



SURVEY OF PERSPECTIVE TOWARDS MICROFINANCE: STUDY OF AWARENESS ABOUT THE GOVERNMENT SCHEMES AVAILABLE FOR ENTREPRENEURS

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ABSTRACT

This research paper is based on survey made by the researcher about the awareness of government schemes among the young generation specially college going girls. As we know that microfinance can be important not only because it can lead to poverty reduction but mainly because it promotes, in a non-patronizing and decentralized way, economic alternatives to the poor that are in principle more sustainable in the long-run. The current popular thinking in development studies considers microfinance as the best remedy not only for poverty, but also for social disintegration and women's subordination. Taking account of the endogeneity associated with MFIs' loans, we show that a country with higher MFIs' gross loan portfolio per capita tends to have lower levels of poverty indices. Contrary to recent micro evidence, our results suggest that microfinance significantly reduces poverty at macro level and thus reinforce the case for channelling funds from development finance institutions and governments of developing countries into MFIs. In conclusion it is said that if you want to study the future perspective about microfinance the young generation should have knowledge about the same.

Keywords: MFI's, microfinance, government schemes.

Introduction:

The Covid-19 pandemic and its mitigation measures have significantly disrupted the Indian microfinance sector amidst the loss due to other economy. Like many countries, India responded by enforcing a lockdown, which has dramatically affected normal life and livelihood activities. While large and medium sized enterprises partially or fully shut their operations with employees able to work from home or benefit from salary protections, people at the bottom of the pyramid - mostly contract workers, daily wage labourers or micro-entrepreneurs - of course face the greatest impact from the lockdown, unable to either offer their services or pursue their livelihoods. In the case of self-employed people who are in hawking, petty trades or the service sector, it's not just their mobility that is affected, but also the critical supply

chains behind their businesses. This article will explain what MFIs, wholesale lenders and the central bank have been doing to address the significant challenges being faced, and why there remains much to be done.

Moreover, the sudden hike in unemployment arising from the lockdown has falling significances.

- The instant reduction in demand for goods and services from these people. This decrease in demand leads to the closure of enterprises that provide the supply to meet this demand.
- many of these now unemployed workers were supporting households in rural areas and the images of millions of migrant workers walking hundreds of kilometres back to their villages shows the scale of this problem
- The inability to make loan repayments that

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depend on their income.

When the suspension ends, many microfinance clients will need additional credit to resume business activities, not to mention repay other liabilities accrued to meet their household needs during lockdown. MFIs that are in a hazardous position because of the incongruity described above won't be in a position to provide this critical credit, which would largely contradict the rationale behind the RBI's relief measure. This will be compounded by MFIs being unable to access further credit from wholesale lenders such as banks as their collection efficiency will plummet during and after lockdown. But in a situation like this, where there is considerable reduction in demand and a broader economic slowdown, banks become risk averse - even more so when dealing with the poorest segments and the institutions that serve them.

Objectives of the study:

1. To study the perspective of the microfinance from the mind of young generation
2. To provide some solutions to improve microfinance in the crowd of young generation
3. To spread awareness about the government schemes to young generation

Rational of the study:

Today due to Covid-19 all are facing financial problems. Many of the population are jobless. They wanted to do their own business due to lack of finance or illiteracy about the government schemes they are not coming forward. So to spread awareness among the young generation is required now days. That will be helpful to increase microfinance need.

Need of the study:

1. To spread awareness about the government schemes
2. To grow the seeds of entrepreneurship among the young generation
3. To find out the reasons for need of microfinance.

Research methodology:

Primary Sources:

Questionnaires, Visits to the offices/villages, Discussion with women respondents.

Secondary Sources:

Secondary data is collected through the various sources like Books, Journals, Newspapers, Websites, Research studies etc.

Data processing

Data Analysis:

The data is critically analysed and information collected from primary sources as well as from published sources were made keeping the objectives of the study in mind.

Government schemes available for young entrepreneurs

Pradhan Mantri Mudra Yojana

PM Modi launched Pradhan Mantri Mudra Yojana, wherein Micro Units Development and Refinance Agency Bank or MUDRA Banks provide loans at low rates to micro-finance institutions and non-banking financial institutions, who in turn provide low-interest loans to startups and MSMEs.

