

Microfinance lends a support to women entrepreneurs

June, 2018: Geetha lives in Anikode of Palakkad district in Kerala. She is an independent woman and along with three other women from her neighbourhood she runs a successful canteen at Palakkad municipal premises. Geetha and her colleagues' drive to open a small-scale canteen didn't just come out of their only passion for cooking but they also wanted to become financially independent. With the support of Muthoot Microfin, a Non-banking Financial Company-Microfinance Institution (NBFC-MFI), Geetha started their catering business three years ago. Geetha was introduced to Muthoot Microfin by a friend. Impressed by its simple and effective operations, she soon joined a Joint Liability Group (JLG) and encouraged her colleagues to join. All the four ladies became members of a nearby Muthoot JLG and were provided with microfinance loans that they used to grow their business.

Today, their canteen named 'Priyam' serves delicious South Indian delicacies and occupies a rented space adjacent to the municipality with a kitchen, 6 table seating facility and a dishwasher area. Their daily earnings from the canteen now has reached about Rs 4000, from meagre three digit earnings three years ago. Apart from providing microfinance loan, the Muthoot provided them financial literacy training which helped them to maintain proper accounts of their enterprise. Their training also enabled them to ensure customer satisfaction and quality of food items.

Muthoot Microfin Limited is the microfinance arm of Muthoot Pappachan group (MPG) and is a member of Microfinance Institutions Network (MFIN), a self-regulatory organisation and industry association for NBFC-MFIs. Muthoot Microfin Ltd. was granted NBFC-MFI license by RBI in 2015 and is dedicated to provide microcredit to women for income generation and self-employment activities. The company also facilitates entrepreneurship development and harnesses entrepreneurship skills through skill development workshops and financial literacy classes for its clients. They have operations in the states such as Kerala, UP, MP, Gujarat, Maharashtra, Haryana, Punjab, West Bengal, Odisha, Karnataka and Tamil Nadu. In its endeavour to provide easy access to financial services to its clients, Muthoot has impacted more than 10 lakh lives.

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.



About Microfinance Institutions Network

Microfinance Institutions Network (MFIN) is the premier industry association and Self-Regulatory Organisation (SRO) for the microfinance industry in India and its current membership/associates consists of 48 leading NBFC (Non-banking Financial Company) Microfinance Institutions (MFIs) in the country. MFIN seeks to work closely with regulators and other key stakeholders to achieve larger financial inclusions goals through microfinance.