

ESAF Small Finance Bank: Ray of hope to the underprivileged

Chandrapur, Maharashtra: Madhuri S. Pande belongs to a small village in Chandrapur, Maharashtra. Her story of perseverance and transformation from a small flower vendor to a successful entrepreneur is undoubtedly an inspiration for many ambitious women like her.

Madhuri and her husband used to sell flowers and floral garlands near a temple in their village. The meagre income generated from their business was insufficient to fulfil the growing needs her family of four. The education of their two daughters was also getting compromised due to their monetary condition.

5 years ago, the couple met one of the loan officers of ESAF Small Finance Bank during his visit to the same temple where they used to sell flowers. Looking at their condition, the loan officer requested the couple to pay him a visit at the Chandrapur branch of ESAF Small Finance Bank.

Following his advice, the couple visited ESAF Small Finance Bank, where the loan officer thoroughly explained the microfinance loan offering and how it could benefit them. Convinced by their offerings, Madhuri immediately became a member of a joint lending group called ESAF Sangam and applied for her first loan of Rs. 10,000 from ESAF Small Finance Bank.

She invested the amount in buying sarees and started selling them from home. Steadily, with sheer hard work and dedication, the business grew, and so did her income. Looking at the profitability, Madhuri decided to continue her saree business while her husband continued selling flowers.

Later, Madhuri applied for a higher loan amount and opened a saree shop to expand her business. Her hard work and honesty brought success to the venture. She even hired an employee to manage the growing demand for her sarees.

For the past six years, Madhuri has been receiving constant support from ESAF Small Finance bank. During this period, her business grew significantly. The family's monetary condition improved, provided good education to both children, and even constructed a small house. She is obliged and thankful to ESAF Small Finance Bank for supporting her like many other women in their hour of need.

The support from ESAF Small Finance Bank gave an immense boost to her confidence, and she became even more determined to become financially secured. Madhuri said, ***“I am thankful to ESAF Small Finance Bank, which changed the entire course of my life by providing much needed financial assistance. I never imagined setting up my enterprise and having a substantial income before getting financial support from ESAF Small Finance Bank”***

ESAF Small Finance Bank started its journey as an NGO during the year 1992, with a larger vision of sustainable and holistic transformation of the poor and the marginalized. The success of Grameen Bank in Bangladesh reinforced the vision of Shri. K. Paul Thomas the Founder of ESAF. In 1995, he launched Micro Enterprises Development (MED) services and it resulted in the formation of ESAF Microfinance and Investments Pvt. Ltd., in 2008, giving importance of financial component in holistic economic development of the poor and marginalized. ESAF Microfinance and Investments Pvt. Ltd. was one of the pioneers in establishing a formal and structured form of lending through forming mutually trusted groups at the village level that could not only bring financial sustainability but also reinforced the fact that ‘the poor of our country are trustworthy’. In the remote and unbanked/under banked regions of the country, ESAF could cultivate a culture of financial discipline and also improved the workers participation rate as women too joined the workforce or started some income generation activity that could financially support their household. Financial literacy mission started by ESAF could not only bring know-how on how to spend wisely but also secure the future. ESAF has adopted a unique social business strategy, with a triple bottom line approach, emphasizing on People, Planet and Prosperity.

The Indian microfinance sector has come a long way. As per industry data, the overall Microfinance loan portfolio stands at INR 2,31,778 crores as on September 30, 2020 serving 5.71 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 10.50 crore loan accounts. The microfinance industry operates across 28 states and 4 Union Territories with the network of 14,080 branches with 1,09,521 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.

For further information please connect with:

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