

Microfinance lends a support to women entrepreneurs

August, 2018: Narbanu Khatun lives in Bidhannagar in Darjeeling with her husband and two children. There was a time when her family was facing financial problems and a family income of mere Rs 7500 was not sufficient to fulfill their basic needs. Her husband was a contract laborer and the income was sporadic. She decided to support her husband and start a business. Narbanu needed capital for her business so she borrowed an initial loan of Rs 20,000 from Village Financial Services (VFS), a Non-banking Financial Company-Microfinance Institution (NBFC-MFI), which provides micro-credit services in her area. Her business flourished and today with the help of subsequent loans from VFS she owns two and a half bigha tea plantation land. She is also running a small poultry business on the sidelines. With her hardwork and support from VFS she was able to bring her family out of the poverty. They now have all means of comfort at their home and she has even taken an insurance policy. Similarly, Sangita Kumari Ram who also lives in Bidhannagar is a successful businesswoman running her own animal husbandry business. She has expanded her business over the years with the help of micro-credit support from VFS and has been associated with the company for almost six years now. There are many women like Narbanu and Sangita who had the determination to become independent and take a stand for their family to improve their economic status. These women of grit had not only been able to improve their economic status and were able to provide their children with good education and a promising future.

Village Financial Services (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.