towards economic empowerment but also serves as a testament to the transformative power of fintech in bridging gaps between ambition and opportunity.

With gratitude,
Mohit, Neha, Ravinder



[1] Asian Development Outlook, April 2024 , [2] ICRA estimates

1. Women outpacing men in credit uptake

CY23 witnessed women borrowers with active loans outpacing men growing from 67Mn active borrowers to 78Mn.[3] This pace of growth is extremely encouraging and indicative of women's business & wealth-creation ambitions. Interviews and surveys with borrowers indicate that women are increasingly using digital tools to start and grow their businesses. Selling online via marketplaces, WhatsApp-based order booking, and using social media platforms for video-based promotions are some of the more common examples of digital tools in our portfolio. The usage of these tools is levelling the playing field for entrepreneurs when it comes to expanding beyond local clientele. This new digital confidence is also contributing to greater credit demand for growth.

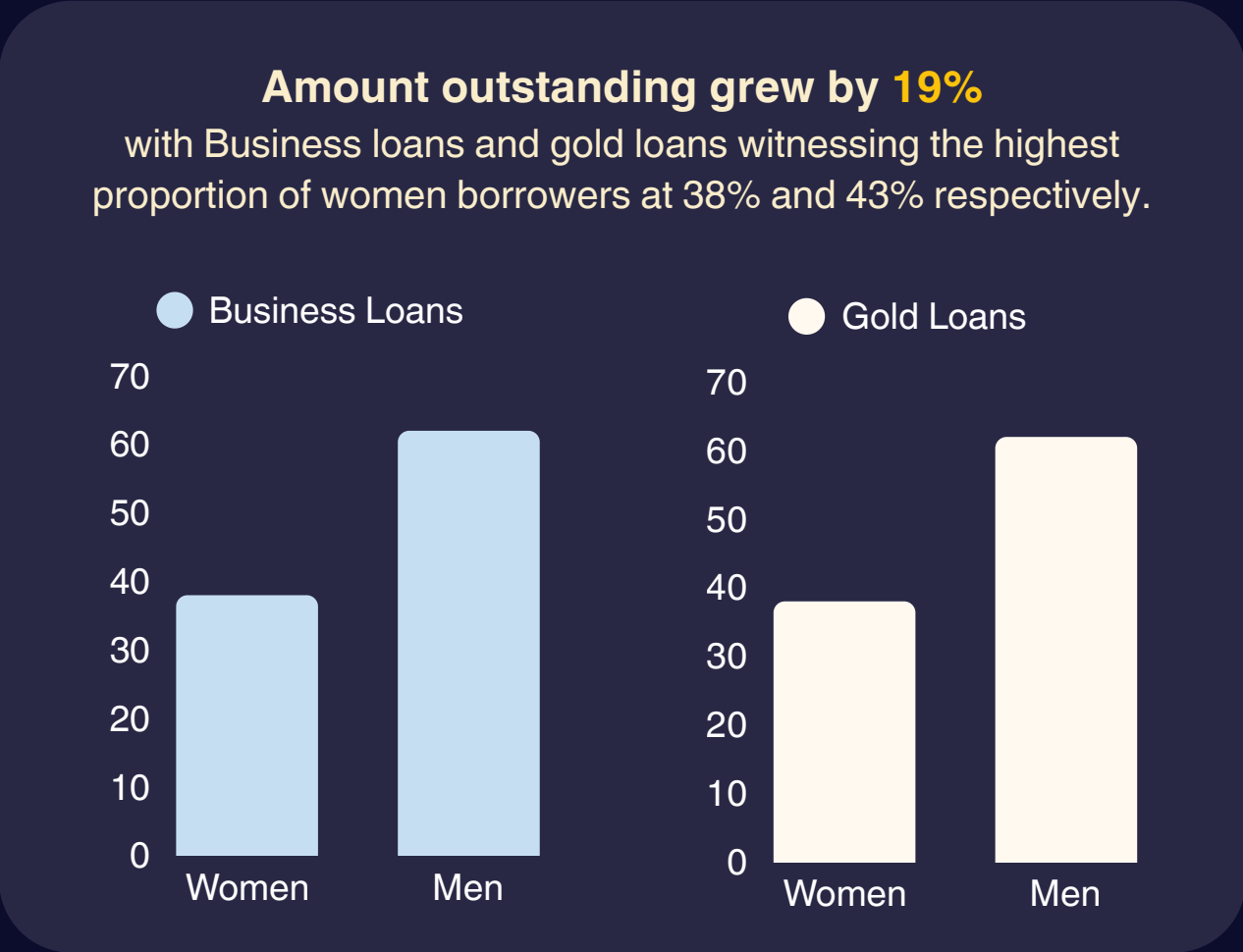
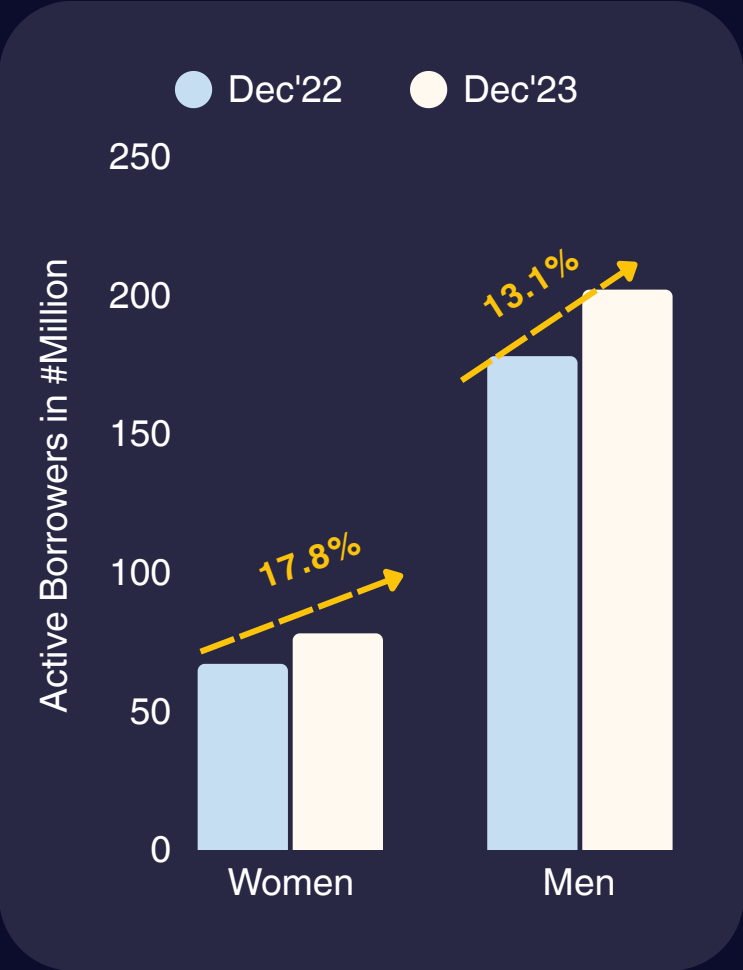


Photo: IndiaP2P Field Agent

[3]CRIF Highmark

2. Rural economy lagging behind

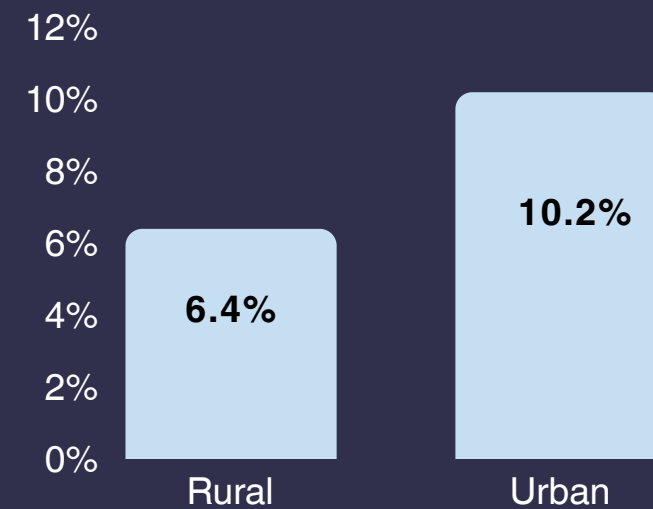
Indian economy has high reliance on private consumption. At an estimated 57%^[4] of the GDP in FY24, private consumption growth is critical.

