



## **Microfinance Industry: Empowering its customers by addressing Water & Sanitation Woes**

### **Contributing towards the Socio-economic Development of the nation**

According to the most recent report of the WHO/UNICEF Joint Monitoring Program (JMP), 785 million people globally lack access to a basic drinking water source<sup>i</sup>. Moreover, 2 billion people — 1 in 3 — lack access to a toilet.<sup>ii</sup> The Sustainable Development Goal 6 to ensure availability and sustainable management of water and sanitation, reflects the increased attention on water and sanitation issues in the global political agenda.

In India, 229 million citizens from a population of 1.38 billion lack access to improved sanitation, practicing open defecation, contributing to water-borne diseases. The role of the Microfinance industry in addressing this issue is hence noteworthy. The Microfinance industry has been bridging the financing gap and reaching people living at the base of the economic pyramid by offering collateral-free easy credit. The industry is also encouraging WASH loans as water scarcity is a major hurdle for the socio-economic growth and stability especially within the rural eco-system. Moreover, safe water and improved sanitation structures within household premises saves time that is utilized for income generation activities by low-income households.

*Dr Alok Misra, CEO & Director, MFIN stated “WASH loans are a very important step in meeting the SDG global goals and the industry is committed to this cause. with an aim to ensure sustainable livelihood, the industry collaborates with institutions such as Water.org which provides the resources, technical assistance, training, and support to facilitate affordable financing. The water and sanitation loans to low-income households’ basis their requirement is provided under various categories such as House Water Connection/Piped Water, Borewell or Handpump, Rooftop Rainwater harvesting, New Toilet (Septic/Pit), Water and sanitation combination etc. With an access to safe water and hygiene, customers have the benefits of increased productivity, increased income, and increased time.”*

The sector has been successfully contributing towards the practice of hygiene and safe drinking water amongst vulnerable communities. For instance, CreditAccess Grameen has disbursed INR 1,555.88 Cr water loans and INR 115.29 Cr sanitation loans benefiting 9,02,492 and 2,15,602 unique customers respectively, as on October 2021. Fusion Microfinance constructed toilets in Government schools for girls and public places benefiting 8,258 people in six states along with RO Installations to provide clean drinking water benefiting 2,244 students in four states. By introducing Sanitation Improvement Loans, Muthoot Microfin has reached 24,140 customers providing toilet modification, new toilet construction, toilet plumbing, maintenance of toilets etc. Similarly, Satya MicroCapital has benefited 21,551 individuals by disbursing Water and Sanitation Loans. Unity Small Finance Bank, erstwhile Centrum Microcredit disbursed INR 40.05 Cr Wash Loans benefiting 13,558 customers.

With operations pan India and a strong connect with over 6 Cr. women across 35 states and union territories and 611 districts, the microfinance industry comprises of NBFC-MFIs, Banks, Small Finance Banks, Banking Correspondents & NBFCs. The water and sanitation Loans offered by the industry are a testament to the fact that the availability of financial resources is key to enabling low-income populations to invest in these facilities. Water and Sanitation lending is a demand-driven solution for household water



and sanitation access that encourages its customers to use microloans to construct water and sanitation assets at home.

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<sup>i</sup> <https://www.who.int/news-room/fact-sheets/detail/drinking-water>

<sup>ii</sup> <https://www.who.int/news-room/fact-sheets/detail/sanitation>

### **About Microfinance Institutions Network**

MFIN is a premier industry association comprising 58 NBFC-MFIs and 39 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI.

By virtue of bringing the NBFC-MFIs 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.

### **For more information, please contact:**

Bhavna Dayal | [bhavnadayal@mfinindia.org](mailto:bhavnadayal@mfinindia.org) | +919810203136

Darshana Vyas | [darshana.vyas@ketchumsampark.com](mailto:darshana.vyas@ketchumsampark.com) | +919920231233