

Microfinance lends a support to women entrepreneurs

West Bengal, August,2019: Sangita Kumari Ram is a resident of Bidhannagar area of Darjeeling district in West Bengal and lives with her husband and three children. Sangita had an aspiration to become an entrepreneur and wanted to set up her own business, however, she did not have enough capital to realise her dream. Six years back Sangita came to know about Village Financial Services (VFS), a Non-banking Financial Company-Microfinance Institution (NBFC-MFI), which provides micro-credit services to women in her area, and with the help of micro-loan from VFS she successfully started animal husbandry business of goat rearing. As her business flourished she took next cycle of loan to further expand it and has successfully repaid four cycles of loan.

Through microfinance loans from VFS, Sangita was able to provide better feed and timely medications to her goats. Today she is considered as successful business woman in her area and has realized her dream of becoming an entrepreneur.

Similar to Sangita's life, Village Financial Services (VFS) has played key role in the success stories of many women entrepreneurs. VFS is a microfinance company registered as an NBFC-MFI under Reserve Bank of India. VFS started Micro Finance Operations in 2005 and has its head office at Kolkata (West Bengal). Since then, VFS has grown and has helped many local women entrepreneurs to improve their economic status by providing them credit for income generating activities. It has touched many lives by helping its women clients to become economically self-sufficient. Today VFS is present in 11 states including West Bengal, Bihar, Jharkhand, Assam, Tripura, Sikkim and Orissa and covers over 67 districts through 223 branch offices. The company has been able to positively impact the lives of over six lakh clients by extending micro-credit for livelihood activities thus giving them a chance to realise their dreams and 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.