

ESAF Small Finance Bank: Transforming lives through microfinance

Madhya Pradesh: Born in an extremely poor family, Malti Dongre belongs to a small village in Mandla, Madhya Pradesh. Her parents used to make Bamboo products for a living. However, the meagre income generated through their business was insufficient to feed the family of nine. Being the youngest amongst the seven children, her childhood was full of miseries. Her circumstances only worsened after she got married. Her story of overcoming all the challenges and becoming financially independent through sheer hard work and perseverance is undoubtedly an inspiration for numerous women like her.

After spending a wretched childhood, Malti was married to a daily wage labourer at the young age of sixteen. At the age of twenty, when she was expecting her first child, she lost her husband. While, she had not fully recovered from the loss of her husband, she had to move back to her parents' house as her in-laws were not keen to keep her at their house.

Malti gave birth to a baby girl at her parents' house. The burden of the expenses of Malti and her child fell on the shoulders of her old parents who were already suffering from hardships. Looking at the deprived condition of the family, Malti decided to start earning and support her parents and secure the future of her child. The only skill she attributed was to make bamboo products as she used to help her parents during her childhood. Therefore, she decided to undertake the same livelihood as her parents.

She enrolled a joint lending group of ESAF Small Finance Bank and applied for her first loan amount of Rs. 15,000. She invested the loan amount to buy bamboo in bulk and started making bamboo products. Steadily, with sheer hard work and dedication, the business grew, and so did her income making a profit of Rs. 5,000 every month. Later, she decided to avail a loan of a higher value to further expand her business.

With increased income, she decided to venture into animal husbandry and applied for a high-value loan of Rs. 50,000 from ESAF Small Finance Bank. Using the loan amount, she ventured into goat farming and is now successfully running the business.

With sheer hard work and a little support from ESAF Small Finance Bank, Malti pulled her family out of poverty and leading a stable and respectable life in her village.

Expressing her gratitude towards ESAF Small Finance Bank, Malti said ***"I am thankful to ESAF Small Finance Bank, which changed the entire course of my life by providing much needed financial assistance. ESAF helped me start my small venture. Now I am living my life with dignity and the future of my child is secured"***.

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 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:

Bhumika Panda | bhumikapanda@mfinindia.org | +919717738499

Sonia Sarin | sonia.sarin@ketchumsampark.com | +91 9910292599

Abhishek Jain | abhishek.jain@ketchumsampark.com | +91 9717663767