

Microfinance lends a support to women entrepreneurs

Rangpo, 7th October, 2018: Sabitri Prodhan is a resident of Rangpo in Sikkim and lives with her husband and two children. She was a house wife and contemplated starting her own business so that she can start contributing to family income but hesitated to take a loan. She came to know about Village Financial Services (VFS), a Non-banking Financial Company-Microfinance Institution (NBFC-MFI), which provides micro-credit services to women in her area. When she spoke to other women availing loans from VFS she realised the benefits and applied for her first loan of Rs 30,000. With that loan she started her grocery business. Through subsequent loans she kept on expanding her business and became a significant contributor to the family income. Sabitri is now able to send her children to a better school and is able to afford even home tuitions for them. Through her sheer courage and hard work, she has set a benchmark of women entrepreneur in her region.

Similar to Sabitri's life, Village Financial Services (VFS) has played key role in the success stories of many women entrepreneurs in Sikkim. VFS is a microfinance company registered as an NBFC-MFI under Reserve Bank of India. VFS started Micro Finance Operations in 2005 and has its head office at Kolkata (West Bengal). Since then, VFS has grown and has helped many local women entrepreneurs to improve their economic status by providing them credit for income generating activities. It has touched many lives by helping them to become economically self-sufficient. Today VFS is present in 10 states including West Bengal, Bihar Jharkhand, Assam, Tripura, Sikkim and Orissa and covers over 50 districts through 188 branch offices. The company has been able to positively impact the lives of over 3 lakh clients by extending micro-credit for income generation activities thus giving them a chance to realise their dreams and 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.