

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

**Rajkot, 7<sup>th</sup> October, 2018:** Saberaben was struggling with financial problems until few years ago when she decided to start a small business. She wanted initial investment to start a general store and was looking for a lender but she had no collateral to offer in lieu of loan. She came to know about Light Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI) that provides collateral free microfinance to low income households in her area. She borrowed her first loan from Light Microfinance and used it to set up her business. Subsequently, after her first loan cycle she took new loan to buy more products in bulk for her store at higher discounted prices. Eventually, she was able to accrue more profits thus improving her standard of living through a steady income from her business. Similarly, Hansaben started vegetable farming with the help of her first loan from Light to support her six member family. Now her monthly average income has increased to Rs. 10,000 and she plans to expand her business even further by employing two helpers.

These are only few of the many such success stories of women empowerment in Gujarat where Light Microfinance has played a significant role. 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.