The Private Final Capital Expenditure (PFCE), a credible proxy for household consumption showed a steep decline from 7.5% in the previous year to 4.4%,^[5] a 3-year low, much of this led by rural stagnation.

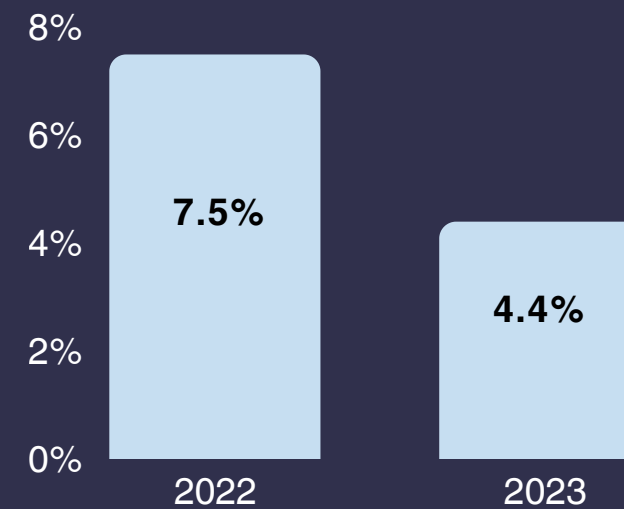
Slow demand growth in the non-urban sector was attributed to stagnation in wages and inflation. While overall inflation numbers remained manageable, food inflation climbed high. Inflation in vegetable prices rose to 17.7% in November'23 while pulses rose by 20.2%^[6]. Food related spends form a large proportion of the rural consumption basket.

Investments aimed at income enhancement and employment generation in non-urban areas are pivotal for sustained and sustainable economic growth.

A comparison between consumer goods consumption growth:



Private Final Capital Expenditure comparison:



^[4] Moneycontrol , ^[5] MOSPI , ^[6] Financial Express

Looking back on our year

We are grateful for the support received from all our stakeholders including the media, helping us share your mission and message with a wider audience.

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25 MAY 2023 | FINTECH

MEET THE WINNER OF WOMEN WORLD BANKING’S FINTECH INNOVATION CHALLENGE

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Fintech companies, with a focus on sustainable growth and financial inclusion, have the potential to close gender gaps and support economic progress faster, particularly in challenging times like today.

This is especially significant for women in low-income communities and emerging markets. In the past few

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In urban areas, women-led home enterprises are leveraging the opportu

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Budget 2024 Expectations: Key Sectors – Fintech, Healthcare, Education & Auto Anticipate Economic Transformation

Sitharaman’s interim Budget for 2024–25, scheduled for February 1, was not just a routine financial update. It was a crucial ‘vote-on-account’ allowing the government to spend funds until a new government formed after the April–May general elections.

Oliviya Kunjuman | Updated: Saturday, January 27, 2024, 02:03 PM IST

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Read to Lead

From purses to progress: Women’s financial progress fuels economic and social advancement

According to the DC based Women’s World Banking, women are disproportionately affected by financial illiteracy compared to men, facing barriers such as limited access to education, cultural norms, and systemic inequalities.

Written by Guest

March 16, 2024 18:34 IST

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Home / Finance / Personal Finance / Strike balance between borrowers' risk profile, returns in P2P lending

Strike balance between borrowers' risk profile lending

the record of loan portfolios before choosing a platform

P2P

PEER TO LEND

Women Entrepreneurs: Financing and Inclusion

Catalysing Inclusive Economic Growth

2023

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How an Entrepreneur is Closing the Loan Gap for Rural Women, Helping Thousands Start Businesses

Mumbai entrepreneur Neha Juneja runs India P2P, a unique lending platform that is aiming to close the credit gap for women entrepreneurs in India's rural regions.

By Sowmya Mani

July 28, 2023

Two women smiling and holding up a small object, possibly a product or a piece of paper.

INTRODUCTION TO ETHICAL INVESTING IN INDIA

Prasad Bose and Joy Bose

STARTUP मंत्र

‘Lending Startup’ कैसे हो रहे हैं Profitable?

ET NOW स्वदेश

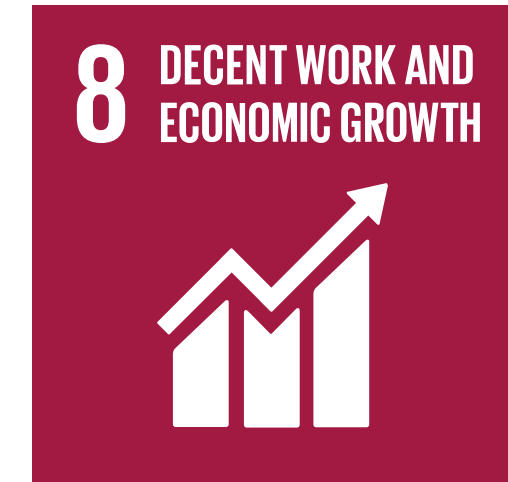
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SIVA PRASAD BOSE AND J

ratio and exit load. One should be cautious about buying index funds which have performed well recently but not in earlier years. These funds are those that have been making money in the last few years. One can invest in a fund by paying a one time lumpsum, or one can invest in a mutual fund. SIP investing is a long term investment against fluctuations in the value of the market. Another option is to invest in a fixed deposit with the bank. FDs have a better return than a savings account but one's money is locked for the duration of the FD which may be 1 year, 2 years, 3 years. Also, they may have not performed well compared to inflation. Senior citizens get better rates in FDs. Many people have Employees Provident Fund (EPF) by their employers at the place of work. Another option is Public Provident Fund (PPF), which is a claimable tax free under section 80C. Another option is National Pension Scheme (NPS), which has two tiers: tier 1 and tier 2. In tier 1, money cannot be withdrawn until retirement. Other ways to invest include a systematic investment plan (SIP), fractional shares, crowdfunding, tyke for investing in startups, and so on. More risky and volatile investments include derivatives, forex and crypto currency such as bitcoin.

Sustainable Development Goals enabled



Portfolio at a glance (1/2)



Businesses Impacted
(Number of Unique Borrowers Financed)



