

## **Microfinance lends a support to women entrepreneurs**

**Karnataka, June, 2019:** Mahadevamma is a resident of the village Obanahatti, in Challakere Taluk, Chitradurga district of Karnataka. She got associated with Chaitanya soon after the sad demise of her husband and has been a client of Chaitanya, a Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI), for nine years now. Event after she lost her husband, Mahadevamma never lost her hope and drive to give a better life to her children. With the first loan amount of INR 10 thousand that she received as a loan from Chaitanya, she invested in a bore well for her small agricultural land of 2 acres, having moved into a shack on the same field to save on rent costs. She started growing vegetables and short term crops in her field to meet her expenses and repay loan. She has recently started her own brick manufacturing business and employs anywhere between 3 to 9 people depending on the demand. Her eldest son is married now and lives with her while working as a construction contractor in the local area, her younger son works in the industrial town of Hosapete and her daughter is happily married in a nearby village. Mahadevamma continues to be associated with Chaitanya and recently took INR 50 thousand loan to expand her brick forming business and give employment opportunities to others in her and neighbouring villages.

Similar to Mahadevamma, many women have benefited from association with Chaitanya microfinance. The company plays an important role in the woman empowerment. The company works in five states including Karnataka, Maharashtra, UP, Jharkhand and Bihar across over 30 districts. It has impacted around three lakh lives and has extended total loans worth over INR 500 crores.

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.