

Arohan Financial Services: Extending holistic support to women entrepreneurs in Assam

Assam, 5th May 2022; Microfinance has been playing an invaluable role in transforming the lives of the weaker section of the society by making them financially independent and self-sufficient. The support system of microfinance institutions and the self-regulatory organisation have made the industry resilient enough to withstand the challenges caused by unforeseen factors. The industry bodies and the microfinance institutions collectively helped the women entrepreneurs sail through the turmoil due to pandemic and overcome its impact on their business and other challenges.

The COVID 19 pandemic severely impacted the business activities across all segments. Low-income group was worst affected, resulting in significant reduction in regular income and in some cases leading to business loss. But the inspiring story of a spirited woman entrepreneur Disha Sonowal of Dibrugarh, Assam portrays that achieving business success is a matter of time, when the challenges are faced with resilience and perseverance. A microfinance loan of INR 30,000 from Arohan Financial Services helped her set up a poultry business. She put her best effort to run the business and ensured financial stability for her family. Moreover, her loan repayment record was quite praiseworthy. But the unforeseen despair during Covid Pandemic shattered the dreams of Disha and many others. Her business was in the verge of a complete shutdown. Due to huge losses, she was unable to repay her EMIs.

This is when, the Assam State Government in partnership with 39 MFI lenders, announced the Assam Micro Finance Incentive & Relief Scheme 2021(AMFIRS'21) for microfinance customers like Disha Sonowal. Under this initiative, the Assam Government rewarded customers who were regular with repayment of their microfinance loans and enabled others who are in difficult circumstances to become regular and be a part of the mainstream.

With the launch of AMFIRS (Assam Micro Finance Incentive and Relief Scheme 2022), she received a one-time incentive of INR 25,000 and she did not miss the chance to mend her credit score by repaying the EMIs. Thereafter she resurrected her business with that critical financial relief.

Having set the example by herself, Disha Sonowal is now literally leading other women borrowers of the neighborhood to repay their loans in a timely manner to maintain a healthy credit bureau record for an improved standard of living. Disha Sonowal credited Arohan Financial Services for transforming her life and exclaimed , 'Arohan has helped me and my family in the times of need. Without their financial assistance and guidance, it would not have been possible for me to realize the dream of becoming an entrepreneur and face challenges.'"

Established in 2006 in Kolkata, Arohan Financial Services Limited, part of the Aavishkaar-Intellectap Group is eastern India's largest NBFC MFI. As on March 30, 2020, the organisation is operational in seventeen states of which ten are low-income states across the central, east, and north-east, offering financial inclusion products to 22.1 lakh underserved clients, through 721 branches with a loan portfolio of over to INR 4857 Cr in microfinance and MSME lending.

As per industry data, Microfinance loan portfolio stands at INR 2,56,058 Crores as on December 31, 2021, serving 5.57 crore unique borrowers with 10.58 crore loan accounts.

NBFC-MFIs are the only regulated financial institutions in the country that 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.

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