

Microfinance lends a support to women entrepreneurs

Madhya Pradesh, January, 2019: Naseem is a resident of Bhopal district in Madhya Pradesh. Until few years ago, life was difficult for her as financial crisis was becoming a cause of stress in her family. She was always looking for options to become an earning member in the family. She was a creative person and decided to start a soft toy making business at her home. Her products were sold at the local level, but to sell them in a bigger market, a good quality soft toy requires fine finishing. To achieve this buying a sewing machine became a necessity, but her savings were low and she could not afford one. She came to know about Fusion Microfinance, a Non-banking Financial Company-Microfinance Institution (NBFC-MFI) working in her neighbourhood area, that provides microfinance loans to low income households. She took loan from Fusion Microfinance and purchased a sewing machine and chair with the loan amount. The difference in the products made on machine was clearly visible. Soon the demand of her products increased in the bigger market and so were her earnings. After two successful loans, she has been able to get over her financial crisis. She has also employed women from the community itself as her staff.

Similar to Naseem, many women have benefited from association with Fusion microfinance. The company plays an important role in the woman empowerment in Madhya Pradesh. In its endeavour to provide easy access to financial services to its clients Fusion microfinance has impacted over 10 lakh lives. The company provides micro-credit services in over 45 thousand villages of 16 states. The company has helped many local women entrepreneurs to improve their economic status and realise their dreams to improve their quality of life.

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.