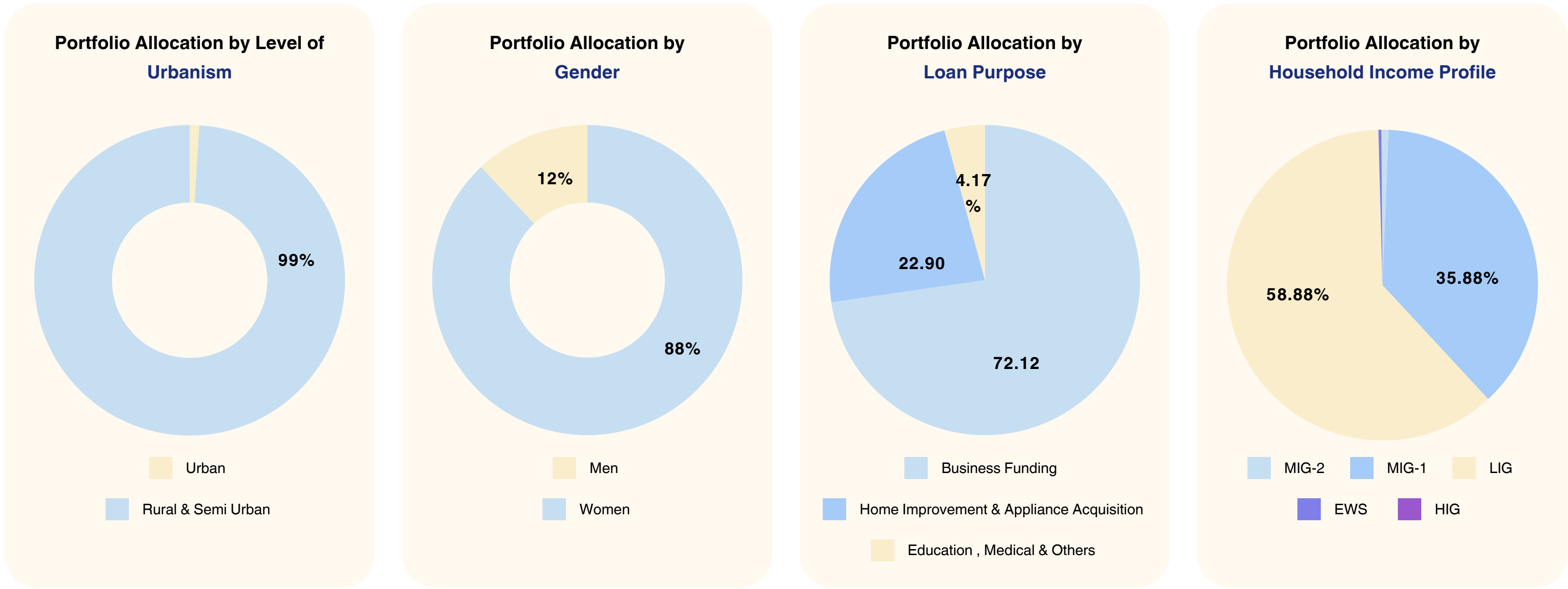
Geographical presence:

We expanded our geographical presence to cover 50 locations across multiple states with physical offices and branches resulting in a 3.8 fold increase in borrowers serviced. Combining digital onboarding & underwriting with proprietary agent-network led channel data, IndiaP2P conducts superior due-diligence while simultaneously serving underserved borrowers.



Photo: IndiaP2P Branch Office & Staff

Portfolio at a glance (2/2)



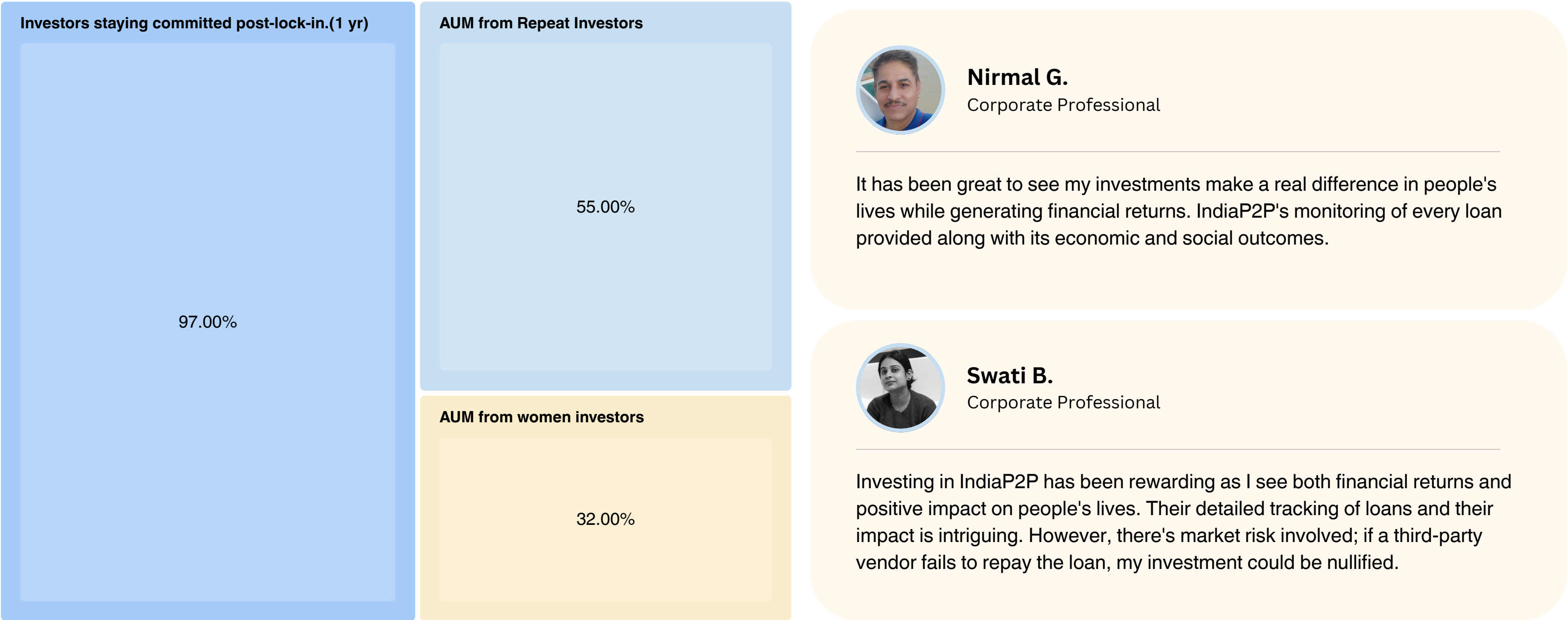
Median age of borrowers: 37 yrs.

Average no. of years they have been running their business: 10 yrs.

Median Credit Bureau Score: 727

Investor Snapshot

We recognize the investors today are increasingly discerning and conscious of the impact of their investment decisions. We are grateful that our mission has attracted lenders from across the country who despite a plethora of investment alternatives available are overwhelmingly choosing to invest with and to remain invested with IndiaP2P.



SDGS tracked and impacted

We track our impact around the UN's Sustainable Development Goal (SDG) framework with the following SDGs impacted in fiscal year 2023-2024.



SDG 1- No Poverty

Goal: To end poverty in all its forms everywhere by 2030.

IndiaP2P: **75%** loans to lower and middle income households (MIG-1, LIG and EWS)



Goal: To build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

IndiaP2P: **Technology infra** to unlock new capital & efficient credit ops.



SDG 5- Gender Equality

Goal: To achieve gender equality and empower all women and girls.

IndiaP2P: **88%** loans to women borrowers



Goal: To reduce inequalities within and among countries

IndiaP2P: **99%** credit flow to underserved rural and semi-urban areas



SDG 8- Decent Work and Economic Growth

Goal: To promote inclusive and sustainable economic growth, employment and decent work for all.

IndiaP2P: **72.13%** loans to grow small businesses

SDG 1 No Poverty

Financial inclusion and access have been identified as enablers for seven of the 17 Sustainable Development Goals, including SDG1. Access to financial services such as transaction accounts, credit, and insurance can help alleviate poverty and improve people's overall quality of life.

About half of the unbanked population is made up of women, particularly those from poor households in rural areas[7]. India’s staggering credit gap, especially for the poor, is well known and so is the impact of adequate credit on poverty alleviation.

