

MFIN appeals 12.3 lakh women microfinance borrowers in Assam to maintain good credit history

MFIN, the industry association and the RBI recognized Self-Regulatory Organization for the NBFC MFIs in the country today, appealed to the existing 12.3 Lakh microfinance borrowers in Assam to maintain a good credit history with the Credit Bureaus.

Speaking on the role of Microfinance, Harsh Shrivastava, CEO – MFIN, said, *“Microfinance originated as there existed a large population of India which was unbanked and unserved. Owing to the vastness of the country and the inability to provide low income households credit, the Government of India recognized Microfinance as an important tool in ensuring financial inclusion. Microfinance Institutions called NBFC-MFIs, need to register with the Reserve Bank of India (RBI) to be able to provide microfinance. Strictly regulated, these institutions follow the RBI prescribed guidelines and policies for lending and are monitored at three different levels – company, SRO and RBI. Moreover, their rate of interest is also regulated by the RBI.”*

This has now enabled the poor to access credit in a more organized manner compared to their dependency on moneylenders in the absence of formal credit.

Microfinance institutions operate using the established Joint Lending Model which allows the women to source group loans, which provides them the comfort of each other which sharing the loan liability. The institutions provide the women small loans with easy repayment options. The women do not need to provide any collateral to access credit. These institutions provide them with a loan card which makes it easier for them to track their loans and repayments. Loan repayment can be weekly, fortnightly and monthly and slowly bit by bit, the women borrower is able to repay her loan.

Mr Shrivastava further added, *“In Assam, there are as many as 12.3 lakh women borrowers who invested this money in various trades. While some opened vegetable shops, some bought rickshaws to run or looms to further their weaving business. We feel proud that through Microfinance, not only are these women able to generate more income but they are, in turn, able to provide employment to others. Hence it is very important that women who are currently availing loans follow a credit discipline and repay the institutions on time to ensure that their records with the Credit Bureau are unscarred and future access to credit guaranteed.”*

The credit bureau discipline is important both from the lenders and borrowers end to ensure that lending happens responsibly. This timely access to small, collateral free loans in easy payback options by reliable organizations is the greater differentiator for Microfinance.
