

Microfinance lends a support to women entrepreneurs

30th May, 2018: Philomina Lakra lives in Kochidega area of Simdega district in Jharkhand with her husband and five children. She has a flourishing poultry business which she expanded with the help of Sambandh Finserve, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI), which provides micro-credit services in her area. Through microfinance loans from Sambandh, Philomina was able to provide better feed and timely medications to her poultry. The healthy produce thus lead to a sustainable and enhanced income for her family. Similarly, Seema Devi of Joram Bartoli, expanded her small restaurant through microfinance loans from Sambandh. Both women took microfinance loans through forming Joint Liability Group (JLG) in their respective areas.

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.