

Microfinance lends a support to women entrepreneurs

Karnataka, July, 2019: Until few years ago, Rajamani, a resident of a small village in Karnataka and her husband Swami Nayak were battling with financial challenges. They didn't have a source of income of their own and were totally dependent to their elder son's income in fulfilling the family needs. To enhance her family income, she wanted to set up her own business and was need of capital for the same. She came to know about CreditAccess Grameen, a Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI), which operates in her area. She learnt that the Company offers micro loans to support aspiring women entrepreneurs like her and decided to take micro-credit from CreditAccess Grameen. Her husband was supportive and encouraged her to achieve her dreams. Using the loan she set up a small provision store and with her hard work and determination successfully repaid the loan on time. However, sometime back she and her husband fell seriously ill and had to meet large medical expenses. Amid such financial pressure and owing to health issues, they had to temporarily shut down the store. After Rajamani's medical recovery, she wanted to restart her business and again approached CreditAccess Grameen for an individual loan to revive her business. Today, Rajamani and her husband are successfully running their store and have improved their financial status significantly.

Similar to Rajamani, many women have been benefited from association with Credit Access Grameen. Credit Access Grameen Limited popularly known as 'Grameen Koota' is a leading micro-finance institution headquartered in Bangalore, focused on providing micro-loans to women from low income households predominantly in Rural Areas in India. It has followed a strategy of a contiguous district-based expansion across regions and, as of March 31, 2019, it covered 157 districts in the eight states and one union territory in India serving over 2.4 million borrowers through 670 branches and employs over 8000 staff.

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.