

Microfinance lends a support to women entrepreneurs

Bhubaneswar, 10th July, 2018: R. Rupa lives in a small village of Malkangiri District of Odisha and is an independent single mother of two sons and a daughter. She holds the responsibility of her entire family and is the only earning member. About ten years ago, she faced financial hardship and was not able to provide better education to her children. She came to know about Adhikar Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI) working in her neighborhood area, that provides microfinance loans to low income households. Soon, she joined a Joint Liability Group (JLG) and encouraged her neighbours to join it as well. She received her first loan of Rs. 5000 from Adhikar Microfinance from which she bought a sewing machine and started her tailoring shop. Since then Rupa became one of the trusted clients of Adhikar and has been associated with them for around 10 years now. Over the years, through his tailoring business she has improved her financial status. Similarly, Tuni Kutruka who lives in Rayagada has also benefitted from microfinance loans. She is a client of Adhikar Microfinance and were able to improve her economic status by buying goats and sheep. She now owns 12 sheep and has become an inspiration among her community.

Adhikar Microfinance is an Odisha-based NBFC-MFI operating in three states of Odisha, Gujarat and Chhattisgarh through 62 branches. Today, Adhikar has positively impacted 2.5 lakh families providing not only credit but also other financial services such as insurance. As per recent assessment, the organization has served more than 25,000 Self Help Groups, reaching out to vulnerable households spreading across 21 districts of three states. The Company has cumulatively disbursed Rs 370 crores to the underbanked and under-served poor who are away from formal banking system.

According to Microfinance Institutions Network, a self-regulatory organisation and an industry association of microfinance industry in India, women constitute 99% of micro-credit beneficiaries in the country. Microfinance institutions such as NBFC-MFIs are working towards providing an easy access to financial services to underserved and unbanked population in India.

NBFC-MFIs are the only regulated financial institutions in the country which give unsecured loans to the borrowers from low income households. These institutions fill an unfunded credit gap for women who do not have the wherewithal to provide collateral or security of any sort. The aim of NBFC-MFIs is to build sustainable livelihoods. Through providing last mile financial services even to clients in remote rural areas, these institutions promote the Government's financial inclusion agenda.

NBFC-MFIs are an important partner for Prime Minister MUDRA Yojana and almost 50% of the loan disbursements under this programme have been done through microfinance companies. NBFC MFIs are registered with the Reserve Bank of India and are stringently regulated right from the size of loan, the tenure, the rate of interest and a Fair Practices Code (FPC) and an Industry Code of Conduct (CoC) which governs their functioning. The Reserve Bank conducts regular supervision of all NBFC MFIs.