

Microfinance lends a support to women entrepreneurs

Gujarat, July, 2019: Manbai Hirji Rola is a resident of Bhuj in Kutch district in Gujarat. Manbai like any other women in the rural parts of India effortlessly worked as homemaker and ensured that she provided the much needed support to her husband and family members. Kutch faces arid climatic conditions that hampers the survival of human and animal life. Therefore, making income from farming and livestock always has been a challenge for her and the other members of her village. Hence, to enhance her family income she made handicrafts. She wanted to grow this into a full-fledged business but needed capital for it. She could not afford high rate of interest charged by money lenders so had to look for another source for credit. Then, she came to know about Pahal Finance, a Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI), registered with Reserve Bank of India.

She applied for group loan and started her business of Kutchi Bharat from her home premises as she could not afford a space of her own. The business kicked up speed and she even made a handsome amount of around Rs 8000 during high demand. However, after sometime her health took a toll and she was diagnosed with a major infection in her stomach and had to be hospitalized. Her operation at the government hospital clinic was successful and she was released after few days.

Similar to Manbai Hirji Rola, many women have been benefited from Pahal Finance. Pahal Financial Services Private Limited is an NBFC MFI registered with Reserve Bank of India operating in the states of Gujarat, Madhya Pradesh (MP), Rajasthan and Maharashtra. Pahal is dedicated to providing sustainable financial services for rural/urban/semi urban clients, with a target group of economically vulnerable women, on a commercially viable basis.

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.