

Pathway to Prosperity: The Life-Enhancing Power of Microfinance

Maharashtra, 15 May 2023: Unlocking a treasure trove of opportunities, microfinance is enabling marginalised individuals to access financial services. Fostering growth, impacting education, healthcare, and quality of life, it is steering people towards a brighter future. According to a report from Microfinance Institutions Network (MFIN), over 60 million women have successfully availed easily accessible, small unsecured loan, thereby impacting over 300 million families.

As families evolve, sanitation assumes a significant aspect for upliftment. Alleviating water and sanitation in turn become a catalyst for women's economic empowerment, offering multi-dimensional benefits that encompass improved nutrition, better health and hygiene, increased privacy, and asset accumulation, among many others. These loans enable women to engage in more productive work.

A stirring instance among the many impacted by microfinance, is **Laxmibai Dilip Mule**, who strived towards improving the sanitation concerns for her home. A resident of Gawlipura, Maharashtra, Laxmibai hoped to have a toilet at home but was unable to due to income limitations. As a result, she along with her family had to resort to defecating out in the open. The absence of a toilet at home came burdened her with additional expenses for healthcare, compromising the health of her loved ones.

Having introduced to **Annapurna**, an institution that was promoting awareness about hygiene and offering Swasth loans for building toilets, she decided to approach Annapurna with her concerns. Lakshmi took a loan of Rs. 20,000 and utilised it for having a toilet built at home. Annapurna Finance also provided her with guidance on proper toilet usage, emphasizing the importance of handwashing and maintaining cleanliness, driving home better hygiene practises.

Laxmibai is grateful for the institution's assistance during a time of great distress. Her children now lead a healthy lifestyle and observe hygienic practices when using the toilet, thereby substantially enhancing their family's standard of living.

Institutions like **Water.org** have played a significant role in India's progress toward improved water and sanitation, empowering more than 21.3 million people with access to safe water or sanitation through their Water credit solution. By partnering with different types of organizations, including microfinance institutions, Water.org mobilizes resources to increase affordable access to safe water and sanitation for families living in poverty.

Background Note:

Annapurna Finance Private Limited: Annapurna Finance Pvt. Ltd (AFPL) was established with a purpose of serving the economically weaker sections of the society, by bringing them to mainstream, providing need based financial services at their doorstep. The focus has been clear, to reach the areas where formal financial institutions find it difficult to settle in. Annapurna Finance's objectives are not only limited to outreach, but it also believes in providing financial and technical education and strengthening entrepreneurial skills for effective use of credit. Annapurna Finance was established in 2009 and is now one of the top ten NBFC-MFIs in the country.

Microfinance Industry: As on December 31, 2022, the microfinance industry served 6.4 crore unique borrowers, through 12.6 crore loan accounts. The overall microfinance industry currently has a total Gross Loan Portfolio (GLP) of INR 3,20,584 crores. GLP as on December 31,



2022, showed an increase of 25.2 per cent YoY over INR 2,56,058 crores as on December 31, 2021. The sector comprises RBI-regulated microcredit providers including NBFC-MFIs, Banks, Small Finance Banks, Business Correspondents, and others.

MFIN (Microfinance Institutions Network): MFIN is a premier industry association comprising 55 NBFC-MFIs and 44 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. By virtue of bringing all microfinance entities under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusion goals.