Micromovements of Change

Peer to Peer Lending

The micro-enterprise segment in India contributes to more than 110 million jobs and yet, the sheer diversity of these enterprises keeps them out of any uniform policy and thus, out of the formal credit system. The conventional banking system often fails to recognize the needs of rural micro-enterprises, especially for women and youth entrepreneurs starting new businesses. In the Work4Progress programme, it was identified that micro-enterprises across multiple sectors have different business operational needs and thus require different credit products.

- **Leverage the power of social investing** to empower unbanked, low-income entrepreneurs with access to low-cost, customized credit, thereby enabling financial inclusion
- **Peer-to-peer lending** empowers entrepreneurs with choice and freedom in selecting credit products
- **Innovate alternate models** to unleash the potential of entrepreneurs by enabling access to credit for diverse enterprise prototypes such as e-rickshaw, integrated fishery, and poultry, etc.

Impact and Potential

Trust in formal banking institutions has historically been low. Through Peer-to-Peer Lending, timely and low-cost financial support to entrepreneurs who have been excluded from the formal financial system has been provided access. The credit intervention through the peer-to-peer lending platform has led to:

- **Enhanced incomes of entrepreneurs by 15-20%** thereby leading to a better standard of living.
- **Setting up and regenerating businesses** from the scale-down that occurred during the pandemic.
- Designing innovative **persona-based credit** products catering to the diverse needs of entrepreneurs
- Influencing local MFIs to provide **competitive interest rates of 7-8% p.a.** or increasing the loan repayment period for micro-entrepreneurs
- Emerging ecosystem for finance including **new product offerings from mainstream banking** institutions that have generally shield away from this sector.
- **Increased formalisation** of enterprises

About the Work4Progress Programme

In the last 5 years, **12 systemic prototypes** have been designed as part of the Work4Progress programme, which are influencing the local entrepreneurial ecosystem and bringing systemic shifts in the communities. These systemic prototypes have been co-designed with communities by **stirring innovations, breaking silos, and forging connections with stakeholders.**

Join the Movements of Change

Join **us as a partner** in our mission to accelerate entrepreneurship-led job creation under the Work4Progress programme

Contribute in replication of inclusive approaches by **adoption the prototypes** developed under the programme to enable shifts in many local entrepreneurial ecosystems

Join our **social investing** platform Rang De to enable access to affordable credit for millions of aspiring entrepreneurs

#JobsWeMake

[www.jobswemake.org](http://www.jobswemake.org)

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1 Global Findex Data 2021
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Customising credit for financial inclusion...

For 23-year-old Sachin Srivastava, it was a gift that changed his life. He received a personalised mug from a friend, which fascinated him enough to realise there was no custom printing shop in Niwari, Bundelkhand. The idea then struck him to provide this service in his hometown. In October 2020, he set up his enterprise Maa Sharda Sublimation Printing Gallery. From printing customised mugs, he expanded his service base to printed t-shirts, key chains, and cushions. Finding a viable market for his products, he further invested in a mobile cover printing machine through credit which was leveraged through peer-to-peer lending. He is actively leveraging digital platforms to access markets through e-commerce platforms such as Amazon, Etsy, and Meesho, and finance through services such as Rang De. He continues to inspire others to build their own businesses.

...Diversifying enterprise portfolios...

While Sachin is a trailblazer in leveraging digital platforms, Rajkumari has shown the appetite for serial entrepreneurship. Rajkumari, 48, from Niwari, has been running a tailoring enterprise for the last seven years and wanted to diversify her business portfolio. She used the power of YouTube to not only learn the technicalities of running a paper plate-making machine but also looked up local manufacturers for machine procurement. In 2021, she received training from the programme and also accessed low-cost credit to procure the machine. Through her enterprise, she now employs two workers and supplies to five retail paper plate-making units, three of them being women-run. Entrepreneurs such as Rajkumari have become local leaders in spreading awareness and inspiring others towards peer-to-peer lending with an emphasis on job creation as the ecosystem strengthens.

...Mainstreaming #InclusiveEntrepreneurship

Shifts created by Sachin and Rajkumari have created pathways for entrepreneurs such as Rakhi. A resident of Simra village in Jhansi, Rakhi Yadav manages her enterprise, Neelam Optical Netra Clinic, a landmark in her village. As a student, she worked part-time at an optical shop and the experience stayed with her. She dreamed of setting up her own shop and making a difference in providing quality eyewear. Affordable and collateral-free credit enabled Rakhi to fulfill this aspiration. Currently, her shop offers different types of spectacle frames and customised lenses. She plans to invest in high-tech equipment and provide her customers with the Lenskart experience locally.

“Timely credit helped me to set up my udyaME kiosk. Today I am not only an Aadhar supervisor but also an enabler for enterprise support services in my community. The community comes to me for any assistance related to setting up their business and through this I have been able to help around twenty entrepreneurs ”

- Rajkumari Kushwaha, proud udyaME kiosk entrepreneur

Learn more about the #JobsWeMake movement on www.jobswemake.org
Contact us at work4progress@devalt.org

Peer-to-peer lending has created an inclusive ecosystem among the stakeholders, social investors and entrepreneurs alike, where the power of collective action is felt. An investment as small as INR 500 can generate 10-11 days of livelihood for remote small-scale entrepreneurs. The innovation has opened alternate pathways that are building robust local credit ecosystems for entrepreneurs to access timely loans at affordable rates.

Scan this QR code to watch a Peer to Peer Lending entrepreneur story come live.

This prototype has been co-created under the Work4Progress initiative led by Development Alternatives with its partners, with support from "la Caixa" Foundation. More information about Development Alternatives’ work can be found here.