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# Smaller MFIs breaking shackles to chase bigger dreams

By [Atmadip Ray](#), ET Bureau | Updated: Jun 29, 2016, 06.22 PM IST

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KOLKATA: [Microfinance](#) companies in general are [regional](#) players, save the large ones. But many of them are now assuming national character as larger presence help raise funds far more easily and grow faster.

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Companies such as [Village Financial Services](#) and [Utrayan Financial Services](#) are now spreading to states not just adjoining their home state borders of [West Bengal](#), but to states such [Maharashtra](#), [Madhya Pradesh](#) or hilly terrains of [Uttarakhand](#).

"We are planning to open branches in Maharashtra, which offers higher growth opportunities. Branches in the state would also give us a national character and help us to attract investors," said Utrayan's managing director Kartick Biswas.

The Kolkata-based MFI is looking to raise Rs 20 crore equity to add to its existing Rs 11 crore as it aims to continue with over 50% [business](#) growth. It has Rs 90 crore assets under management, a growth of 76% over the 2014-15 fiscal, and a client base of 75,000.

The sector has been growing steadily over the last couple of years, buoyed by a robust regulatory framework and strong ecosystem, making investors chase higher gains from it. Overseas investors have been more keen to put their monies in Indian microfinance story but local players are now getting into the groove as well.

Total equity of the industry stand at Rs 7,188 crore at the end of March 2016, according to [Microfinance Institutions Network](#), their industry association.

Another Kolkata-based entity, Village Financial Services, which remained confined to the eastern region all these years, is planning aggressive growth with branch expansion in central, north and western regions. It has recently started operations in Uttarakhand and may soon open shops in [Chhattisgarh](#) and Madhya Pradesh.

"Demand for micro loans is growing with MFI industry getting support from the regulator. We are confident that our growing network will accommodate the increasing demand of borrowers," said Village Financial chief executive Kuldip Maity.

The MFI which VFS ended FY16 with a loan-book of Rs 247 crore, aims to reach 20 states by 2020.

Entities such Kolkata-based Jagaran Microfin, Ananya Birla promoted and [Mumbai](#) headquartered Svatantra Microfin, Bengaluru's BSS Microfinance, Lucknow's Margdarshak Financial Services are largely regional players having presence in 3-4 adjacent states. Many of these are looking to break the shackles too.

MFIs have total asset base of Rs 53,039 crore by the end of March, reflecting a 63% jump.

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