

Microfinance lends a support to women entrepreneurs

June, 2018: Shakun lives in Kareli area of Narsinghpur District in Madhya Pradesh. She is an independent mother of two sons who took over the responsibility of the whole family after her husband's death. She had a family business of snack making which was not providing enough money to meet all the expenses. She came to know about SV Creditline Limited (SVCL), a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), that provides microfinance loans to low income households in her area. Shakun borrowed her first loan and invested in her family business. As she expanded her business and started making profit, she bought a cart and started selling chaat in the local market. After 3 years of the business, she took another loan through which she bought another cart for her son. Shakun has been associated with SVCL from past seven years and is one of the trusted clients. She now owns three snack carts managed by her and her two sons.

SVCL is one of the leading NBFC-MFIs working in Madhya Pradesh. The company was established in 2010 with the vision to uplift the financial status of the poor households through providing them easy access to the micro-credit. They have operations in the states such as UP, MP, Rajasthan, Bihar, Haryana, Chhattisgarh, Uttarakhand, Punjab and Jharkhand. In its endeavour to provide easy access to financial services to its clients SVCL has impacted over a 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.

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.