

Microfinance lends a support to women entrepreneurs

Ahmedabad, 19th June, 2018: Hansaben, who has a six-member family, is the primary wage earner of her family. Few years ago, she was in dire need of income augmentation and was looking for sustainable livelihood. She came to know about Light Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI) that provides microfinance loans to low income households in her area. She borrowed her first loan and invested in her vegetable farming. Eventually, her excellent credit discipline and business acumen enabled her to obtain loans of higher amount from Light. Hansaben has been associated with Light Microfinance from past five years now and is one of their trusted clients. Now, her monthly average income has increased to Rs. 10,000 and she plans to expand her business even further by employing two helpers. Similarly, Manjulaben and Reshmaben have been able to improve their economic status through income generation loans from Light Microfinance. All the three women took microfinance loans by forming Joint Liability Group (JLG) in their respective areas.

Light Microfinance is one of the leading NBFC-MFIs working in Gujarat and headquartered in Ahmedabad. The company was established with the vision to uplift the financial status of the poor households through providing them easy access to the micro-credit. In its endeavour to provide easy access to financial services to its clients Light has impacted over a 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.

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.