

Unnati Microfin: Weaving entrepreneurial dreams through microfinance in Covid-19 era

Maharashtra, August 9, 2021: The entrepreneurial story on how microfinance has helped Kavita Kautikar, a resident of Boisar (*one of the largest industrial suburb in the Mumbai metropolitan region of Maharashtra*), is a perfect example on how challenging times of COVID-19 opened doors to new business opportunities in India.

With the increasing cost of living, Kavita and her husband divided their household expenses with her income contribution being of Rs 15,000 per month. Very little did Kavita know that the COVID-19 pandemic would introduce her to one of the most challenging phases of her life. Due to serious losses and sudden factory shut down, Kavita was jobless for a couple of months. Her husband earned a minimal salary in a private company, which further reduced due to the lockdown. However, repayment of monthly EMIs didn't suffice with the basic salary of a single earning member of the family.

Kavita was looking for opportunities to earn her monthly income and improve the financial condition of her family. She decided to do an online market research on the highest demanded product categories across India. Interestingly, she discovered that masks of different variants were at the top of the demand pyramid. It is then she decided to utilise her stitching skills into making customised masks to support the family. However, like most of the aspiring entrepreneurs face the challenge of the lack of capital, so did Kavita. In such a situation, it was Kavita's husband who supported her decision of starting a new business and suggested her to request for a microfinance loan amount of Rs 40,000 from Unnati Microfin Pvt. Ltd. – NBFC-MFI based out of Maharashtra. The organization aims at making women self-reliant successful entrepreneurs by offering them collateral free loans.

During the pandemic, Unnati Microfin provided opportunities to numerous women and stood by their aid. With the help of the micro-credit loan amount offered by Unnati Microfin, Mr and Mrs Kautikar purchased two sewing machines and raw materials to start the new business. As per the pandemic situation and the market demand, there has been an increasing demand in customised masks as per different occasions, colour variants for each day – each made of a different material. This is what has made her stand out in her business, since 2020. With the help of Unnati Microfin at the right time Kavita was able to set up a successful business.

According to Microfinance Institutions Network, a self-regulatory organisation and an industry association of microfinance industry in India, women constitute 99% of micro-credit beneficiaries in the country. Microfinance institutions such as NBFC-MFIs are working towards providing easy access to financial services to the underserved and unbanked population in India.

Minimum documentation and financial support received from Unnati Microfin has been a ray of hope for thousands of low-income families in Maharashtra. In its endeavour to provide easy access to financial services to its clients. Unnati Microfin has impacted over 50,000 lives by uplift the financial status during challenging times.

Unnati Microfin is one of the leading NBFC-MFIs working in the state of Maharashtra across five districts. The company was established with the vision to uplift the financial status of the poor households through providing them easy access to the micro-credit. The company has helped many local women entrepreneurs to improve their economic status and realise their dreams to improve their quality of life.

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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