

Small Loans, Big Change: Microfinance Institutions Bring Change to Lives of 46 Lakh Women in Odisha

Odisha, 24th August 2023: Microfinance Industry Network (MFIN), the industry association for Microfinance and an RBI-recognized self-regulatory organization organised a press meet in Odisha to highlight the critical role of microfinance institutions in improving the lives of the underprivileged sections of the society in the state. Mr. Rama Kamaraju, Deputy Head – State Initiatives at MFIN along with Mr. Dibyajyoti Pattanaik, Director of Annapurna Finance underlined the immense contribution of microcredit loans in fostering financial inclusivity and empowerment in both rural and urban Odisha.

Microfinance has emerged as an impactful tool in ensuring that credit and essential financial services reach the remotest corners of India. In Odisha, microfinance institutions have transformed the lives of over 46 lakh individuals (unique borrowers) through microcredit loans. The total gross loan portfolio of microfinance institutions in the state has surged from Rs 16,946 crore to an impressive Rs 20,353 crore in the last financial year, empowering, women, families, and communities to thrive.

Microfinance customers in Odisha have shown an eagerness to explore interventions to ensure family well-being and start new businesses. They have shown similar alacrity in learning about good credit discipline, regular repayment of loans and respect for lending institutions' advice to borrow within their capacities.

Mr Rama Kamaraju, Deputy Head – State Initiatives at MFIN, emphasized the significance of microfinance in Odisha, stating, *"RBI-regulated Microfinance institutions have truly become a beacon of hope for the underprivileged population of Odisha. With easily repayable, collateral-free microfinance loans, borrowers from low-income households can start or expand their businesses, support their children's education, and address healthcare needs. It's heartening to witness the transformative power of these small loans."*

Mr Dibyajyoti Pattanaik, Director of Annapurna Finance, said, *"The microfinance landscape in Odisha has been marked by resilience and determination. We have seen a surge in women entrepreneurship owing to microfinance loans. Borrowers must take only as much loan as they can repay and only borrow from RBI-regulated institutions. While availing a loan, they must also declare their household income transparently."*

Microfinance is important for the socio-economic development of the nation as it provides resources and capital to marginalized groups and those in the informal economy. Microfinance institutions not only help in increasing the household income of the borrowers but also educate them about businesses and help them improve their financial conditions.

Over 24 Microfinance institutions work across 28 states, 8 union territories, and 729 districts, ensuring that credit and other crucial financial services reach rural and urban India. Primary customers of Microfinance services are 6.6 crore (66 million) women from low-income households.

MFIN (Microfinance Institutions Network): MFIN is a premier industry association comprising NBFC-MFIs, Banks, Small Finance Banks (SFBs) and NBFCs. By bringing all microfinance entities 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.