

Muthoot Microfin: A helping hand to the Handloomers of West Bengal

Sreerampore, West Bengal: Microfinance has played a vital role in keeping the heritage alive by supporting the handlooms business in West Bengal. The success story of Hemlata Debnath, a 34-year-old woman from Sreerampore, a small village in the Nadia district of West Bengal, illustrates that sheer hard work and skills can change one's destiny.

Hemlata was a skilled weaver of handmade Jamdari saree, which she learned from her father. It was the only sole source of income for the family. The sarees she made were extremely popular in the nearby markets because of their rich designs created on the loom using the discontinuous weft technique.

Despite having the required skill and knowledge, she was facing trouble running her business due to a lack of adequate capital. The income generated from her loom was barely enough to make ends meet. Also, it jeopardised the education of her two teenage daughters. Adding further to her difficulties, the old loom she owned broke-down, leading to production being ceased resulting in business loss.

Fortunately, she was introduced to Muthoot Microfin by one of her neighbours, and her life took a positive turn. After learning about the collateral-free loan structure of Muthoot Microfin, she immediately joined a Joint-Lending-Group and applied for a loan of Rs. 30,000.

She utilised the entire loan amount to repair the loom and buy weaving supplies in bulk. Gradually, her business grew, and she started making a monthly income of Rs. 10,000. With the profits soaring, she successfully repaid her first loan. Now Hemlata has applied for a second loan of Rs. 40,000 and plans to install a power loom to expand her business further.

Her journey to become an entrepreneur has become an inspiration for the entire village and her family. Hemlata attributes her success to Muthoot Microfin for providing her with the required financial support to establish her business and fight against all odds.

Hemlata is proud to be associated with Muthoot Microfin and said, ***"I am very grateful for the support Muthoot Microfin has given me at the time of difficulty, and help me grow my business. I am proud of my partnership with Muthoot Microfin as their timely loans helped me build my life from scratches"***.

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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.

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.

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