It was launched in 2015 and within 2 years, more than 1.8 crore jobs were generated due to the loans and business generated via MUDRA. Till August 14th, 2020, more than 67 lakh loans amounting to Rs 48,000 crore have been sanctioned under the MUDRA scheme.

There are three categories of businesses, which can avail loans under MUDRA loan for startups:

- **Category 1:** Shishu, which is for new businesses. Loans up to Rs 50,000 can be availed
- **Category 2:** Kishor, which is a mid-aged business. Loans up to Rs 5 lakh can be availed
- **Category 3:** Tarun, which is an existing, experienced business. Loans up to Rs 10 lakh can be availed.

Mudra scheme covers MSMEs such as Small Manufacturing Units, Retailers, Wholesalers, Artisans, and more.

Credit Guarantee Trust Fund for Micro & Small Enterprises (CGT SME)

CGT SME is one of the biggest Startup Loan Schemes launched by the Ministry of MSME in India. Under this Government scheme, a collateral-free loan of up to Rs 1 crore is provided to eligible startups and MSMEs. The loan is dispersed via a trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSSE), which is powered by the Ministry of MSME and Small Industries Development Bank of India (SIDBI).

Financial Support to MSMEs in ZED Certification Scheme

Focussed on existing and new manufacturing units, ZED or Zero Defect and Zero Effect mission are to encourage manufacturers to create better products, with high quality and zero defects. The focus is to enable manufacturers to embrace world-class manufacturing processes, and use technology to ensure that their products are the best in the class.

The government scheme will provide both financial support, and technology and tools to ensure zero defects in their products.

Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)

Government is clearly aware that technology is the tool that can propel Indian start-ups and MSMEs to compete with global competitors.

This is the reason for the creation of the Credit Linked Capital Subsidy for Technology Upgradation (CLCSS) Government scheme, wherein Government provides financial help to MSMEs to upgrade their technology and implement state of an art technological platform for their business.

Design Clinic for Design Expertise to MSMEs

Design and innovation are critical for any sector, and every start-up and MSME should have a design-centric approach to solve the problems of their niche. In order to encourage and inspire small businesses to experiment and try out new designs for their products, the MSME Ministry has created a Design Clinic for inducing design-related expertise for start-ups and MSMEs.

Under this Government scheme, Govt. will provide up to Rs 60,000 aid for attending design seminars and up to Rs 3.75 lakh or 75% of the cost of a seminar, wherein the entrepreneur and/or their team can learn and implement design theories and learn more about them

Garib Kalyan Rojgar Abhiyaan- On 20 June 2020, Prime Minister Modi launched Garib Kalyan Rojgar Abhiyan for the returnee migrant workers and rural citizens to empower them and provide livelihood opportunities.

A total of 116 Districts with more than 25,000 returnee migrant workers across six Indian states including Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand and Odisha ect.

Atmanirbhar Bharat Rozgar Yojana- On 12 November 2020, Finance Minister Nirmala Sitharaman launched Atmanirbhar Bharat Rozgar Yojana to incentivise the creation of new employment opportunities amid the COVID-19 pandemic.

The scheme aims to benefit any new employee joining employment in EPFO registered establishments on monthly wages less than Rs 15,000 and those who left their jobs between 1 March-30 September 2020 and are employed from 1 October 2020.

Atmanirbhar Uttar Pradesh Rojgar Yojana- On 26 June 2020, Prime Minister Modi launched Atmanirbhar Uttar Pradesh Rojgar Yojana to provide employment to 1.25 crore people, covering 31 districts in Uttar Pradesh amid the COVID-19 pandemic.

The scheme will focus on promoting local entrepreneurship, providing jobs, and creating partnerships with Industrial associations to create employment opportunities.

Atmanirbhar Gujarat Sahay Yojna (AGSY)- On 14 May 2020, Gujarat Government launched Atmanirbhar Gujarat Sahay Yojna (AGSY) for small businessmen, skilled workers, autorickshaw owners, electricians and barbers, among others. The scheme aims to help people in the lower-middle-income group get back to their normal life.

