

Microfinance lends a support to women entrepreneurs

9th May, 2018: Hashmi Begum lives in Nihalpur of Allahabad district and is an independent single mother of four daughters and four sons. After her husband left her she faced many financial difficulties and with just one sewing machine she couldn't earn a sustainable livelihood from her tailoring business. She came to know about microfinance loans provided by Margdarshak Financial Services, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), to low income households in her area, that too without any collaterals. Hashmi Begum borrowed Rs 15, 000 from Margdarshak and bought a news sewing machine. Through this loan, she expanded her business and took another loan of Rs 30,000 after repaying the first one. Hashmi Begum now employs two more women and her business has flourished. She is now able to earn a stable income and provide for her children's education and even got two of her daughters married. Similarly, Geeta Devi from Bhabhapur expanded her dairy business through micro-credit provided by Margdarshak.

Margdarshak Financial Services is one of the leading NBFC-MFIs working in Uttar Pradesh. The company provides micro-credit services in around 50 districts of 5 states of Northern India including UP, Bihar, Haryana, Himachal Pradesh and Uttarakhand. In its endeavour to provide easy access to financial services to its clients it has impacted around 2 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. Margdarshak also conducts Financial Literacy and Women Empowerment Training to encourage and empower women entrepreneurs. Women entrepreneurs such as Shahnaz Bano who runs a beauty parlour in Kareilly village has benefitted immensely from these training programmes where she learned about savings, credit, financial management, etc.

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.