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Our Bureau

Mumbai: L&T Finance Holdings has signed a pact with Japan International Cooperation Agency (JICA) for \$125 million to fund mostly farmers and women entrepreneurs in rural and semi-urban India. This is the second such fund raised by the company in the past four months.

At least 40% of the funds will be allocated to women borrowers while the rest will be disbursed to farmers, MSMEs, and two-wheeler loans. Last November, L&T Finance sourced \$125 million from the Asian Development Bank for a similar lending programme.

"Despite steady rural economic growth, accessing financial services remains a challenge for rural communities," said Apurva Rathod, company secretary and chief sustainability officer of the company. "A large percentage of marginal farmers lack formal access to credit, with women being disproportionately affected."

Rural India, is home to about 65% of the country's population and widely supports the Indian economy, sustaining about 46% of the national GDP. About 90% of India's impoverished population resides in rural areas, where the income growth rate has decreased further, especially after Covid-19, making poverty reduction a pressing issue, said JICA in a release.