People in the lower-middle-income group can avail guarantee-free loan of Rs 1 lakh from banks at

2% annual interest. The tenure of the loans will be three years and the payment of instalments will begin after six months of sanctioning the loan.

Pradhan Mantri Matsya Sampada Yojana (PMMSY)- On 10 September 2020, Prime Minister Modi launched Pradhan Mantri Matsya Sampada Yojana (PMMSY) to focus on the sustainable development of the fisheries sector in India.

Godhan Nyay Yojana- On 25 June 2020, Chhattisgarh Chief Minister Bhupesh Baghel launched Godhan Nyay Yojana to procure cow dung from cattle owners. The scheme aims to promote animal husbandry and make it a profitable practice. It is in line with the efforts made by the state government to strengthen the rural economy.

Rajiv Gandhi Kisan Nyay Yojana- On 21 May 2020, Chhattisgarh Chief Minister Bhupesh Baghel launched Rajiv Gandhi Kisan Nyay Yojana to purchase maize, paddy, and sugarcane at MSP and to give incentives to the farmers.

The 5,700 crore scheme is expected to benefit over 1.87 million farmers in the state. Rs. 10,000 per acre to paddy and maize growing farmers and Rs. 13,000 per acre to sugarcane growing farmers will be provided by the State Government.

Public Wi-Fi Access Network Interface (PM-WANI) - On 9 December 2020, Union Cabinet passed PM Wi-Fi Access Network Interface (PM-WANI) Scheme which aims to revolutionise the tech sphere and will substantially improve the wireless connectivity of the country. It will boost the 'Ease of Doing Business' and 'Ease of Living.'

Ayushman Sahakar Scheme- On 19 October 2020, Ayushman Sahakar Scheme was launched by Union Minister of State for Agriculture Parshottam Rupala for creation of healthcare infrastructure by cooperatives.

Rs. 10,000 crore scheme aims to assist cooperatives to play an important role in the creation of healthcare infrastructure in the country formulated by the apex autonomous development finance institution under the Ministry of Agriculture and Farmers

Welfare, the National Cooperative Development Corporation (NCDC).

Findings:

1. In the survey it is found that around 70% respondents from the young generation are interest in business of different types.
2. It is also found if they want to borrow fund for business they will prefer bank i.e 68% responded for the same
3. Around 63% responded said that they don't have business experience in their family but still they wanted to do business
4. Majority i.e. 52% responded said that they don't know about the government schemes for entrepreneurship.

Challenges

1. The disturbance of liquidness in the hands of borrowers on the ground
2. The possibility of higher than normal non-performing assets building up
3. The trouble of fluidity in the hands of lending institutions such as MFIs
4. The need for finance for restarting livelihoods at the end of lockdown
5. A general decline in the economy, leading to reduced demand

Solutions

1. To postpone repayment of clients' loan instalments until liquidity in the hands of borrowers on the ground improves;
2. To postpone the repayment of maturing debt by MFIs to wholesale lenders to align institutions' and clients' liquidity;
3. To ensure adequate financial resources for MFIs through continued wholesale financing so that they can support end-client borrowers in resuming as fast as possible their livelihood activities; and
4. To give vocational education from the school level

5. To provide special helpline for those who wanted to become entrepreneurs but no idea about the procedure.
6. To give projects to college students about spreading awareness of government schemes, their benefits, procedure.
7. To provide training programmes workshops for the future entrepreneurs.

Conclusion:

Government initiatives play a significant role in channelling the credit flow to underserved sectors through priority sector lending, Micro Units Development and Refinance Agency Ltd. (MUDRA) Yojana, loan co-origination and private sector investments. To supplement these initiatives, steps are being taken to empower women by providing them easy access to credit, assistance in starting their own business and financial literacy programmes. Schemes like Pradhan Mantri Mahila Shakti Kendra are expected to create a conducive environment for women to realise their full potential. SIDBI's Prayaas focuses

on supporting small entrepreneurs excluded from traditional financial services. Further, an INR 10 billion fund has been released by SIDBI to boost the microfinance sector. SIDBI has tied up with non-profit organisations and social ventures to channel funds at below market rates to facilitate affordable borrowing.

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