

## **Microfinance lends a support to women entrepreneurs**

**New Delhi, 13<sup>th</sup> July, 2018:** Shama Begum is a resident of Loni village of Ghaziabad in Uttar Pradesh and lives with her husband along with three children. Until recently, their only source of family income was through their 25 year old sweets shop which was in partnership with her husband's brother. The income received from this shop hardly fulfilled their needs. Shama Begum and her husband decided to set up their own sweets shop and through micro-credit assistance from Shikhar Microfinance, a Non-banking Financial Company- Microfinance Institution (NBFC-MFI) working in their area, they started their new venture. She borrowed Rs 10,000 that helped in setting up their new shop. They primarily sell milk based sweets in their village and surrounding areas. Over the period, they expanded their business with the help of subsequent microfinance loans from Shikhar Microfinance. Today, their monthly income is Rs 40,000 and they sell 70-100 kg of sweets every month. An increased and steady income has ensured good education for their children. Similarly, Saroj who lives in Pratap Vihar, Ghaziabad took microfinance loan from Shikhar Microfinance, to help her son in expanding his mobile repair business. With proper investment, the income from mobile repair shop has more than doubled today, thus improving their financial status.

Shikhar Microfinance Pvt. Ltd. (SMPL) is a non-deposit taking NBFC-MFI regulated by the Reserve Bank of India. Shikhar empowers communities by providing financial services and livelihood opportunities to the underprivileged segments of our society. Shikhar operates in the Delhi NCR region, Haryana, Uttarakhand and western Uttar Pradesh providing microcredit services (joint-liability-group model) and life insurance to economically backward communities. Currently, it operates in 176 locations covered by 20 branches, and has more than 30,000 active loan clients.

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.