An Indian NGO is lifting people out of poverty and pushing the microcredit concept forward by linking borrowers with lenders online, writes Aditi Seshadri.

When Kamala Nikes's husband died after a brain haemorrhage, she decided to set up a bicycle repair shop near their home in the central Indian city of Nagpur. She got off a scooter one day and saw a chance to make a living, which required additional funds.

She had one credit card with a credit limit of just 20,000 Indian rupees and was refused by several commercial banks. Her relative, a lender of last resort, offered to lend her 5,000 rupees, but at an interest rate of 20 percent, to be repaid within a month.

Her credit card met the low income criteria and she was given 5,000 rupees, but she had to pay a 25% interest rate. She was able to repay the loan soon, and with the new capital, her business thrived.

Then, she approached a local bank for a loan, but her application was rejected. The lender wanted to see collateral for the loan, which Kamala did not have. She then approached a microfinance company, which also rejected her application.

Kamala turned to the Internet for help, and discovered that she could borrow money online.

However, when she finally secured a loan of 5,000 rupees at 8.5 percent interest, she was disappointed. But she was grateful for the opportunity to receive funds, and her business continued to grow.

Kamala's experience is not unique. In recent years, many developing countries have turned to microfinance institutions (MFIs) to provide affordable credit to low-income households.

MFIs have become increasingly popular in recent years, as they offer low-interest loans to people who are often excluded from traditional banking systems.

One of the most successful MFIs is Grameen Bank, which was founded by Professor Muhammad Yunus in Bangladesh in 1976.

The bank provides small loans to poor people, who use the money to start their own businesses. The loans are typically repaid within a year, and the interest rate is typically around 10 percent.

Grameen Bank has become a model for other MFIs around the world, and has inspired the creation of thousands of similar institutions.

Today, there are more than 11,000 MFIs operating in over 100 countries, and they have provided loans to millions of people.

The success of Grameen Bank has led to the development of new technologies, such as mobile banking, which allows borrowers to access their loans and repay them through their cell phones.

In recent years, the concept of microfinance has expanded to include other types of microcredit, such as micro-insurance and micro-health.

These programs provide affordable services to low-income households, who are often excluded from traditional financial services.

Microinsurance, for example, is an important tool for protecting poor households from shocks, such as health emergencies or natural disasters.

Microhealth programs, on the other hand, provide affordable health care to low-income households, who are often denied access to health care due to high costs.

However, microfinance is not a panacea. There are many challenges to be overcome, including the need for better regulation, increased transparency, and improved risk management.

Despite these challenges, microfinance remains an important tool for reducing poverty and promoting economic development.

As we look to the future, we must continue to support the growth of microfinance and ensure that it reaches those who need it most.