

Microfinance lends a support to women entrepreneurs

Jagdalpur, May, 2019: Laxmi Thakur is a resident of Halbapara Kalipur in Titirgaon of Bastar district and successfully runs a stationary cum tailoring business. After separation from her husband, Laxmi had to undergo financial hardship in her life. With meagre income from a small tailoring business, it was difficult for her to make both ends meet and provide her child good education. She wanted to expand her business but was unable to do so due to unavailability of funds. One of her friends introduced her to Adhikar microfinance, Non-Banking Financial Company-Microfinance Institution (NBFC-MFI) working in her area. Realizing its transparent and simple process of loan sanctioning, she immediately joined the group. She borrowed her first loan of Rs 20000 and set up the business to expand her business. Laxmi also benefited from the financial literacy training provided by Adhikar that helped her in learning better management of money. Today, she leads a better life and dreams of establishing a separate tailoring enterprise with further loan from Adhikar.

Similar to Laxmi, many women have benefited from association with Adhikar microfinance. The company plays an important role in the woman empowerment in Chhattisgarh. In its endeavour to provide easy access to financial services to its clients Adhikar microfinance has impacted over 2.5 lakh lakh lives. As per recent assessment, the organization has served more than 25,000 Self Help Groups, reaching out to vulnerable households spreading across 22 districts of three states- Odisha, Gujarat, Chhattisgarh and Assam. The Company has cumulatively disbursed more than Rs 1000 crores to the underbanked and under-served poor who are away from formal banking system.

According to Microfinance Institutions Network, a self-regulatory organisation and an industry association of microfinance industry in India, women constitute 99% of micro-credit beneficiaries in the country. Microfinance institutions such as NBFC-MFIs are working towards providing an easy access to financial services to underserved and unbanked population in India.

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.