

Microfinance sector attracts global Private Equity capital even amid Covid-19 lockdown

New Delhi, April 1, 2020: Indian microfinance sector plays a critical role in the financial inclusion agenda of the country covering over 60 million end clients with a portfolio outstanding of over INR 2.2 lac crores. Microfinance Institution Network (MFIN), an RBI recognized self-regulatory organization and industry association of the microfinance industry in India, today stated that the sector continues to attract long term private equity capital from the global investment firms as is evident from the combined equity capital infusion of INR 170 crores in two microfinance entities during the lockdown phase.

The Covid 19 outbreak has put NBFC-MFIs and even their borrowers in a complete economic lockdown for the past two months. The sector which has been categorised an "essential service" has gradually opened up since 20th Apr' 20 and is looking at being the provider of credit which is required to rebuild the livelihoods of its clients. Against this backdrop, two MFIN Members, Delhi-based Satya MicroCapital and Uttar Pradesh-based Sindhuja Microcredit have raised INR 105 crore and INR 65 crore respectively. The confidence exuded by Japan-based Gojo & Company that funded Satya MicroCapital, and Norway-based Nordic Microfinance Initiative (NMI) and Carpediem Capital that funded Sindhuja Microcredit, in the Indian microfinance sector at such times is truly encouraging for the sector.

Speaking on this achievement, Mr Harsh Shrivastava, CEO, MFIN said: "This clearly show the confidence that equity investors have on Indian microfinance sector, its capacity to bounce back and manage its portfolio qualities even during demonitisation, Andhra crisis etc, making it a safe and viable impact investment. Both investments came in the last few days, showing resilience of the sector. We are confident that coupled with RBI & Government-led liquidity infusing measures this will help us in continuing to support employment generation and livelihood rehabilitation across the country."