

Jai Kisan

Sustainable Finance for Rural Emerging Markets

Overview

Jai Kisan (*lit. "Hindi: Hail the Farmer"*), is a new-generation eBank that focuses on the rural financing sector of the Indian Market.

Founded in 2017, by Arjun Ahluwalia¹² and Adriel Maniego¹³, the aim was to serve the potential 600'000'000 Indian customers that faced a dearth of reliable, regulated and robust financial services, hindering their personal, and economic growth.

Currently, they provide two primary services, i.e., instant-consumer credit & supply-chain financing, with the assistance of over ten financial institutions, including [IIFL Finance](#), [Aditya Birla](#), [Poonawala Fincorp](#), among other prestigious names.

Problem Statement

India is a country with a population of over 1.4 Billion people⁴; so large in numbers that even if the 3rd most populous country, the United States of America, suddenly grew its population by 1 Billion, it would still have a lower population than India.⁵ With such a large population, it would seem like the markets would be exploding with growth opportunities and roles to serve such a large potential customer base.

But the truth is that over 60% of the population, around 600 to 800 million people reside in rural areas, with little to no access to proper financial services as the majority of the employment in those areas is still in the informal, unorganised sector. This poses a problem for regular banks which require detailed documentation of employment, wage and residential records to provide financing and other services, along with the routine problem of their services being more catered towards serving the urban residents of the country, with significantly more disposable income than rural residents.

This leaves the rural population with only one option: "...*informal moneylenders at exorbitant rates...*"¹

This has created a larger-than-necessary wealth gap that keeps on increasing with time as the majority of the population is cut off from financial services that they otherwise would have utilised to grow their economic situation, thus contributing more to the country's economic growth.

With the credit gap mentioned above and the only viable option being not viable, the rural population instead have opted to refrain from availing financial services, barring the most extreme situations.

Solutions Offered

Currently, Jai Kisan is attempting and so far, succeeding in their endeavour to mitigate this problem by providing both: individual and institutional financing to credit-deprived parties backed by some of the most prestigious names in the financial banking sector.

Services Offered

1. Financial Credit for Agriculture: Jai Kisan helps lenders to distribute financing cheaply – Financial institutions are able to leverage our virtual market network to distribute financing through Jai Kisan, thereby reducing CAPEX investment to reach customers within the last mile of rural India. Through Jai Kisan, most lenders can lend at ~16% rather than ~24% due to decreased costs, better analysis, lower risk, etc. Jai Kisan creates a digital footprint for the borrower through better underwriting- Jai Kisan's loan origination system reduces the credit evaluation and processing costs of loan disbursement.[6](#)
2. Supply-Chain Financing: Jai Kisan also forwards these same services for intermediaries in the *farm-to-shop*, using the same processes modified to suit the needs of supply-chain operators.
3. Kisan-Khata: This is their new product offering a synchronised ledger for agri-workers to store daily tasks, important details and other such data in cross-platform media that can be secured across all clients and shared with anyone who needs access to that information.[7](#)

Results Obtained

- Delivering the impact of sustainable and affordable financing to more than 5'000 farmers across 9 States and 1 Union territory of India, including Telangana.[6](#)
- 500 Channel Partners with 3 products deployed across them across preparation, pre-harvest and post-harvest stages of production.[6](#)
- Jai Kisan has been awarded and recognized by organizations including the Govt. of Maharashtra, Bill Melinda Gates Foundation, IIM Ahmedabad, Bharat Inclusion Initiative, Rabobank, Asian Development Bank, NASSCOM, IFC, VISA, Accion, ISB Hyderabad and many more.[6](#)

Afterword and Possible Future Scope

Jai Kisan's business model is simple and reliable: Find an underserved niche, India's rural financial sector, in their case and build a robust, stable solution for it.

In that regard, they seem to have solved many of the challenges that they sought out to rectify in the beginning; this is apparent by their stellar growth and international recognition and backing by institutions with considerable weight behind their names.

That being said, the next move for Jai Kisan would be to become certified as a lending NBFC, to reduce its operational overhead and to customise its offerings as per the needs and requirements of its own client base. As most of the financial products in India are designed for the suburban/urban middle class, the customization of those products to suit the needs of rural citizens adds a significant cost to the operation and challenging this problem must be their next priority.

Footnotes

1. <https://www.jai-kisan.com/aboutus>
2. <https://www.linkedin.com/in/arjun-ahluwalia-02baa325/>
3. <https://www.linkedin.com/in/adrielmaniego/>
4. https://main.mohfw.gov.in/sites/default/files/Population%20Projection%20Report%202011-2036%20-%20upload_compressed_0.pdf
5. https://www.stats.gov.cn/english/PressRelease/202401/t20240117_1946605.html
6. <https://kisanmitr.gov.in/story-52/>
7. <https://play.google.com/store/apps/details?id=com.icss.kisankhatabook&hl=en&gl=US>