

## Microfinance lends a support to women entrepreneurs

**Rajasthan, December, 2018:** Madhubala and her husband, Hira Lalji are the residents of Garh Basai of Alwar in the state of Rajasthan. Her husband used to work as a sweetmeat maker (halwai wala) but the income was not enough to meet even their basic requirements. They both wanted to open a sweet shop and a small tea stall in their village area, but they did not have enough money to start their venture. However, Madhubala and her husband came to know about Shikhar Microfinance, a Non-banking Financial Company-Microfinance Institution (NBFC-MFI) and attended one of the meetings with a representative of the company who briefed them about Shikhar's operations and its services. After understanding the benefits and procedures involved they formed a Joint Liability Group (JLG) along with other members of their village and took a loan. With the help of Rs 20000 loan they opened a sweetmeat shop. Their endeavour was successful and the shop soon became profitable. The increased income helped them to pay off their loans and improved their standard of living significantly.

This is not the only such success story of woman empowerment in Rajasthan where Shikhar Microfinance has played a significant role. Khelanta and Papu Ram have also benefited from micro loan from Shikhar which they took to start a tea stall to improve their family income. Shikhar Microfinance Pvt. Ltd. (SMPL) is a non-deposit taking NBFC-MFI regulated by the Reserve Bank of India. Shikhar empowers communities by providing financial services and livelihood opportunities to the underprivileged segments of our society. Shikhar operates in the Delhi NCR region, Haryana, Uttarakhand, Western Uttar Pradesh and Rajasthan providing microcredit services (joint-liability-group model) and life insurance to economically backward communities. Currently, it operates in 176 locations covered by 20 branches, and has more than 30,000 active loan clients.

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.