

Microfinance lends a support to women entrepreneurs

Ranchi, 10th August, 2018: Manju Devi lives in Ranchi, Jharkhand with her son and husband. She comes from that segment of the society where meeting the basic needs is a great challenge and along with a physically challenged husband her life was very difficult. The family was not able to earn enough money to get even two meals a day. She decided to start her vehicle rental business to improve her family income and had also found a seller from whom she decided to buy a second hand mini truck. The owner of the truck had agreed to take payments from her in instalments but wanted Rs 15,000 as the down payment. She did not have the money for the down payment and was looking for a loan. A friend told Manju about Saija Finance Private Limited, a Non-banking Financial Company-Microfinance Institution (NBFC-MFI), which provides micro-credit services in her area. Manju contacted Saija and applied for the loan which was approved by the company. She was finally able to buy the truck and her business grew rapidly with the hard work of Manju, her son and husband. The income from her business was enough to repay the loan and also ensured a better standard of living for the family.

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 53 districts of Northern and Eastern India including Bihar, Jharkhand, UP, Punjab and Haryana. In its endeavour to provide easy access to financial services to its clients it has impacted more than 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.

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.