

Microfinance lends a support to women entrepreneurs

Uttarakhand, 7th August, 2018: Kamaljeet Kaur is a resident of Kashipur in Uttarakhand. A few years ago, Kamaljeet's family was undergoing a financial crisis. Her husband runs a flour mill shop and the income was not enough to meet the expenses related to basic needs of her family and education expenses of her four children. She reached out to Fusion Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), for micro-credit to start her own cosmetics cum grocery shop. Gradually, her business grew and she was able to contribute significantly to her household income. With her income, she was able to provide her children with good education and a better future. Similarly, Anita who is a resident of Dhampur, was able to start a grocery shop with the help of micro-credit provided by Fusion. She too was struggling financially but as her income from the shop increased her financial status improved.

Fusion Microfinance is one of the leading NBFC-MFIs working in Uttarakhand. The company provides micro-credit services in over 45 thousand villages of 16 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 1600 crore.

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.