

MSME FINANCING AND RURAL DEVELOPMENT – AN EVALUATION

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Abstract

Indian government is running many Business Loans Schemes for the upliftment of Small Scale Industries in rural areas, as the economic development of villages is the backbone of the development of the NATION. MSME sector has its own importance in the economy of the country. In India, the rural persons are unable to know about the government Schemes on time. Generally they are come to know late about the schemes, or after their expiry. The administration is not so keen about the awareness of such schemes. Either the schemes are advertised but not effectively. Only a few respondents accepted that these schemes are helpful to uplift their economic conditions. The Rural beneficiaries are not convenient to get the business loans. According to the respondents, the main source of information about the schemes are the persons who are able to get the advantages of such schemes. In lack of proper information's and awareness and proper functioning of government machinery; the small scale business schemes are not so effective to find the required targets.

Keywords: Business loans, loan schemes, economic development, small scale industries.



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Methodology: This research work is related to applied and action research. The attempt is made to understand the socio-economic conditions of the respondents selected for the study & conditions of the universe under study also. The exploratory Research Design is opted for the purpose.

Objectives of the study :

The objective of the present study are the followings :

1. To know implications and effectiveness of subsidy loan schemes.
2. To Study Inclusive Growth.
3. To Study the Threats for success of subsidy loan schemes.
4. To Study the Commercial impact of subsidy loan schemes.
5. To study the role of small scale Business loans in rural development.

HYPOTHESIS

H 1. The level of knowledge of subsidy loan schemes and other development programs is low in rural areas.

H 2. Subsidy loan schemes have been attained its target to strengthen the rural people, up to some extent.

INTRODUCTION: Rural development has been receiving increasing attention of the governments across the world. In the Indian context rural development assumes special significance for two important reasons. First about two thirds of the population still lives in villages and there cannot be any progress so long as rural areas remain backward. Second, the backwardness of the rural sector would be a major impediment to the overall progress of the economy of any country.

Need For rural Development:

- I. To raises the quality of life & environment in rural areas.
- II. To reduce urbanization
- III. For the improvement of Indian economy
- IV. For the proper management of natural resources like land, water for agricultural production
- V. To produce variety of food products through agriculture.
- VI. To improve profits for farmers.

With enhanced income, the rural families are likely to change their lifestyle. Some of the indicators of improvement in the quality of life are rise in food consumption, better clothing, renovated houses, building up of assets such as vehicles, ornaments, utensils, etc. Farmers may also invest in land development and irrigation facilities with the surplus money generated by them. Use of banking facilities is another indicator of progress.

Rural Development for Nation Building

Rural Development is not only needed for ensuring food security but also to boost the Gross National Product of the nation. Fortunately, India has plenty of natural resources, idle labour, necessary technology and good market both in India and abroad. Presently, the people engaged in agriculture lack motivation and organizational strength at the grass-root level. We need to act now, before it is too late.

Singh (1988) ^[1] in his paper entitled “Socio –Economic Impact of IRDP on Weaker Sections in Panjab”, infers that the IRDP does have its impact on the weaker sections. Those who took advantage of the facilities were in a better position to improve their socio-economic life than those who did not avail themselves of such facilities.

Rao (1987) ^[2] states that the reduction in the extent of poverty is not significant among those who have taken up village industries. He feels it ambivalent that the IRDP can be successful in improving the skills of labourers.

Regarding the nature of utilization of the IRDP loan, the State Bank of Patiala (1987)²⁴ on the basis of the report by the Branch Manager/ROOS has come to the conclusion that in 98 cases the funds at the initial stage were utilized properly, while in two cases animals were reportedly disposed of immediately after purchase within the same cattle fair. However, 19 borrowers later on disposed of their assets and utilized the sale proceeds for some other purpose.

Basu (1988) ^[3] infers that IRDP, a strong policy instrument for poverty alleviation has brought about mixed consequences in the district of Nadia. Its performance has varied in various areas and sectors. From identification of beneficiaries to raising and sustaining them above the poverty line, there have been incidences of satisfactory as also those of poor results.

ANALYSIS AND RESULTS:

The primary information's are collected 50 respondents of remote areas of District Mathura in U P. By the Analysis of primary Data it is found that –

1. The rural persons are unable to know about the government Schemes on time .Generally they are come to know late about the schemes, or after their expiry.
2. The administration is not so keen about the awareness of such schemes.
3. Either the schemes are advertised but not effectively.
4. Only a few respondents accepted that these schemes are helpful to uplift their economic conditions.
5. The Rural beneficiaries are not convenient to get the business loans. according to the respondents, the main source of information about the schemes are the persons who are able to get the advantages of such schemes.

Thus, in lack of proper information's and awareness and proper functioning of government machinery; the small scale business schemes are not so effective to find the required targets.

Table (1) : “Do You come to know about loan schemes easily?”

S NO	Responses	Frequencies	Percentage
1	Yes	08	16.00
2	No	35	70.00
3	Neutral	07	14.00
		50	100.00

Table (2) : “Are you able know about loan schemes on time ?”

S NO	Responses	Frequencies	Percentage
1	Yes	06	12.00
2	No	36	72.00
3	Neutral	08	16.00
		50	100.00

Table (3) : “Are Small scale business loans Helpful to strengthen your economic conditions?”

S NO	Responses	Frequencies	Percentage
1	Yes	24	48.00
2	No	11	22.00
3	Neutral	15	30.00
		50	100.00

**Table (4) : “Are the government Schemes helpful to Improve your economic Conditions
?”**

S NO	Responses	Frequencies	Percentage
1	Yes	22	44.00
2	No	14	28.00
3	Neutral	24	30.00
		50	100.00

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