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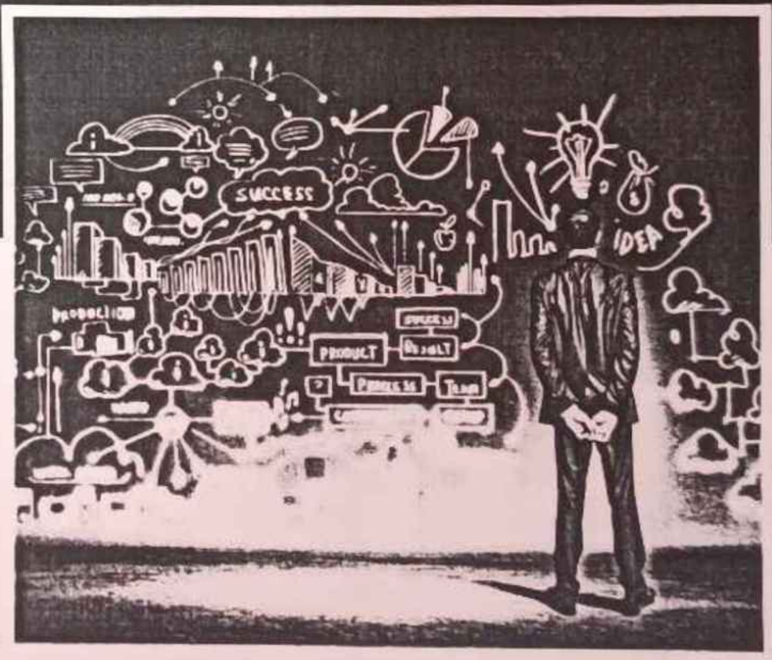
Current Business Scenario: Opportunities And Challenges Before Young Entrepreneur



Dr. Neeraj Topkhane

Published by:
Swami Vivekanand University , Sagar

**Current Business Scenario:
Opportunities and Challenges Before
Young Entrepreneur**
- Prof. Neeraj Topkhane

EDITION - 2017

ISBN- 978-81-929700-1-1

Printed By
Swatantra Computer & Printers
Itwari Ward, Sagar (M.P.)
Ph. 07582-243728 Mob. 9981466528

Self Help Group-Bank Linkage Programme in India: As a tool of Micro Finance

Dr. Utasav Anand
Abhilasha Sahu

Microfinance is an umbrella term that includes micro-credit, micro-savings micro-insurance and a host of other financial services. Low -income Indian households economy often have to borrow from friends, family or money lenders. Expectations of poor people from the financial system is security and safety of deposits, low transaction costs, convenient operating time, frequent deposits and quick and easy access to credit and other products, including remittance suitable to their income and consumption. The needs of financial services that allow people to both take advantage of opportunities and better management of their resources. Government's initiatives to reduce poverty by improving access to financial services to poor started since independence.

Objectives :-

- To examine the status of micro finance in India.
- To examine the performance of micro finance- Self Help Groups Bank Linkage Programme in India.

Micro finance in India:-

Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. Microfinance is a type of banking service that is provided to unemployed or low-income individuals, or groups who otherwise have no other access to financial services. Ultimately, the goal of microfinance is to give low-income people an opportunity to become self-sufficient by providing a way to save money, borrow money and get insurance.

Microfinance refers to small-scale financial services primarily savings, credit and insurance provided to people. As per

Micro credit Special cell of the Reserve Bank of India, the borrowing amounts up to the limit of Rs. 25,000/- could be considered as micro credit products and this amount could be gradually increased up to Rs. 50,000/- over a period of time. The importance of microfinance in the field of development was reinforced with the launch of the Microcredit Summit in 1997. The Summit aims to reach 175 million of the world's poorest families, especially the women of those families, with credit for the self-employed and other financial and business services, by the end of 2015 (Microcredit Summit, 2005). The United Nations declared the year 2005 as the International Year of Microcredit.

Features of Microfinance

- Microfinance is a tool for empowerment of the poorest women.
- Microfinance is essentially for promoting self-employment; the opportunity of wage employment is limited in developing countries - not increases the productivity of employment in the informal sector of the economy.
- Microfinance is not just a financing system, but a tool for social change, especially for women.
- Micro credit is aimed at the poorest, micro finance lending technology needs to mimic the informal lenders rather than formal sector lending.

Microfinance Mechanism

The two main mechanisms for the delivery of financial services to such are:

1. Self Help Group - Bank Linkage Programme (SBLP)
2. Microfinance Institution (MFI)

Self Help Group - Bank Linkage Programme (SBLP)

Self Help Groups (SHG) are important components of microfinance. In India, Microfinance scene is dominated by Self Help Group (SHGs)-Bank Linkage Programme as a cost effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial