

### Microfinance – Helping Ambitious Women survive and thrive in Covid-19 era

**Davanagere , Karnataka, 9<sup>th</sup> September 2021:** The pandemic introduced the world to massive lifestyle changes, unemployment, economic growth slowdown and other challenges. The struggle story is of Roja M, a resident of Davanagere district, a teacher by profession in New Public School lost her job due to the lockdown. Her husband who was a painter had no source of income during the pandemic. However, as Roja strongly believed that *‘No job is big or small, only thinking makes it so’*, she decided to sell vegetables to survive during this most challenging phase of her life.

As Roja was well-educated and quite aware on how micro-credit loans could come to her rescue, she decided to take a loan to set up her own vegetable selling business in a small scale. On her neighbour’s recommendation, she received her first loan amount of Rs 26,000 from Fincare Small Finance bank (Santhebennur branch at Davanagere) and utilised the amount to purchase fresh vegetables in bulk from the main market and partially for her own education.

During the initial days of her business, she had set up a small vegetable selling corner. Days passed, however the income from the vegetable selling business was insufficient to sustain the family’s livelihood. This is when she approached Fincare Small Finance Bank one again in February 2021 for a higher loan amount of Rs 40,000 with an aim to expand her business at a larger scale and increase her monthly income. Further, She also introduced ‘free-home delivery’ facility during monsoon, and which invited more customers to her shop. Eventually, the financial condition of the family improved considerably leading to moderate savings.

Roja always aspired to become a government teacher. With the utilisation of the partial loan amount, she is pursuing her higher studies and soon will be appearing for the upcoming CET examination and looks forward to applying for the post of a government teacher. A determined Roja also appeared for the police department examinations.

Remembering the hardships, Roja M is obliged and grateful to Fincare Small Finance Bank for supporting her like many other women in their hour of the pandemic and its challenges. The financial support received from Fincare Small Finance Bank has been a ray of hope for thousands of low-income families across the country.

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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 ‘inprinciple’ 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+.

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.

For an industry almost written off in mid-2011 after the Andhra Pradesh (AP) crisis, this is no mean feat indeed. 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.

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