

Microfinance lends a support to women entrepreneurs

Ranchi, 14th September, 2018: Regina Tirkey lives in Purnapani of Simdega district in Jharkhand. She lives with her husband and four children in a kachcha house. Being a literate lady, Regina never wanted to burden her retired old husband with the household and her children's educational expenses. Regina was finding it difficult to meet her household expenses. Her area has a severe problem of power outages so she thought of starting a candle manufacturing business. Moreover, the houses in her area had to make do with kerosene lamps that produced toxic fumes and the fuel was also costly. She wanted to provide the people in her area cheaper and cleaner alternative. Regina took a microfinance loan from Sambandh Finserve, a Non-banking Financial Company-Microfinance Institution (NBFC-MFI), which provides micro-credit services in her area. Regina borrowed Rs 20,000 by joining a Sambandh JLG group named 'Milan'. She was more than happy with the return she got on her investment. She was able to transform the life of her children by providing them good educational facilities and increased earnings made her capable of building her own dream house in the coming months.

Sambandh Finserve is one of the leading NBFC-MFIs working in Jharkhand. The company provides micro-credit services in around 19 districts of Jharkhand, Orissa and Chhattisgarh. In its endeavour to provide easy access to financial services to its clients it 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.