

Microfinance lends a support to women entrepreneurs

2nd April, 2018: Savita Manda is a resident of Gadarpur, Uttarakhand. Her husband used to work as a factory labour and earned meagre sum of Rs 6000 per month which was not enough to meet their needs. A good future for their only daughter seemed impossible because of their financial incapability. Savita wanted to start her own business to supplement their household income but did not have enough capital. She then came to know about micro-credit and took her first loan from Fusion Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), to start her own quilt making business. The business flourished and their financial status improved. With the next cycle of loan from Fusion, she helped her husband start a grocery store. Today, they both are happy as their household income has increased to Rs 15000 thus ensuring good education and future for their daughter.

Fusion Microfinance is one of the leading NBFC-MFIs working in Uttarakhand. The company provides micro-credit services in over 45 thousand villages of 14 states and in its endeavour to provide easy access to financial services to its clients has impacted around 10 lakh lives. The company has helped many local women entrepreneurs to improve their economic status and realise their dreams to improve their quality of life. NBFC-MFIs such as Fusion are the second largest provider of micro-credit with a Gross Loan Portfolio of Rs 42,701 crore across 30 states.

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.