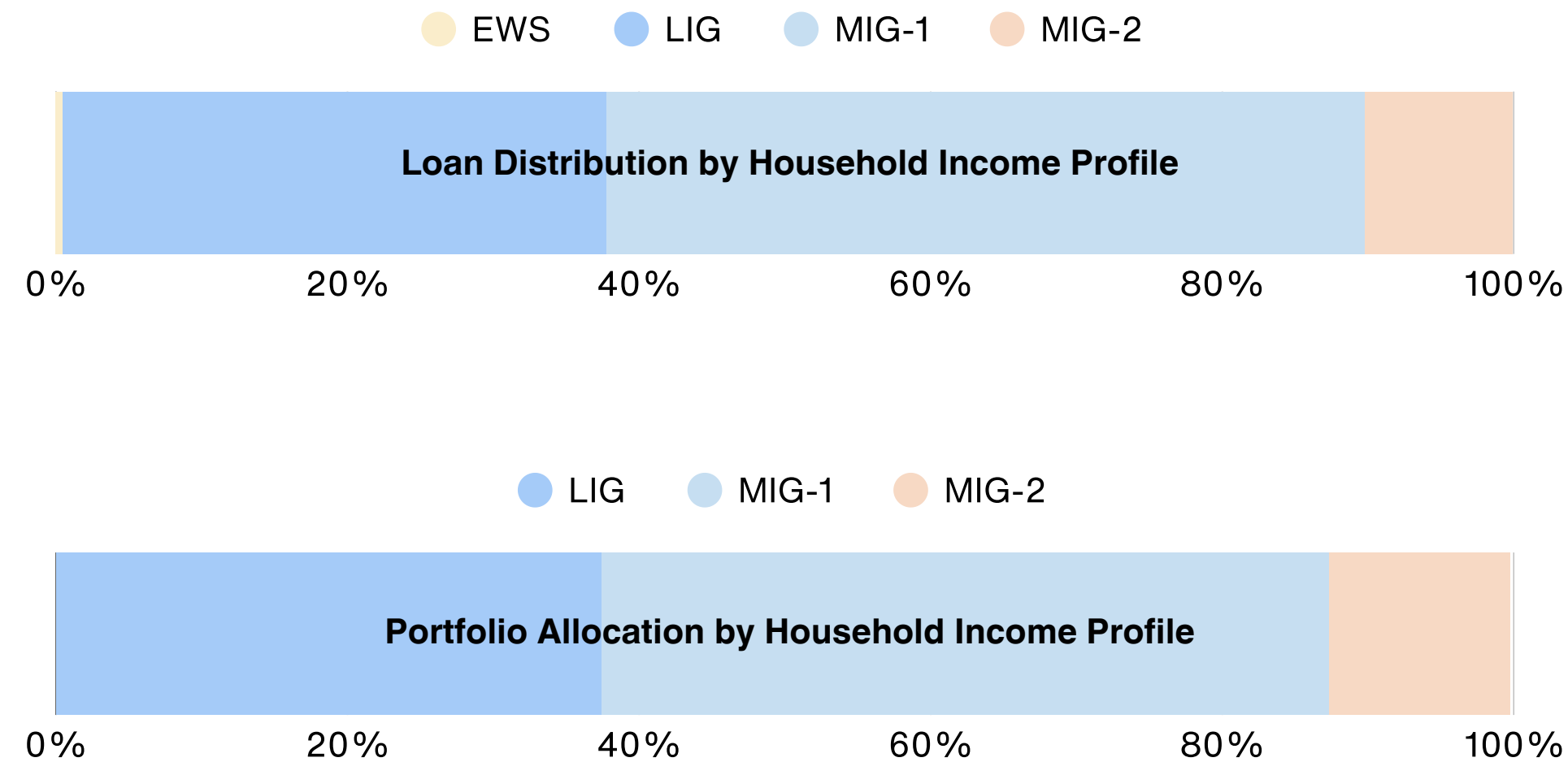
Thus, providing credit access to low-income operators and especially women is a valuable contributor to SDG1 milestones. **Credit access, especially to women in developing geographies, enables individuals and households to progress out of poverty by creating assets and leveraging their efforts.** Since inception and until now, we have expanded on our mission to serve underserved households.

RBI & PMAY Priority Lending Norms for NBFCs[8]	
Type	Household Income Bracket per Annum (INR)
Economically Weaker Section (EWS)	0 - 3,00,000
Low Income Group (LIG)	3,00,000 - 6,00,000
Middle Income Group-1 (MIG-1)	6,00,000 - 12,00,000
Middle Income Group-2 (MIG-2)	12,00,000 - 18,00,000

[7] World Bank , [8] RBI



In FY24, IndiaP2P's disbursements for economically weak and low-income households stood at 38% of our entire portfolio allocation. While disbursements to economically weaker households was below 1% due to difficulty in clearing credit criteria. We remain committed to serving this segment and expanded to more rural/low-income geographies such as Bidar in this fiscal. **Overall, nearly of our loans and more than 60% of our portfolio is disbursed to lower income groups**, thereby directly contributing to SDGs 1.1 and 1.2. No loans were extended to high-income households.



The Multidimensional Poverty Index (MPI)[9] recognises poverty as a multidimensional phenomenon, going beyond income or consumption levels to include three broad categories: health, education, and standard of living.

