

Microfinance lends a support to women entrepreneurs

2nd April, 2018: Rojida Khatun lives in Dholi region of Bihar with her husband and two children. Her husband is a day laborer who supported his family while Rojida sold bangles. Along with raising her two children and daily household chores, Rojida worked every day braving scorching heat and monsoon rains to sell a few bangles every day. Her dream was to own a bangle shop but she could not save enough money to realise her dream. One day, a customer informed her about micro-credit services provided by Saija Finance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), to low income households in her village. Rojida promptly took a loan of Rs 15,000 to set up a shop next to her house. Her income improved as she expanded her business to sell garments as well. Similarly, Seema Devi from Jakua village was able to buy cattle to start her milk business through micro-credit provided by Saija. She also availed energy loan from the company to buy solar lamp to provide her family with a reliable source of light who were earlier facing issues due to frequent power cuts during night.

Saija Finance is one of the leading NBFC-MFIs working in Bihar and is the only company based in the state. The company provides micro-credit services in around 46 districts of Northern and Eastern India including Bihar, Jharkhand and UP. In its endeavour to provide easy access to financial services to its clients it has impacted around 2 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. The geographic regions served by SAIJA are amongst the poorest in India and also are grossly underserved by formal financial institutions. NBFC-MFIs such as Saija Finance are the second largest provider of micro-credit with a Gross Loan Portfolio of Rs 42,701 crore across 30 states.

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.