

Microfinance – going beyond lending

For the economically weaker sections of Odisha, Microfinance, where small loans are given out without collateral, was a game changer. Access to credit, even to the remotest district of the state, to poor households not only provided them income generating opportunities but also solicited their participation in the nation's growth story.

But was access to credit the only contribution of Microfinance to rural India?

Borrowers from different districts of Odisha recall how Microfinance Institutions stood by them when Cyclone Fani hit. Before any relief measures reached, the Microfinance Institutions did.

Babita Senapati of Khurdha said, "I lost my entire belongings and was distraught. The loan officer from Satya MicroCapital, from where I had taken a loan, was extremely supportive. Instead of following up for the loan repayment, he asked me if he could support me in any way. It touched my heart."

Dibyajyoti Pattanaik, Director at Annapurna Microfinance, one of the oldest microfinance institutions operating in Odisha said, "These borrowers have become family and a bond of trust has developed. It is only natural that in their bad times, we will support them. We understand that losing one's house and belongings in a natural disaster can be traumatising. Above all the pressure of repaying a loan, can add to the trauma."

Jhami Khandi, a borrower from Vaya Finserv, hailing from Puri, one of the high impacted districts recalls, "I had taken a loan of Rs. 18,000 for my betel leaf business but it was severely impacted in Cyclone Fani. But Vaya Finserv helped us. Immediately after the cyclone, we were provided biscuits, food and water. Besides this, a Saree and Lungi were also given to us. Moreover, Vaya offered me another loan which really helped me rebuild my betel leaf business. I am so grateful to them for the immediate help."

Mohammad Nooruddin Amin, Managing Director & CEO of Adhikar Microfinance said, "Our borrowers come from the lower income group. They take loans just to improve their livelihood. They are honest and hard-working. In most cases, they rebuild their houses and offer to repay our loans at the earliest possible opportunity. Moreover, there is now greater awareness among them about having a good credit history. "

Cyclone Fani was the strongest tropical cyclone to strike Odisha since the 1999 Odisha cyclone. MFIN, the industry association for the Microfinance Institutions said, "We have as many as 27.1 lakh women borrowers in Odisha. When natural calamities strike, to help borrowers' tide over the impact, all microfinance institutions provide support and undertake CSR activities. Their collective efforts help restore order and normalcy in the impacted districts."

About Microfinance Institutions Network

MFIN is a premier industry association comprising 56 NBFC-MFIs and 35 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI. By virtue of bringing the NBFC-MFIs 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 inclusions goals.