[9]NITI Aayog

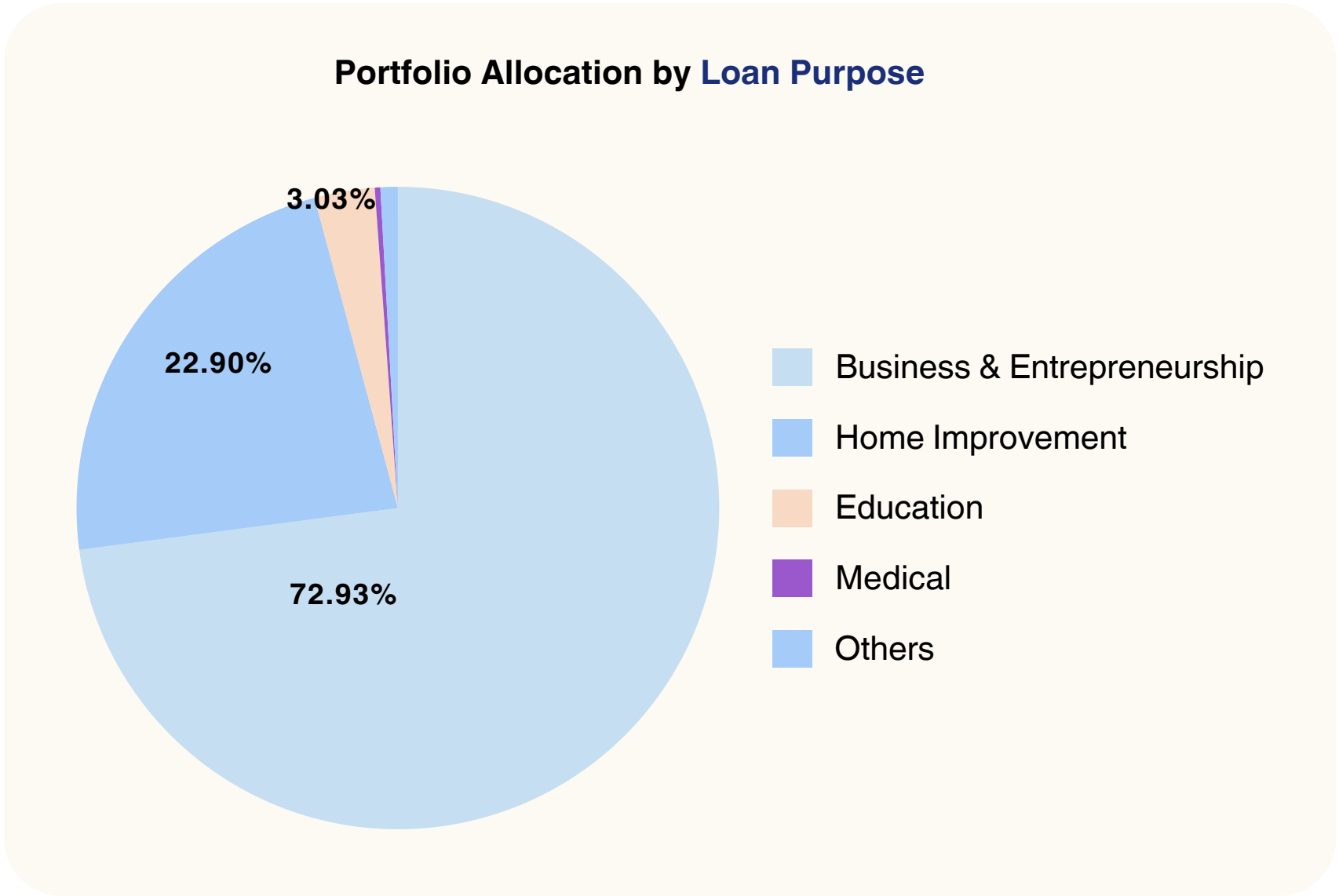
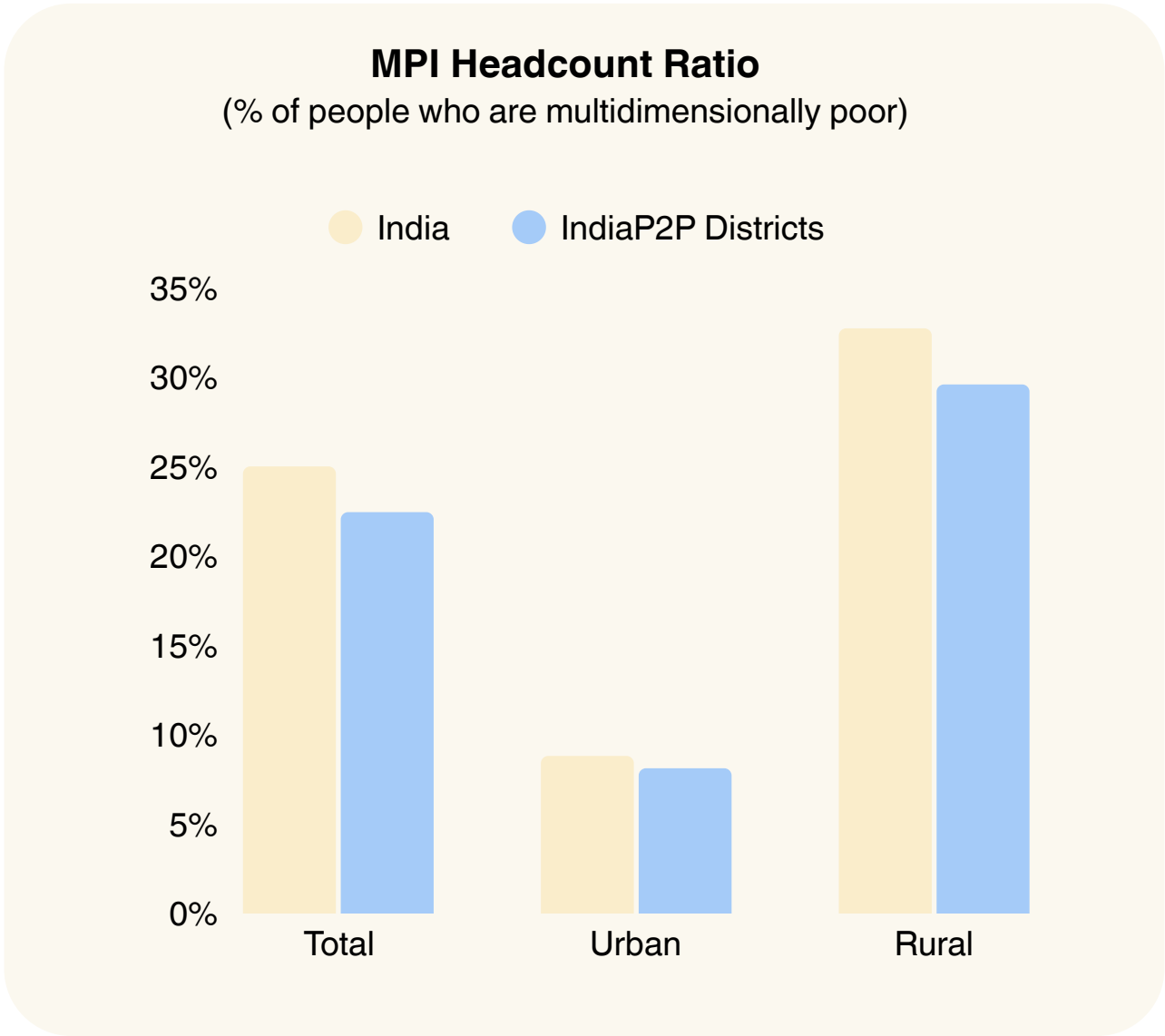


Photo: IndiaP2P Borrower

In FY24, IndiaP2P disbursed loans to households across 50 locations with a combined MPI ratio of 40.17%. **Over half of the households in geographies where IndiaP2P operates are considered poor across at least one category and a quarter are considered multidimensionally poor.**IndiaP2P's operations directly contribute to the standard of living of these households.

According to MPI data, rural India’s MPI ratio stood at 32.75% whereas urban India’s MPI ratio stood at 8.81% implying that rural India’s poverty ratio is 3.71x of urban India. Realising that, to augment urban-to-rural inflow of capital and credit, IndiaP2P’s portfolio consists of 99% of disbursements in non-urban areas in FY24 and since inception.

Out of all the loans 72.13% of portfolio allocation contributed to the businesses or income creation of borrowers enhancing their household income. The rest were dominated by home improvement (including construction) loans, followed by education, medical needs, appliance acquisition etc. Thus, more than two-thirds of our loans help improve the income levels of our borrower households, whereas the rest directly help in elevating their standard of living, thus, contributing to SDG 1.4.



SDG 5 Gender Equality

Giving women the credit they deserve

IndiaP2P's unique focus on women small business owners is derived not just from the quality of this asset class but also by the transformative power it carries.

"Women less risky to lend than men" [10]-

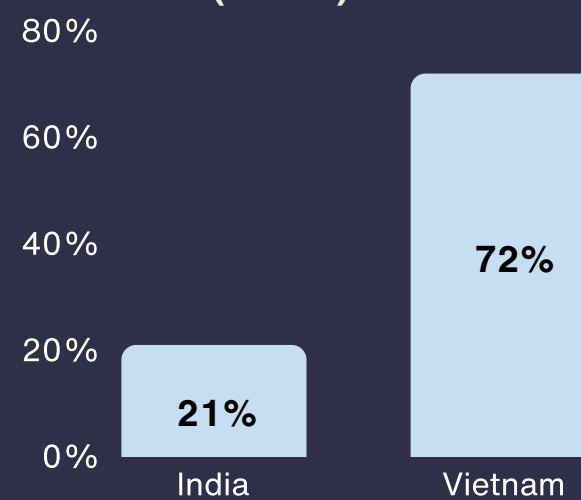
Economic Times, March 2023 quoting Transunion CIBIL data

As per this report, women in India are more reliable when it comes to lending by banks or NBFCs as they are more diligent in repayments. The number of loans disbursed to women has also grown faster in the past years, reversing years of stagnation. A large part of this growth has come from women borrowing for business and entrepreneurship purposes. The trend is a great sign towards improving our female labour force participation (FLPR) which is abysmally low compared to the developed world and our peers.

While women are increasingly borrowing more, the average borrowings disbursed to men are higher than women across every loan type, including gold loans.

