

Microfinance helping borrowers rebuild livelihoods in Assam

Disbursements to Microfinance customers starts post lockdown

16 September, 2020 - Microfinance Institutions Network (MFIN), the premier industry association for microfinance and an RBI-recognized Self-Regulatory Organization (SRO) today stated that the microfinance institutions are focused on rebuilding livelihoods of their borrowers impacted by Covid 19. The current loan portfolio of the microfinance organizations in Assam is over Rs 12,000 crore, benefitting as many as 25.4 lakh women.

In view of Covid 19, the Reserve Bank of India had initially announced a moratorium on loans for three months from March 1st to May 31st, and further extended for a period of additional three more months ending August 31st 2020.

Speaking on this, MFIN CEO & Director, Dr Alok Misra said, *"The timely support of the RBI through the Moratorium, significantly eased the pressure off the borrowers when they faced income loss. Now that the moratorium is over, it is important for the borrowers to re-start payment, clear existing loans and avail new if they need."*

Dr Misra further added, *"We are working closely with all stakeholders including the State Government, RBI, among others, to ensure the flow of credit to the underserved in a very cost-effective way. I appeal to all microfinance borrowers to restart their loan payments and ensure that their credit bureau records remain strong. Becoming an NPA is clearly avoidable to be able to access credit in the future. It is equally important for the borrowers to stay away from false promises of loan waivers made by anyone."*

In case of any confusion, borrowers must first call their loan provider on the number provided in their loan card. They can escalate their concerns to RBI-recognized SRO, MFIN, on the toll-free number - 18001021080 between 9.30 am to 5.30 pm, and last but not the least, to the RBI.

The microfinance sector in India is regulated by the Reserve Bank of India and comprises institutions like the NBFC MFIs, Banks, Small Finance Banks, NBFCs, among others. MFIs are a key vehicle for Financial Inclusion, a key priority for the RBI and the central & state Government.

In Assam, women borrowers have invested this money in various trades. While some opened vegetable shops, some bought rickshaws to run or looms to further their weaving business. Through Microfinance, not only are these women able to generate more income but are, in turn, able to provide employment to others. This timely access to small, collateral free loans in easy payback options by reliable organizations is the greater differentiator for Microfinance.