

Microfinance lends a support to women entrepreneurs

Jagdalpur, January, 2019: Lata Harijan is a resident of Chokawada in Jagdalpur of Bastar district. Until few years ago she was facing financial difficulties as one of her children needed constant medical care. To improve her financial status, Lata decided to start her own business but it was difficult for her to gather enough capital. One of her neighbours introduced her to Adhikar microfinance, Non-Banking Financial Company-Microfinance Institution (NBFC-MFI) working in her area. Realizing its transparent and simple process of loan sanctioning, she immediately joined the group. She borrowed her first loan of ₹ 20000 and set up the business. Battling with various challenges of life she started the small business of selling nali (a type of namkeen made from maida). Lata's husband started supplying it to the shops as per demand and also went to villages on his motorcycle to sell it. Eventually, her financial status improved and she employed two women under her. She wanted to expand the business in near future into a bigger namkeen production unit and took a second cycle of loan for the expansion. Today, the turnover of her business is Rs 1, 20,000 annually. Similarly, Laxmi Thakur is a residence of Halbapara Kalipur in Titirgaon of Bastar district successfully runs a stationary cum tailoring business with the support from Adhikar Microfinance Pvt. Ltd.

Similar to Lata and Laxmi, many women have benefited from association with Adhikar microfinance. The company plays an important role in the woman empowerment in Chhatisgarh. In its endeavour to provide easy access to financial services to its clients Adhikar microfinance has impacted over 2.5 lakh lakh lives. As per recent assessment, the organization has served more than 25,000 Self Help Groups, reaching out to vulnerable households spreading across 21 districts of three states- Odisha, Gujarat and Chhattisgarh. The Company has cumulatively disbursed Rs 370 crores to the underbanked and under-served poor who are away from formal banking system.

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.