

Muthoot Microfin: A pillar of strength for woman entrepreneurs to navigate through difficult times

Maharashtra, 5th May 2022; The Covid- 19 pandemic caused a major economic setback. While India recovered fairly from the first wave, the second wave had hit the country to the worse in terms of business losses. The second wave had pushed small businesses to the brink and recast the gloom all over again, especially for the low-income group segment. The story of Asha Machindra Laxman Chawan, from Nashik in Maharashtra is no different. She was a proud owner of a general store before pandemic hit the globe. As the pandemic ravaged businesses, hit revenues and forced many units to shut down in her area, she too was forced to shut down her general store.

With her little savings, Asha was struggling to manage her daily expenses and pay her children’s tuition fees. When things returned to normal, she desperately wanted to restart her business to improve the financial condition of her family and was looking for financial assistance to do so. However, due to her inability to provide a collateral security, she was unable to arrange the required capital to revive the business. With over a month’s time, she began losing her customers base due to non-availability of essential commodities

Despite these challenges, she did not lose hope and was determined to improve her earnings and lead a stable life. While she was looking for capital, she was introduced to Muthoot Microfin by one of her friends. Muthoot Microfin aims at providing economic opportunity to unserved women by giving them collateral free loans. Asha collected the required information from the loan officer and immediately joined the joint liability group to avail her first loan cycle of ₹20,000. She used the entire loan amount to stock fast moving essential commodities to retain her customers. Within a week, she regained her lost business and her daily profit hits ₹500 after ten days.

Asha’s grit and determination to survive through challenging times led her to retain her lost business with an improved standard of living. She attributes all her success to the timely loan received from Muthoot Microfin during her troubled times. A thankful Asha expressed her gratitude by saying, ‘I am grateful to Muthoot Microfin, who changed the entire course of my life by providing the collateral free loan required to rebuild my business and stood by me during the challenging times of Covid-19. I got immense support from the financial literacy training provided by Muthoot Microfin. I learnt a wide range of business skills like creating a budget and calculating profits. I would never forget this support from Muthoot Microfin in my life.’





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 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, Microfinance loan portfolio stands at INR 2,56,058 Crores as on December 31, 2021, serving 5.57 crore unique borrowers with 10.58 crore loan accounts.

NBFC-MFIs are the only regulated financial institutions in the country that 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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