



Microfinance – An Instrumental source of financing and employment generation in India

Chandrapur, 13th July, 2021: The life struggle of Mangala Dilip Kumre, a resident of Khadsangi village in Chandrapur district of Maharashtra, is an inspiration for housewives striving to create an income generation source to battle the financial crisis, thus supporting their respective families.

Due to societal pressure, Mangala was married at the age of 16, right after completing her 10th grade. Her husband undertook a basic electrician job which allowed only a minimalistic salary. This made the survival of the family difficult. Acknowledging the challenges of early marriage, she decided to provide her kids with quality education. She decided to make her son and daughter capable of taking their own life decisions and become financially independent for the future- but the challenge here was how would she collect funds and ensure necessities are fulfilled?

One of her friends introduced her to the benefits of borrowing small collateral free microfinance loans from Fincare Small Finance Bank. There was also an awareness drive introduced by Fincare Small Finance Bank, which further helped Mangala to discover avenue sources for her new venture. During the initial days of her tailoring venture, she opted for her first loan amount of Rs. 20,000 and purchased a sewing machine. The Saree blouses and wedding lehengas stitched by Mangala were in high demand since then.

She saw her business flourishing across the village and started receiving orders from nearby states. In the past 3 years, timely updates and due financial literacy allowed her to gain business acumen to manage her income intelligently. With the increasing demand for customised embroidery work, receiving loan amounts of Rs 35,000 and Rs 55,000 in consecutive years not only allowed her to buy 4 more sewing machines, but also ensured employment opportunities for four other women in the village.

She is obliged and thankful to Fincare SFB for supporting her like many other women in their hour of need. Minimum documentation and financial support received from Fincare Small Finance Bank has been a ray of hope for thousands of low-income families in Maharashtra.

Incorporated in June 2017, Fincare Small Finance Bank has been formed from the conversion of 'Disha Microfin Limited', an NBFC-MFI. Disha Microfin was one among the 10 recipients of the 'in-principle' approval from the RBI in September 2015, an approval granted to select NBFCs and MFIs to set up SFBs with the objective of furthering financial inclusion.

Fincare Small Finance Bank has a suite of smart banking products such as Savings Accounts, Current Accounts, Fixed Deposits, NRI Fixed Deposits, Recurring Deposits, Micro Loans, Cash Overdraft, Loans against Gold, Loan against property, Institutional Finance and Two-wheeler Loan. Fincare SFB serves over 28+ Lakhs customers across 19 States/UT. The Bank also has over 700 + Banking outlets with a workforce of over 8000+.



The Indian microfinance sector has come a long way. As per industry data, the overall Microfinance loan portfolio stands at INR 2,59,377 crores as on March 31, 2021. 5.93 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 10.83 crore loan accounts. The microfinance industry operates across 27 states and 5 Union Territories with the network of 14,673 branches with 1,19,634 employees.

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.

For further information please connect with:

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