

Micro loans to improve access to safe drinking water

Orissa, May, 2019: Sudhanshubala Das lives with her family in Aruha, a remote village in the Khurda district of Odisha from the past 20 years. Her family was dependent on the nearby pond for their water-based requirements.

She had to walk 2 kms daily, twice in a day to fetch buckets of water. A lot of productive time was being regularly wasted in procuring water. Her children often consumed water from the hand pump situated adjacent to the pond.

Troubles began for her, when her children started to fall frequently ill. This caused frequent absence from school for her children which affected their education. Deterioration in their health resulted in increased medical expenditures and loss of major amount of productive time in tending to healthcare needs.

Expenditure on consumption of water was not considered as an essential expense by her family. It is after Water.Org's partner Annapurna Microfinance's intervention through its product SWASTH that she realized is the root cause of her children falling ill frequently. With financial assistance of INR 20,000 and utilizing some of her savings she was able to set up a private hand pump in her house premises. Now with easy access to safe drinking water, her family is free from water-borne diseases. With no time lost on activities such as going to distant place to fetch water and taking care of healthcare needs, she and her family is now able to spend their time more productively.

Through the support of Water.Org, Annapurna through SWASTH provides financial assistance to individuals to provide them access to safe water and sanitation facilities at household level. Such loan products focus on awareness on safe water and sanitation and training on building resource efficient facilities that lead to convenience, saving of time, increased privacy, heightened safety, reduced expenditure on healthcare and an improvement in overall quality of life.

Water.Org is a non-profit organisation that has empowered more than 17 million across the world with access to safe water and sanitation. Through its various partners, it provides small, affordable loans and expert resources to make household water and sanitation solutions a reality.

In Karadagadia village of Khordha district the predominant occupation is making paper masks and wooden idols. This cottage industry is a seasonal business; hence the income pattern is not linear and most of the families live below poverty line. Mrs. Manjulata Mahapatra's life wasn't any different from her neighbours who struggled financially to meet ends meet.

In 2015, Manjulata came to know about Annapurna Finance, a Non-banking Financial Company-Microfinance Institution (NBFC-MFI) that works in her area and provides micro credit to low income households and supports entrepreneurship.

Eleven women including Manjulata formed a Self Help Group and executives from Annapurna Finance helped them open their bank accounts. Manjulata took a loan of Rs 20000 from Annapurna which was directly transferred to her bank account. The loan helped her to procure raw material and increase the level of production. Manjulata and her husband started going to several urban fairs as

well to sell their products. To keep up with the increased rate of production, she started taking help from other members of her family as well. Within a year, she was able to increase her monthly income two fold. After attending financial literacy training from Annapurna, she developed a regular saving habit as well. With her savings, she got her two daughters married to good families and was able to provide her children with good education. She is also planning to build a toilet in her home with Annapurna's Water and Sanitation Loan. With the growing reputation as an artisan outside her village, Manjulata has now been identified as a trainer for the trade by Hasta ebong Kutirshilpa Nirdeshalaya in Odisha.

Manjulata is one of the many women entrepreneurs in Odisha who was supported by Annapurna 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 Annapurna Finance has impacted over 14 lakh lives. The company provides micro-credit services through over 500 branches in 277 districts across 14 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.