



Press Release: Small & Medium NBFC-MFIs – Boosting Local Economy through Microfinance

Region: Maharashtra

Small & Medium NBFC-MFIs – Boosting Local Economy through Microfinance

Kolhapur: Microfinance institutions have played a tremendous role in boosting the local economy through microfinance loans. By providing small, collateral-free loans, they improve the lives of low-income individuals, providing the much-needed financing for business activities, which increases their household incomes.

In the large milieu of Microfinance loan providers, the Small and Medium NBFC-MFIs stand apart in building livelihoods and alleviating poverty. Typically, with a Loan Portfolio below Rs 100 Cr if they are Small or between Rs 100 Cr to 500 Cr if they are Medium, Small and Medium MFIs do a great service to the BOP borrowers through their exhaustive reach.

Speaking on preference for underserved locations with potential over saturated ones, Rajarshi Dutta Barua, DVP - Products, Alliances, Business Technology at Fino Finance said, *“Fino targets locations which are core-rural with a high percentage of households involved in self-employment, and where the formal credit space is not crowded. Our stringent credit norms help build a high-quality customer base to which we can offer multiple products and hence derive good returns in the long run.”*

Small and medium MFIs are able to reach the deeper pockets of underserved clients whether in the rural hinterland or urban. Says Manoj Naval, CEO of Agora Microfinance, an urban focused MFI that commenced NBFC operations in 2013-14, *“Small and medium MFIs are making their mark by catering to customers in geographies and pockets where mainstream institutions do not reach hence taking credit to places where there was no formal banking. Agora, for instance works in the urban slums of Mumbai, where very few do.”*

Gyan Mohan, Chair of the Small and Medium MFIs Task Force at MFIN, a RBI recognised SRO said, *“Small and Medium MFIs have repeatedly shown how they can benefit our BOP borrowers in multiple ways. We must empower them to do more! There is a dire need to support such institutions with adequate funding and relaxation of regulatory norms to boost their confidence. The borrowers need their support as much as the microfinance eco-system does. “*

There are 32 Small and Medium MFIs across the country serving as many as 33 lakh borrowers and having a loan portfolio of INR 6,423 crores as on 30th June 2020. The Small and Medium MFIs operating in Maharashtra are Agora Microfinance India, Centrum Microcredit, Fino Finance, Hindusthan Microfinance, Inditrade Microfinance, M Power Micro Finance, Svamaan Financial Services, Svasti Microfinance & Unnati Microfin.

About Microfinance Institutions Network (MFIN)

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Orissa



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Speaking on this Jaydeep Ghosh, CEO of Jagaran Microfin said, *“By design, the Small and Medium MFIs are more aware of the challenges of rural India. In a way, they act as a bridge between the rural and urban divide. Operating on razor thin margins, their effort is to remain agile and nimble. This promotes innovation and brings about positive change in service levels and products, all for the benefit of customers.”*

Gyan Mohan, Chair of the Small and Medium MFIs Task Force at MFIN, a RBI recognised SRO said, *“Small and Medium MFIs have repeatedly shown how they can benefit our BOP borrowers in multiple ways. We must empower them to do more! There is a dire need to support such institutions with adequate funding and relaxation of regulatory norms to boost their confidence. The borrowers need their support as much as the microfinance eco-system does.”*

There are 32 Small and Medium MFIs across the country serving as many as 33 lakh borrowers and having a loan portfolio of INR 6,423 crores as on 30th June 2020. The Small and Medium MFIs operating in Odisha are Adhikar Microfinance, Aviral Finance, Centrum Microcredit, G U Financial Services, Inditrade Microfinance, Jagaran Microfin, Janakalyan Financial Services, Light Microfinance, & Vector Finance.

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Tamil Nadu



Small & Medium NBFC-MFIs – Boosting Local Economy through Microfinance Loans

Tirunelveli, Tamil Nadu: Microfinance institutions have played a tremendous role in boosting the local economy through microfinance loans. By providing small, collateral-free loans, they improve the lives of low-income individuals, providing the much-needed financing for business activities, which increases their household incomes.

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Dr. C. Joslin Thambi, Managing Director, BWDA Finance said, *“Our Widows and Destitute Welfare Program identifies widows and destitute in villages, forms Pudhumai Groups, offers counseling, capacity building and low-cost credit linkage enabling them to become microentrepreneurs. BFL’s grassroots level presence has helped further the UN Sustainable Development Goals through implementation of holistic development initiatives.”*

Talking in the present context of the Covid pandemic, Vignesh Ramamurthy, Chief Executive Officer at Inditrade Microfinance says, *“With Covid 2019 pandemic disrupting the economy, the need for Microfinance loan has become even more critical to prevent incremental reverse migration from rural India. Inditrade is actively engaged with both existing and new borrowers to provide finance for business opportunities.”*

Gyan Mohan, Chair of the Small and Medium MFIs Task Force at MFIN, a RBI recognised SRO said, *“Small and Medium MFIs have repeatedly shown how they can benefit our BOP borrowers in multiple ways. We must empower them to do more! There is a dire need to support such institutions with adequate funding and relaxation of regulatory norms to boost their confidence. The borrowers need their support as much as the microfinance eco-system does.”*

There are 32 Small and Medium MFIs across the country serving as many as 33 lakh borrowers and having a loan portfolio of INR 6,423 crores as on 30th June 2020. The Small and Medium MFIs operating in Tamil Nadu are BWDA Finance, Growing Opportunity Finance, Inditrade Microfinance, Light Microfinance & MSM Microfinance.

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Assam

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Talking about how Small and Medium MFIs aim to serve the population of BOP who are out of the ambit of other Financial institutions, Pranab Rakshit, Managing Director, Sarala Development & Microfinance said, *“Small and micro business units are very crucial for economic activities at individual and society level. They cater those through financial literacy and extending small credits. By doing this, it creates a continuous supply chain to the mainstream financial sector. Over the years, it ensured that the target population has steady graduation in their household income.”*

Gyan Mohan, Chair of the Small and Medium MFIs Task Force at MFIN, a RBI recognised SRO said, *“Small and Medium MFIs have repeatedly shown how they can benefit our BOP borrowers in multiple ways. We must empower them to do more! There is a dire need to support such institutions with adequate funding and relaxation of regulatory norms to boost their confidence. The borrowers need their support as much as the microfinance eco-system does.”*

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West Bengal



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Bihar



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Margdarshak Financial Services for instance, carefully chooses districts which have a tremendous need for strengthening the existing livelihood bases. Rahul Mitra, Managing Director & CEO of Margdarshak said, *“The districts have been chosen taking into consideration the objective of enterprise and livelihood financing in the long run. All these districts have a large number of micro entrepreneurs and workers involved in internationally acclaimed crafts.”*

Speaking on preference for underserved locations with potential over saturated ones, Rajarshi Dutta Barua, DVP - Products, Alliances, Business Technology at Fino Finance said, *“Fino targets locations which are core-rural with a high percentage of households involved in self-employment, and where the formal credit space is not crowded. Our stringent credit norms help build a high-quality customer base to which we can offer multiple products and hence derive good returns in the long run.”*

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Uttar Pradesh

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Chhattisgarh



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Jharkhand



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