

## Muthoot Microfin: Transforming lives of aspiring women through microfinance

**Puducherry, Tamil Nadu, 9<sup>th</sup> September 2021:** The story of Arokia Jansi’s transition from a housewife to a successful entrepreneur highlights the importance of financial empowerment and resilience towards achieving one’s goals.

Due to societal pressure, Arokia’s parents got her married at a very early age. However, this didn’t stop her from being an aspirational entrepreneur and a source of inspiration to other women in her village.

Arokia Jansi, a mother of two children and a resident of Anandha Nagar in Puducherry, was always determined towards becoming a financially independent woman. She took up the initiative of understanding how microfinance loans work from her neighbour who had been a financial officer in the initial years of his career. As her husband’s income couldn’t suffice the basic needs of the family, Arokia decided to convert her tailoring skills into a business opportunity and contribute to the monthly expenses of her family.

However, working capital was a limitation as she could not provide any collateral security demanded by the local money-lenders. Despite this, she didn’t lose hope and continued exploring on the alternate options that could be easily accessible. While discussing on any such alternatives, her daughter’s teacher introduced her to Muthoot Microfin – a NBFC-MFI who offered collateral-free loans. With an understanding about the loan offerings, Arokia immediately joined a Joint Liability Group and received her first loan amount of ₹ 30,000. She utilised the amount to purchase a sewing machine, colourful fabrics, and other stitching equipment to start her venture in a rented shop. Traditional women’s clothing like churidar, blouses, shawls, lehengas etc stitched by Arokia, were high in demand within a short period of time. Special festive discount offers also ensured a strategic customer retention in business continuity.

The first year of her tailoring business gave her good returns in terms of positive feedback from customers, high demand, and profits. This eventually allowed her to fully support her children’s education and improve the financial health of her family.

Arokia also plans to employ local village women as assistants to cater to the growing demand and expand her business. She has been associated with Muthoot Microfin for the last three years and has taken three loans till date. The current loan of ₹50,000 was used to buy more embroidery and other sewing equipment for the planned expansion. Her business is flourishing now and brings her a good daily income of around ₹1000 on an average.

*Arokia says “Muthoot Microfin has been a constant companion in my growth and development of my business. I would like to extend my gratitude to the entire Muthoot Microfin staff and will recommend the organisation to all who wants to advance in their life.”*

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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 organised 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.

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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