

Light Microfinance: Playing a crucial role in reviving pandemic hit small businesses in Madhya Pradesh

Madhya Pradesh, 17th June 2022: The Microfinance industry has been playing a vital role in transforming the lives of many aspiring women by helping them pursue income generating activities and supporting small business as well. Microfinance is significant because it provides resources and access to collateral free funds to the financially underserved thereby helping families and small businesses cope with crisis and rebuild.

Nirmala Chauhan, a 29-year-old spirited young woman from Pavasa Village in Ujjain district had a small business of manufacturing paper bowls and paper plates. It was a steady business and she manufactured around 1500 bowls/plates per day using the machine single-handedly. But Covid pandemic disrupted Nirmala's business badly. There were restrictions on celebrations like marriages, parties and mass gatherings where her products were used. A mother of two, Nirmala had started this business in 2017-18 to supplement her husband's income. Her dream of sending the children to a good school got shattered as the earning of her husband was not enough to make both ends meet.

While Nirmala was desperately searching for ways to revive her business, she was approached by a field executive of Light Microfinance. For the first time Nirmala was introduced to the concept of microfinance and collateral free loans at her doorstep. Without wasting any time, Nirmala took the decision to go ahead re-started her paper bowls manufacturing business. Her sincere effort and resilience soon brought her success and confidence.

Nirmala happily shared her success story. While commenting on her association with Light Microfinance, she said "I am indebted to Light Microfinance as they have given me the strength to dream big. The pandemic had pushed me to the brink, and I had lost all hope. But now with the support of Light Microfinance I have rebuild my business and am able to send my children to a good school. Nothing can be more fulfilling than securing the children's future for a mother."

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Background note:

Light Microfinance: Light Microfinance is a Non-Banking Finance Company registered with the Reserve Bank of India. Headquartered in Ahmedabad, Gujarat, Light Microfinance provides micro and meso finance products and services with gender and poverty-focused programs, targeting rural and peri-urban areas, with a specific focus on poor women. The company operates in Gujarat, Rajasthan, Haryana, and Madhya Pradesh and is one of the fastest-growing microfinance companies in India today



Microfinance Industry: The Indian microfinance sector has come a long way. As per industry data, Microfinance loan portfolio stands at INR 2,85,441 Crores as on March 31, 2022, serving 5.8 crore unique borrowers with 11.3 crore loan accounts. The sector comprises RBI-regulated microcredit providers including NBFC-MFIs, Banks, Small Finance Banks, Business Correspondents and others.

MFIN (Microfinance Institutions Network): MFIN is a premier industry association comprising 56 NBFC-MFIs and 41 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. By virtue of bringing all microfinance entities 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 inclusion goals.

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