Overall, India ranks 122 out of 190 countries in the Gender Inequality Index (GII), a component of UNDP's Human Development Index (HDI)[11]. Faster and more equitable access to credit can generate substantial economic growth and social progress

Female Labour Force Participation (FLPR)



[10] [Economic Times](#), [Transunion CIBIL](#), [11] [UNDP](#)

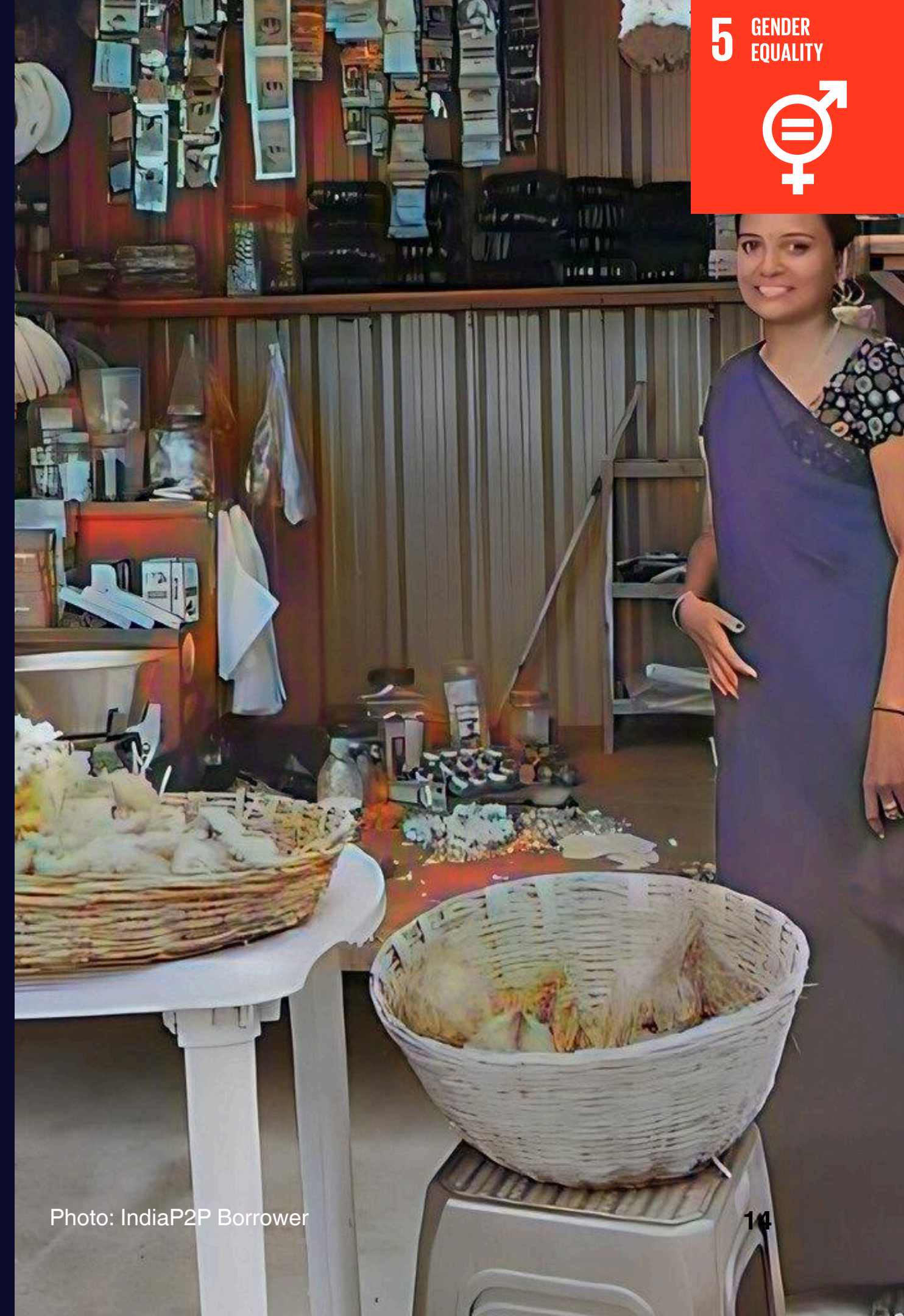


Photo: IndiaP2P Borrower

From a social and community standpoint, women contribute larger portions of their income to household and community welfare than male counterparts[12].

In FY24, IndiaP2P women borrowers contributed 40% of their household income. This is a significant number considering that nearly all of these borrowers come from non-urban, low to middle income households. This is indicative of women's rising ambition towards financial independence and high growth aspirations for their businesses.

In line with our commitments, 88% of our portfolio for the fiscal is allocated to women borrowers, 12% of our women borrowers are majority earners of their total household income. Over 75% contribute about a third to half of their total household income. IndiaP2P's specialised processes and gender-intelligent design was cited as an example in GIZ's Women Entrepreneur Financing and Investment Toolkit, 2023[13]. A large component of our process design relies on field agents who proactively interact with and assess each borrower onboarded onto the platform. In FY24, over 70% of our field agents are women. Their knowledge of finance/credit, mobility and financial independence make them relatable role models for others in their community.

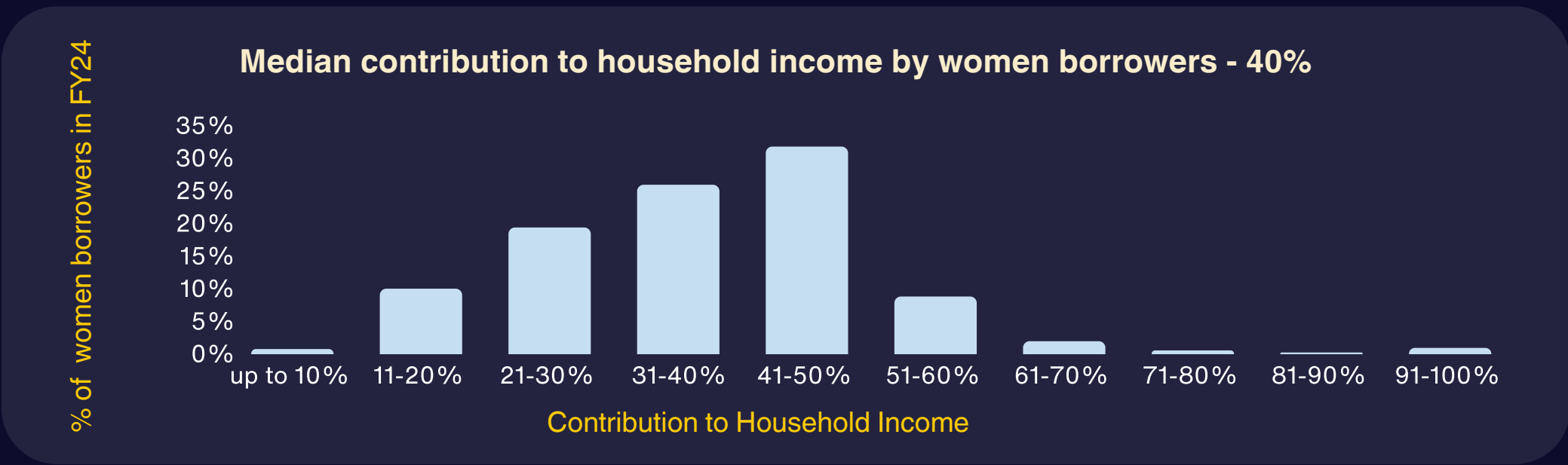
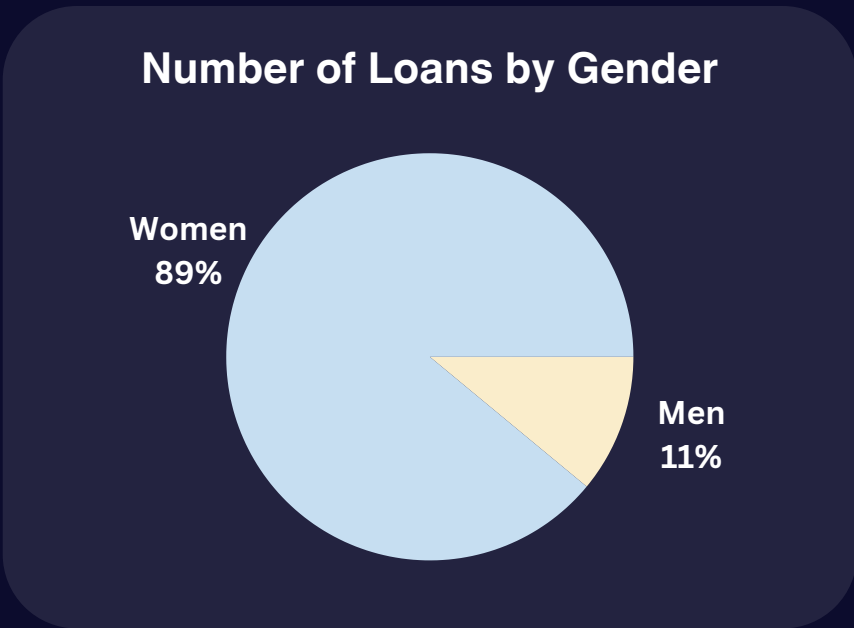


