

Microfinance lends a support to women entrepreneurs

Madhya Pradesh, March, 2019: Mrs Anju Kho lives in Bhopal, Madhya Pradesh with her husband and two children. Her family was going through financial crisis as her husband had a limited salary and her household expenses were increasing continuously. Looking at the neighbouring women entrepreneurs, Anju got inspired to start her own venture. She started her own beauty parlour cum bangle shop. Over the period, her business grew that resulted in increased demand for a variety of products from her customers. To expand her business, she was in need of immediate investment. She came to know about Fusion Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), that works in her area and provides micro credit to low income households. Anju took her first loan from Fusion and purchased artificial jewellery and cosmetics to improve the supply in her beauty parlour. After the successful repayment of the first loan, she took the second loan to buy designer clothes as she decided to make her parlour as a one stop solution for women. Over the years, she has expanded her business successfully which has led to a significantly increased income for her family.

Anju is one of the many women entrepreneurs in Madhya Pradesh who was supported by Fusion in their endeavour to become independent and contribute to their family income. In its efforts 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.