

Muthoot Microfin: A Ray of hope for the underprivileged

Sagar, Madhya Pradesh: Sangeeta Ahirwar, residing in Bhaisa Naka Vithal Nagar Colony in Sagar, Madhya Pradesh story of perseverance and transformation from a homemaker to a successful entrepreneur is undoubtedly an inspiration for many ambitious women like her.

For the last five years, Sangeeta was running a small tailor shop outside her house. The income generated from her work was insufficient to make ends meet. While she was looking for ways to expand her business, one of her neighbours introduced her to Muthoot Microfin – NBFC-MFI. Once, she learned about the collateral-free loan structure of Muthoot Microfin, she immediately joined a Joint-Lending Group and applied for a loan of Rs. 30,000.

She utilised the amount to bulk purchase the necessary raw materials and bought a modern sewing machine to begin with embroidery work. Further, she received business training from Muthoot Microfin that built entrepreneurial skills in her. With consistent hard work and backing from Muthoot Microfin, her income grew, and she hired three employees to support her in the business. It was all going well for her until the Covid-19 pandemic hit. The area where she lived was particularly impacted as most of the villagers were unaware of the danger it poses initially, and the pandemic spread quickly in her village.

By the time the second wave of Covid 19 hit most part of the country, Sangeeta had lost nearly 80 per cent of her monthly revenue and could only retain one of her three employees. Looking for a way to counter the situation, she approached Muthoot Microfin to help her manage the challenging scenario. Muthoot's team encouraged her to make face masks to compensate for her business losses which help her re-establish herself gradually.

Soon after, she started to receive orders not just for face masks but also for other ladies' and gents' items from her customers and nearby associations and small enterprises. Once again, her business improved, and she asked two of the employees to resume work. She is now making a weekly income of Rs. 10,000 and leading a financially stable life. Looking at the demand, she plans to launch an online platform soon for selling face masks.

While expressing her gratitude towards Muthoot Microfin, Sangeeta said “Muthoot Microfin has taught me a different way of doing business and selling products during the pandemic, which worked really well for me. I am looking forward to a continued relationship with Muthoot Microfin in Future and will recommend it to all of my friends and relatives.”

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Muthoot Microfin Limited (MML) is a part of the Muthoot Pappachan Group (MPG). MPG is one of the leading business conglomerates, with presence in multiple verticals. Muthoot

Microfin Limited is a leading microfinance institution focussed on providing micro loans to women customers predominantly in rural regions of India. The company follows joint liability group (JLG) model of microfinance. Clients are organised in groups of four to ten women from economically weaker sections of society, living in rural and semi-urban areas or urban slums. The microfinance operations of the company are designed to promote entrepreneurship among women and inclusive growth. The institution provides financial assistance through micro loans such as income generating loans to women engaged in small businesses.

The Indian microfinance sector has come a long way. As per industry data, the overall Microfinance loan portfolio stands at INR 2,38,423 crores as on December 31, 2020, serving 5.83 crore unique borrowers (of which 99% plus are women and for most of whom this would be the first credit facility in their life) with 10.50 crore loan accounts. The microfinance industry operates across 27 states and 5 Union Territories with the network of 14,437 branches with 1,14,733 employees. For an industry almost written off in mid-2011 after the Andhra Pradesh (AP) crisis, this is no mean feat indeed.

NBFC-MFIs are the only regulated financial institutions in the country which 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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