Photo: IndiaP2P Borrower

[12] ILO, [13] GIZ



SDG 8 Decent Work and Economic Growth

Creating decent work and economic growth is the bedrock for ensuring dignity of life for individuals and families, promoting safe and equitable working conditions, and upholding labour rights. Within this agenda, financial inclusion and access is a strong driver for uplifting socio-economic status of individuals, groups and geographies, while creating opportunities presented by entrepreneurship and innovation, especially those that create quality jobs.

In 2023, an estimated 57% of India's population was self-employed[14]. This number has been steadily increasing over the past decade. A majority of these run nano enterprises which form the bedrock of our economy. With rising aspirations and digital pathways, these businesses also carry immense ambition and potential.

Provision of credit to worthy business operators is a direct growth lever for economic growth. By enabling private investments as loans into these enterprises we are creating a productive asset class for investors that measurably contributes to the economy, and in the process contributing to SDG 8.10.

India's labour force participation numbers have been difficult to estimate since a large bulk of the population is informally employed or self employed. However with a relatively young worker demographic (average age of 29 years) and between 5 to 12 million youth joining the workforce every year, there is great need to create more employment opportunities.

Across IndiaP2P's borrowers' businesses we witness employment being generated with growth. Anecdotally, we also see multiple examples of contextually appropriate work opportunities being created for locals, especially women and across various education levels and skill profiles.

[14]NSSO



Photo: IndiaP2P Field Agent

Our focus on onboarding small business operators as borrowers allows us to participate in their growth journey where they create and sustain jobs, contributing to SDG 8.1.

In FY24 72.13% of our portfolio went to self-employed individuals involved in some entrepreneurial effort or running their own business, inline with SDG

`IndiaP2P's borrowers are prudent operators who actively create diverse income streams to withstand financial shocks.

48% of borrowers have created more than 3 income sources for their households through entrepreneurial efforts. The rest have created up to 2 income sources adding to the social capital and job opportunities wherever they operate.

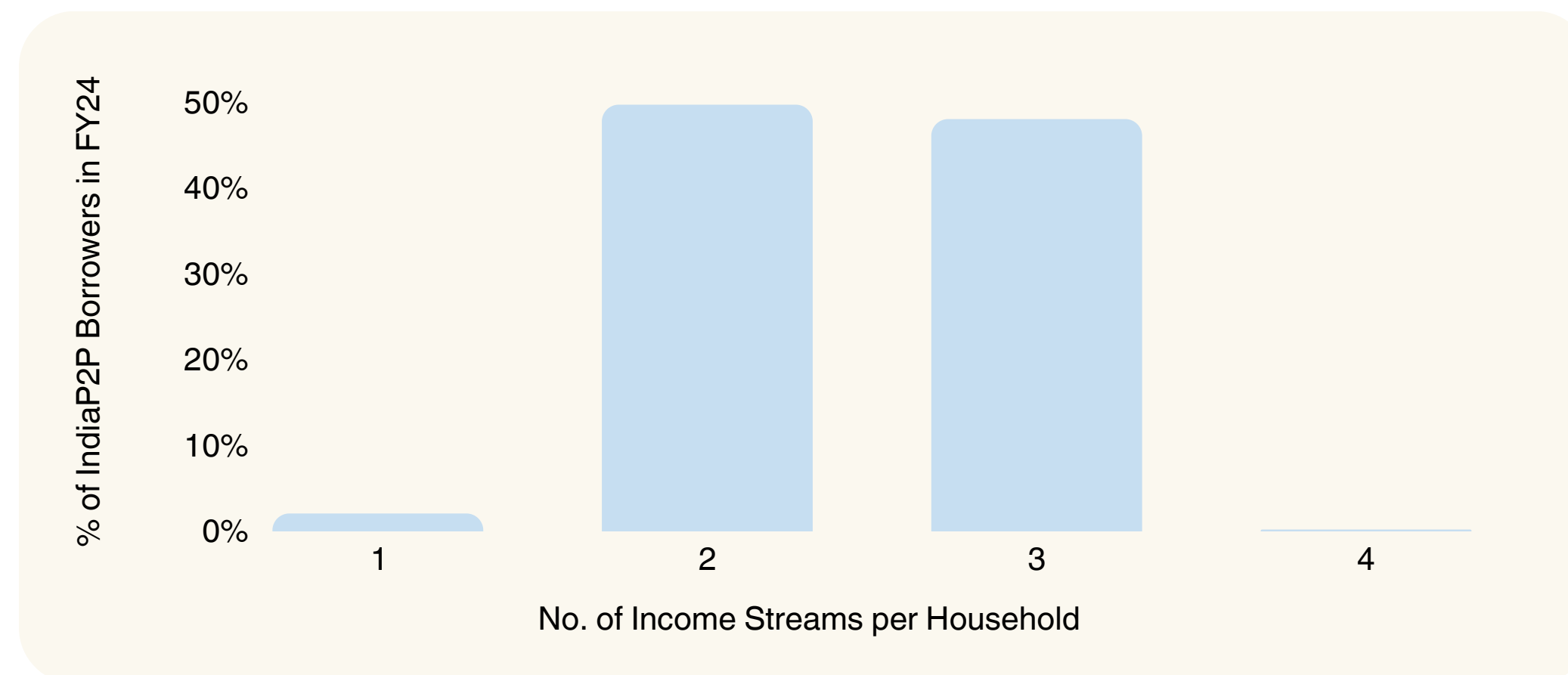


Photo: IndiaP2P Borrower

SDG 9 Industry, Innovation, and Infrastructure

IndiaP2P's business model and underlying technology infrastructure are designed for strategic alignment with the SDGs. We source impactful opportunities for private investors to invest in using a technology stack and processes that maximise productivity and remove value chain inefficiencies.

Private investments/capital are imperative for meeting our SDG goals. IndiaP2P is disrupting how private sector capital flows into rural, majority women-owned enterprises by replacing traditional investment, risk-management & lending processes with technology. Our technology stack is an end to end solution covering investment/wealth management, risk-management and underwriting, lending, loan management system, transaction processing and compliance modules.

On the lending and loan management side, our processes and technology are gender-intelligent and appropriately designed for non-urban users.

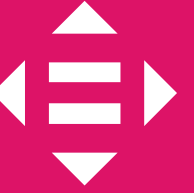
In FY24, we innovated further on our risk and lending processes with upgrades to our loan app with agent assistance. With a deeper understanding of our borrowers we upgraded how loan related information, consents and repayment modes are presented to them, making information sharing more proactive.

To enhance agent productivity and reduce disbursement TATs, we added multiple features to our stack that collect and process a wider range of data sets, enable easier QR code based UPI repayments and much more.

Our entire operation adds to the overall growth of SDG 9.5 and 9.b.



Photo: IndiaP2P Office



SDG 10 Reduced Inequalities

Reducing the level of inequality and ensuring that no individual is left behind is important to achieving sustainable development goals.

