

Microfinance lends a support to women entrepreneurs

Sitapur, December, 2018: Jai Devi, a resident of Saijani, Mahmoodabad, Sitapur district in Uttar Pradesh owns a grocery shop. With the grocery shop being the primary source of income generation, it was difficult for her to manage the expenses of the family with the major amount of income being invested in ensuring regular availability of goods in the shop.

Few years back, Jai Devi attended one of the meetings organised by NEED, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), where a Livelihood Service Advisor (LSA) had briefed about NEED and its services. While listening to him, she came to know about the micro loans being provided by NEED in her locality at affordable interest rates, without any collateral or any security deposit. Initially, she was hesitant due to several myths regarding the burden of taking a micro-loan, however after the meeting she felt confident and motivated and approached the LSA in the hope of improving her family's standard of living. She applied for a loan in Joint Liability Group (JLG) along with a few women residing in her neighbourhood. It's been more than 10 years and she continues to be associated with NEED. Her credit record has been worth mentioning as she has always been regular in paying her instalments. In her words, she gives the credit for this to the monthly repayment schedule followed by NEED, as she had to arrange the instalment only once in the month and the rest of the month she could contribute towards her family and their financial needs.

Over the years, her family's standard of living has improved. She has recently bought an e-rickshaw of Rs. 90,000, which her husband drives so as to further improve their household income. For this purpose, she took a loan from NEED of Rs. 40, 000 and invested some of her savings for the remaining amount. She is now able to provide her children a better education and is living a satisfied and happy life.

Similar to Jai Devi, many women have benefited from association with NEED Financial Services. The company plays an important role in the woman empowerment in Uttar Pradesh. In its endeavour to provide easy access to financial services to its clients NEED Financial Services has impacted over 0.35 lakh lives. The company has helped many local women entrepreneurs to improve their economic status and realise their dreams to improve their quality of life. Currently, it operates in three states across 20 districts.

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.