

## Muthoot Microfin: Supporting Micro-Entrepreneurs in Karnataka

**Udupi, Karnataka:** Microfinance has been playing a vital role in transforming the lives of many aspiring women by helping them become self-sustainable and self-reliant. The growth story of a 45-year-old housewife turned micro-entrepreneur, Sunitha Divakar, living in Madwanagara in the Udupi district of Karnataka is no different. Her success journey portrays a clear example of transforming life by sheer hard work and determination.

Until 2013, Sunitha was spending her life as a homemaker, perfectly fulfilling her household responsibilities. However, the income generated by her husband was not enough to support the family of four. Looking at the deteriorating financial condition of the family, Sunitha decided to start the handicrafts business, which is a common profession in Madwanagar.

Sunitha wanted to manufacture Memento and similar artefacts, but lack of capital was a significant hurdle in front of her to start the business. She approached many local financiers for money, but she was unable to provide the collateral securities demanded by them.

She was starting to lose hope when she came across a relationship officer of Muthoot Microfin, who was on a round of her village. The officer briefed Sunitha about the collateral-free loan facility offered by Muthoot Microfin.

After learning about the benefits, she immediately became their member and availed her first loan of ₹10,000. She used the entire amount to buy raw materials and started her journey as an entrepreneur.

Sunitha worked hard, woke up early to make up to 10 mementoes a day. She also made specialized fancy headgears (crowns and dress materials) over the weekend. Gradually the demand for her products grew, and her income increased remarkably.

With the help of further financial assistance from Muthoot Microfin, she was able to rent a tiny space in the market. Her sales improved tremendously since then, and she has even employed four persons to make more products on-demand from customers. Bulk orders from educational institutions and others helped her make a weekly profit of up to Rs. 1,500.

Sunitha is now in going through her third cycle loan of ₹60,000 and utilized most of it to buy quality raw materials in bulk. With growing business acumen, she is also planning to include wallets, bags, and other goods in her product line.

Sunitha says, "I wish to further to expand my business to other nearby districts. I hope that in the future, I can display my products at exhibition centres in neighbouring towns to attract more customers."

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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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