

Microfinance lends a support to women entrepreneurs

Lucknow, February, 2019: Sunita Jaiswal is a resident of Unchahar in Lucknow, Uttar Pradesh. She wanted start her own business along with her husband, Subhash Jaiswal, but it was difficult for her to gather enough capital as they were facing financial difficulties at home. To fulfil her dream, she was looking for a loan and came to know about Arohan Financial Services, a Non-Banking Finance Company Micro Finance Institution (NBFC-MFI) that works in her area. Sunita borrowed Rs 20000 from Arohan Financial Services and with her husband set up a small medicine shop next to her home. Together, they gradually expanded the shop. Availing the easy EMI facility of its cross-sell services, Sunita and Subhash bought a refrigerator from Arohan's e-Bazaar platform which helped them in storing more medicines, especially the ones that require refrigeration.

In its endeavour to provide easy access to financial services to women entrepreneurs from low income households, Arohan Financial Services has impacted over 1.4 million lives. The organisation is operational in thirteen states of which ten are low-income states across the central, east and north-east. The Company has 564 branches across these states and a loan portfolio of over to Rs. 2789.86 crore in microfinance and MSME lending.

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.