



Muthoot Microfin: Supporting underprivileged women in transforming their lives through microfinance loans

Rajasthan, 12th December 2022: Microfinance is important for the socio-economic development of the nation as it provides resources and capital to marginalized groups and those in the informal economy who need it the most. It helps to alleviate poverty and improve living standards by providing access to essential financial services.

Microfinance Institutes can be a great asset to those who are looking to improve their financial stability. Not only do they offer loans and financial assistance, but also provide financial literacy which helps them to manage their income wisely.

Muthoot Microfin, a NBFC-MFI has been working dedicatedly for the low-income women and groups. By providing collateral-free loans to women in rural India, the organization is helping them start or expand their businesses. This not only raises their living standards, but also provides them with the means to achieve greater financial security.

One such inspiring story is of Ganesh Bai from Bansthuni village in Baran district of Rajasthan. Four years ago, her family's financial situation was crucial, and she started working at a tea stall to earn income for her family. She was a great cook, so she decided to use her skills to start her own business. Her tea and snacks were so delicious that people from nearby villages visited her tea shop. Thanks to her hard work and determination, Ganesh Bai was able to build strong relationships with her clients and earned a great reputation for the quality of food.

Despite her consistent efforts, she was barely able to break-even, let alone profit. Being a mother of six children, her need for increasing her income became dire. She knew she needed to expand her business to earn enough profit to support her family. However, she was denied loans from local financiers because she was unable to provide collateral security. Luckily, she came across Muthoot Microfin. After knowing about its simple and hassle-free loan procedures, she joined a Joint Liability Group (JLG) to avail her first cycle loan of INR 45,000.

Ganesh Bai procured enough raw materials in bulk from nearby market and also started a small grocery shop with fast moving commodities. Soon, she was able to make her first profit since the loan. Her profit average grew to INR 500 now and finally her family was able to breathe a sigh of relief. Her grocery shop also has substantial growth and she was able to multiply her revenue by adding more products to her shop. Her business was now gaining momentum and she was able to create regular monthly profits.

She even started receiving payments digitally with UPI which improved her profits. Ganesh Bai is now running her business smoothly and is maintaining a healthy income for her family. Additionally, she has managed to save for her children's education and is a symbol of pride for her village.

Expressing her gratitude for Muthoot Microfin, she said, *"Because of Muthoot Microfin my whole life has changed for the better. Muthoot Microfin is the reason that I can support my family and save for my children's education".*

Enabling women to become financially independent through microfinance loans can be a game-changer for them and their families. These loans give women the opportunity to start or grow their own businesses, which can lead to increased income and improved livelihoods for



themselves and their families. Microfinance loans also help women to build up their savings, which can provide a safety net in times of need.

Background Note:

Muthoot Microfin: Muthoot Microfin Limited (MML) is the microfinance arm of Muthoot Pappachan Group (MPG). MML is one of the leading and fast-growing microfinance institutions (NBFC-MFI) in India. The company is focused on providing micro-loans to women entrepreneurs with a focus on rural regions of India. The company has adopted joint liability group model of microfinance, which caters exclusively to women in lower income households.

Microfinance Industry: The Indian microfinance sector has come a long way. As per industry data, Microfinance loan portfolio stands at INR 2,93,154 Crores as on June 30, 2022, serving 6 crore unique borrowers with 11.8 crore loan accounts. 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 56 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.