

## Muthoot Microfin: A Ray of Hope during the Pandemic

**Kolhapur, Maharashtra:** The Covid-19 pandemic has impacted the lives of many in various ways and in this challenging times, unwavering support from anywhere can make a lot of difference. The story Ruksana Shedbale, a 47-year-old woman from Ichalkaranji, a small district in Kolhapur, Maharashtra living with her two children is no different. During the pandemic, she received constant support from Muthoot Microfin which helped her to sail through these tough times.

Ruksana has been doing a tailoring job for the past fifteen years. However, the income earned was insufficient to suffice the basic needs of her family. She constantly aspired to become an entrepreneur in order to provide an outstanding education for her children. However, the financial crisis proved to be deterrent.

To aid her deteriorating financial condition and revive her tailoring setup, she tried approaching various local financiers for capital. However, collateral security demanded by them continued to be an obstacle.

She was beginning to lose hope when one fine day she heard about Muthoot Microfin and its operations from a visiting Regional Officer who apprised her about the institution's collateral-free loans. Realizing that this could be her chance to change her life, she enlisted a Joint Lending Group and availed her first loan of Rs.30,000.

With her first loan, she bought a sewing machine, thread, fabric, scissors to begin her own business. Muthoot team also provided basic training on business acumen and tips on financial discipline to Ruksana that helped her grow her sewing setup. Within weeks, the neighbouring women approached her for sewing. Ruksana worked relentlessly and tirelessly for the next few months and eventually was able to increase her income from a meagre Rs. 2,000 to Rs 6000 per month.

With time, her business grew manifold, and she opened another shop in a nearby area and further hired two employees to support her. Subsequently, she received an order from two large textile shops, and she brought two more sewing machines to meet the growing demand.

With sudden lockdown being announced by the Government things come to a halt. Like others, Ruksana had to shut her shop due to lockdown, which resulted in a loss of over 70 per cent of her income. During the lockdown, Muthoot RO approached and informed her about all the aspects of availing moratorium. The RO also encouraged her to make face masks, to compensate her business losses as part of Muthoot Pappachan Groups #WomenBeChange# campaign through which women clients were asked to prepare face masks. The company procured them at a reasonable rate to support them and distributed them free of cost to the general public.

The quick sale of these masks helped her during the challenging times, and she was soon able to retain the two employees to support making masks. For Ruksana, it was one of her most gratifying moments. Expressing her gratitude towards Muthoot, Ruksana said, "Muthoot Microfin has supported me during the pandemic period. I am thankful to Muthoot for turning the adverse situation into an opportunity and making things fall in my favour. I am also quite happy that while doing my business, I am also helping people protect themselves from the virus."

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**Muthoot Microfin Limited (MML)** is a part of the Muthoot Pappachan Group (MPG). MPG is one of the leading business conglomerates, with presence in multiple verticals. Muthoot Microfin Limited is a leading microfinance institution focussed on providing micro loans to women customers predominantly in rural regions of India. The company follows joint liability group (JLG) model of microfinance. Clients are organized in groups of four to ten women from economically weaker sections of society, living in rural and semi-urban areas or urban slums. The microfinance operations of the company are designed to promote entrepreneurship among women and inclusive growth. The institution provides financial assistance through micro loans such as income generating loans to women engaged in small businesses.

The Indian microfinance sector has come a long way. Early estimates show that the industry / sector would have closed Mar'19 with a credit portfolio outstanding of nearly Rs 2,00,000 crore serving over 50 million end clients (of which 99% plus are women and for most of whom this would be the first credit facility in their life) across 30 states through an employee strength of over 1 Lakh. 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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