

Microfinance lends a support to women entrepreneurs

Karnataka, June, 2019: Manjula and her daughter Nagaveni, hails from a rural area in Tumkur, Karnataka. Nagaveni started an eco-friendly plate making unit but had to shut it down due to challenges of labour, electricity and capital. She joined a company as a HR assistant, but she was not happy with the job. She needed capital to purchase an additional machine to restart her eco-friendly plate making unit. As her mother is a customer of CreditAccess Grameen, a Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI), she learnt that the Company offers business loans to support aspiring entrepreneurs like her. She asked her mother to apply for a business loan. Encouraged by the daughter's determination, her mother applied for the loan and received a loan of INR 1 lakh from Retail finance, an individual lending unit of Credit Access Grameen. With this loan, Nagaveni not only restarted her unit but grew the business by increasing production, leading to an increase in profits.

The enterprising mother-daughter duo is now successfully running their business of eco-friendly plates. Moreover, they have also contributed towards creating employment opportunities in the village by employing local women in their unit. Leading a successful life now, Manjula and Nagaveni dream of expanding their business. With their sheer hard-work and courage, they proved their mettle and are a shining example of successful woman entrepreneurs despite the many odds they faced.

Similar to Manjula and her daughter Nagaveni, many women have been benefited from association with Credit Access Grameen. Credit Access Grameen Limited popularly known as 'Grameen Koota' is a leading micro-finance institution headquartered in Bangalore, focused on providing micro-loans to women from low income households predominantly in Rural Areas in India. It has followed a strategy of a contiguous district-based expansion across regions and, as of March 31, 2019, it covered 157 districts in the eight states and one union territory in India serving over 2.4 million borrowers through 670 branches and employs over 8000 staff.

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.