Muthoot Microfin - Empowering Women Become Entrepreneurs

Solapur, Maharashtra: Microfinance has been playing an essential role in transforming the lives of many aspiring women by helping them become self-sustainable and self-reliant. The growth story of a 27-year-old housewife, Monika Sidhram, living with her family of four, in a small village of Nilamnagar, situated on the outskirts of Solapur, Maharashtra, is no different. Her success journey portrays a clear example of transforming life by sheer hard work and determination.

Monika was good with sewing and always longed to have her own tailoring business. However, her inadequate financial condition forced her to work at a nearby Tailor shop which helped her support her family’s financial requirements. With time and practice, her sewing skills got improved; however, the income generated from the job was insufficient to meet the growing needs of her family.

Determined to improve the financial condition of her family, Monika started looking for ways to arrange the working capital to begin her business seeking to be financially independent.

As they say, where there is a will, there is a way! While she was exploring ways to bring her dreams to life, one of her friends introduced her to Muthoot Microfin and its secure and collateral-free loan procedures. Without much ado, she became a member of a Joint Lending Group to avail her first loan.

After receiving her first loan of Rs.10,000, she left her job and bought a sewing machine along with necessary raw materials to start her own tailoring business. Gradually, her income improved and with the help of viable investment choices, she was able to scale up her business well.

She successfully repaid her loan amount from the additional income and decided to take another loan of Rs.45,000 to scale up her current business. She bought three more sewing machines and employed women, further enabling them to support their families.

Gradually, her business flourished, and she began receiving large orders from the surrounding areas of Solapur. Today, Monika is proud of what she has accomplished for her family and is planning to expand her business by opening another shop in the town centre. Her story portrays a clear message that success follows those who persevere.

When she first started her association with Muthoot Microfin, Monika was barely able to keep up with their daily family expenses. Now she is a successful woman entrepreneur and a role
model in her family. A very proud Monika says, “The timely financial support from Muthoot Microfin helped me achieve my dreams of becoming an entrepreneur. I would highly recommend this microfinance institution to all those women who could not chase their dream due to lack of money”.

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**Muthoot Microfin Limited (MML)** is a part of the Muthoot Pappachan Group (MPG). MPG is one of the leading business conglomerates, with presence in multiple verticals. Muthoot Microfin Limited is a leading microfinance institution focussed on providing micro loans to women customers predominantly in rural regions of India. The company follows joint liability group (JLG) model of microfinance. Clients are organized in groups of four to ten women from economically weaker sections of society, living in rural and semi-urban areas or urban slums. The microfinance operations of the company are designed to promote entrepreneurship among women and inclusive growth. The institution provides financial assistance through micro loans such as income generating loans to women engaged in small businesses.

The Indian microfinance sector has come a long way. Early estimates show that the industry / sector would have closed Mar’19 with a credit portfolio outstanding of nearly Rs 2,00,000 crore serving over 50 million end clients (of which 99% plus are women and for most of whom this would be the first credit facility in their life) across 30 states through an employee strength of over 1 Lakh. For an industry almost written off in mid-2011 after the Andhra Pradesh (AP) crisis, this is no mean feat indeed.

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.

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