

## **Microfinance: Boosting Multiple Trades in Karnataka**

Microfinance, over the past two decades, has emerged as an essential tool for the promotion of Financial Inclusion Agenda, a prime objective of the Government of India. Most important is the proliferation of different types of trades which have received an impetus with Microfinance, resulting in a plethora of stories on women-based entrepreneurship. In Karnataka, over 26.7 lakh women borrowers have availed Microfinance loans and many have become successful entrepreneurs. These small microfinance loans have boosted agriculture, sericulture, handicrafts and several other trades.

Mahadevamma – a resident of Obanahatti village in Chitradurga district in Karnataka was left with the responsibility of bringing up her two sons and a daughter after his husband passed away. This is when she approached Chaitanya India Fin Credit, an NBFC-MFI and availed her first loan to invest in a bore well for her small, two acres agricultural land. She started growing vegetables and short-term crops to repay the loan instalments and meet her expenses. “At the end of the first cycle of my loan, I earned 2 Lakh rupees from the onions and had repaid my loan also” she says proudly. She set-up two more bore wells and continued harvesting long and short-term crops. In addition, she started her own brick making business and provided employment to 3 - 9 people.

Sunita from Mambrath village of Chamarajanagar district, took help of Microfinance for becoming an entrepreneur and setting up her own reeling unit in Chowdershwary. The lack of financial support for working capital to invest in new machines led her to associate with ESAF Small Finance Bank. She used the loan to purchase raw material from Kollegala market, the doubling machine with which post reeling, she could twist strands of silk to one strand for supplying to handlooms thus saving time. She further bought energy efficient machines and earned a profit of INR 1000 daily.

For Sunitha Divakar, a 45-year-old housewife in Madwanagara in Udupi district, microfinance helped her to become a successful micro entrepreneur from a domestic help. She wanted to pursue Handicrafts and approached multiple financiers for capital but couldn't afford to provide the collateral securities demanded. This is when she met a Muthoot Microfin Relationship Officer and was impressed with Muthoot's collateral free loans and immediately joined a Joint Liability Group. She availed her first cycle loan of ₹10,000 and used the entire amount to buy raw materials. With an increase in her production line she extended her business to make specialised head gears - crowns and dress materials. Bulk orders from educational institutions got her an average weekly profit hit of ₹1500 from ₹500.

It is noteworthy that Microfinance has been able to positively impact the lives of these women for income generation activities thus giving them an opportunity to realize their dreams and improve their quality of life.

### **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.