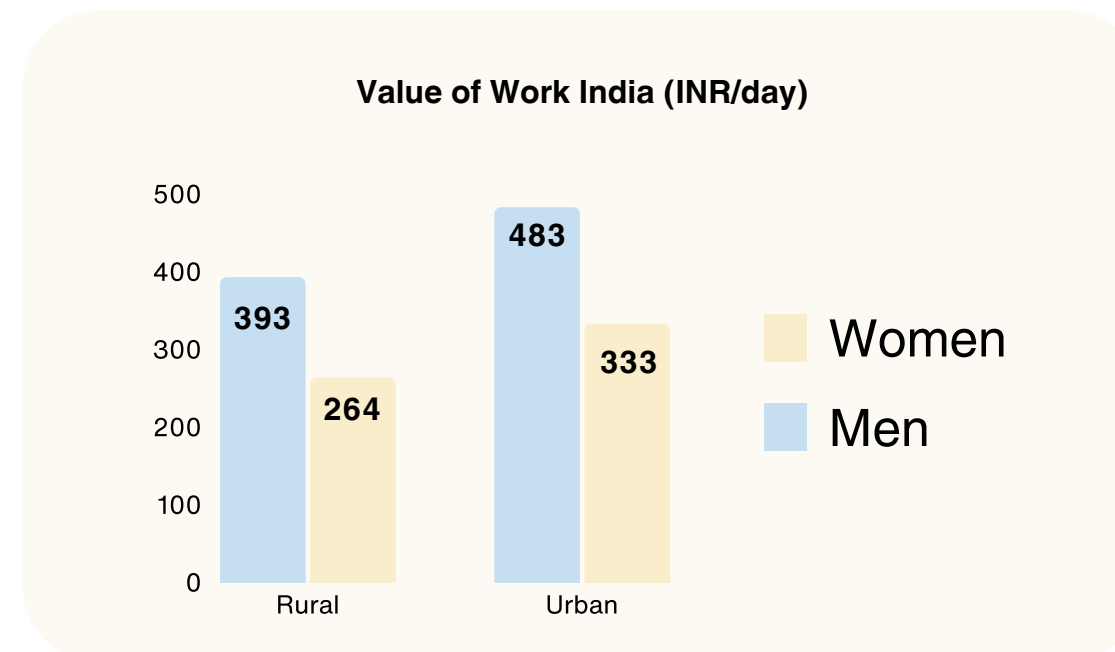
To align with SDG 10, our focus remains on credit flow to women and rural borrowers. It is widely acknowledged that women continue to face discrimination and difficulties creating unequal opportunities.

On the other hand the rural-urban divide is also amply clear as evidenced by variation in economic growth across rural and urban India.

According to TNN reporty quoting the National Statistical Office, in 2021, women in rural India earned INR 264 for the same work valued as INR 393 for men. Their urban counterparts earned INR 333 against INR 483[15]. Furthermore, the rural-urban divide, or low education levels exacerbates the condition of women already facing lack of economic opportunities.

Continuing with last year's trend, over 99% of our portfolio was allocated to non-urban areas in FY24. 88% went towards women.

This trend is due to our deliberate focus on setting up a network of Almost all of IndiaP2P's loans went to non-urban, as per RBI classification, adding directly to SDG 10.1.



[15]Times News Network, NSO



Photo: IndiaP2P Borrower



In a merit based society such as India, a lack of school or college education directly results in a lack of decent income generating opportunities, thereby bringing down the economic visibility of many. This also reduces visibility in front of lenders. In the districts where IndiaP2P operates, lack of education contributes to 26.59% to the overall poverty conditions, according to MPI data. As a result, IndiaP2P's targeted lending acts directly on SDG 10.2 and 10.4.

Level of Education - Female Borrowers

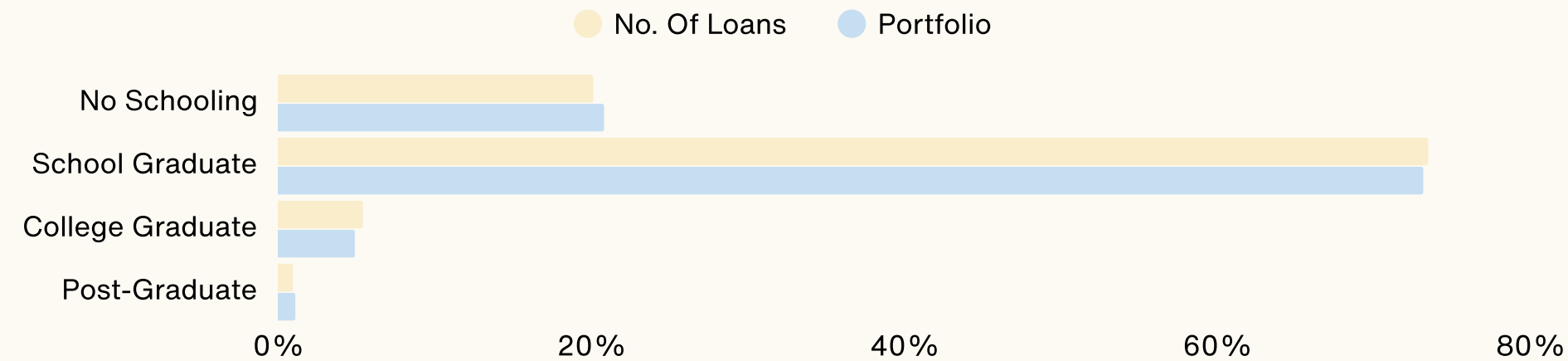
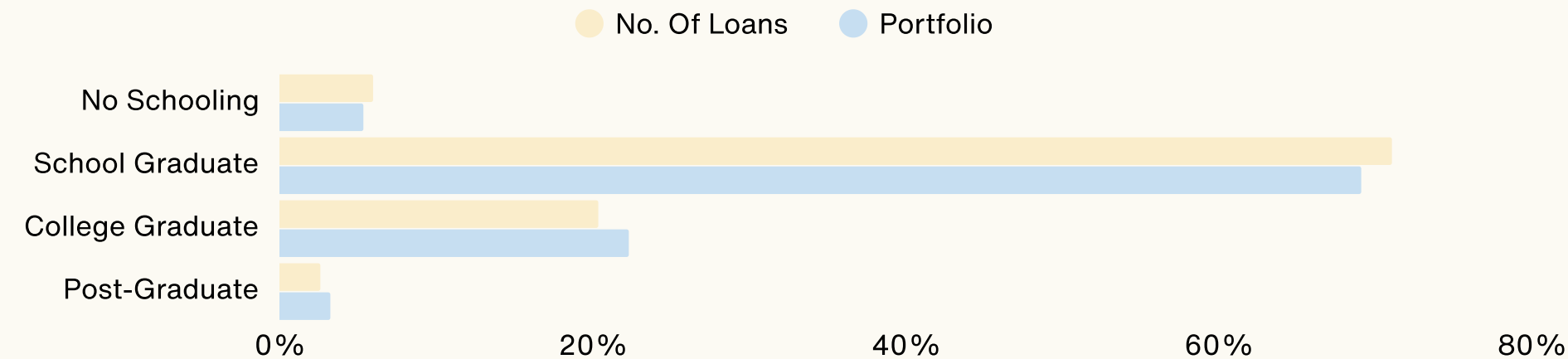


Photo: IndiaP2P Borrower

Level of Education - Male Borrowers



Our focus on rural and semi-urban geographies, low-income households and within that women, is deliberate and aims to unlock growth by bridging equity and parity in credit opportunities. Furthermore, IndiaP2P's credit-underwriting algorithm and processes have learned to see applicant borrower's education level contextually and not discriminate against not or less educated borrowers.



Photo: IndiaP2P Borrower



Photo: IndiaP2P Borrower (Right)

IndiaP2P

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