



THE IMPACT OF MICROFINANCE PROGRAMS ON ENTREPRENEURIAL DEVELOPMENT IN RURAL AREAS OF JAMMU AND KASHMIR.

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Abstract:

The impact of microfinance Programs on the entrepreneurial development of small scale enterprises looking for growth and development in Jammu and Kashmir is investigated in this study. The main data collection instrument for the study was a questionnaire. The data was presented using tables and basic percentages. The research focuses on two broad variables: entrepreneurship development and microfinance Programs, which are the dependent and independent variables, respectively. Two hypotheses were developed and evaluated using a variety of statistical methods, including the chi-square test and analysis of variance. The study is able to present an overview of the status of microfinance programmes in the study area and is able to provide the remedial measures for the concerned authorities towards their focus. Statements like satisfaction with employment opportunities generated by MFI, becoming financially better because of MFI, doing good in the current business, fulfilling daily needs, reducing debts, the efficacy of MFS vis-a-vis your business, improvement in the living standards results found to be significant, that means microfinance programs do impact entrepreneurial development in J&K. The research concludes that microfinance institutions are recognized as one of the key players in the financial industry that have positively impacted individuals, businesses, other financial institutions, the government, and the economy at large through the services they provide and the functions they perform in the economy.

Keywords: Microfinance, Entrepreneurial Development, Jammu and Kashmir, Economy, Entrepreneurship.

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Introduction:

Microfinance gives access to financial and as well as the non-financial services to low-income people who are willing to start or develop income generating activities. The saving and the

personal loan amount of the poor client are very small. Microfinance came into existence with a concept that micro entrepreneurs and some poor can be bankable, so they can repay both the interest and principle amount and also make savings and provide financial services to meet their day to day need. Microfinance gives access to financial and as well as the non-financial services to low-income people who are willing to start or develop income generating activities. Experience shows that microfinance can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. It can also be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change.

Encouragement of entrepreneurial development is one of the responses to the challenges of development in developed countries. India had gone a step further by incorporating entrepreneurship studies into its educational system's academic curriculum. Such policymakers believe that such decisions will encourage entrepreneurial spirit in people's minds, preparing them to create wealth through small scale businesses (Fasua, 2014). Small-scale enterprise is important to a country's economic growth, particularly in countries like India. Entrepreneurship is vital for national growth, poverty alleviation, and job creation. It is the foundation for any country's industrialization. A number of studies on the effect of microfinance on entrepreneurship development have been conducted. In fact, some academic journals have dedicated a special issue to research that establishes the link between microfinance and entrepreneurial development.

The Government of India is at a point where they want to achieve financial inclusion and integrate backward India into a streamlined India, in which Micro financing plays one of the smallest but most important roles to support the Indian Government's mission, and Entrepreneurship Development is another motive of the Indian Government in order to address the problem of unemployment. When both missions are focused on assisting the Government of India in raising citizens' living standards by providing them with sufficient opportunities to live their lives with dignity, India can boast that it is able to meet almost every citizen's basic needs for food, shelter, and clothing. Then we can conclude that microfinance and entrepreneurship development are inextricably linked.

Review of Literature:

Chan and Ghani (2011) analyzed whether microfinance projects came to the objective and whether the little borrowers improve their lives through microfinance. 72 borrowers from three towns were taken for study. Individuals from Remote territories living beneath the neediness line were considered. 93 percent of the borrowers watched an expansion in salary, resources and spending on family. The discoveries proposed that little advances can empower the improvement of (1) rustic venture, (2) aptitudes and trust in provincial ladies and (3) social remaining of country ladies. The investigation reasoned that microfinance is an enabling device in powerless remote territories. Akram and Hussain (2011) evaluated the commitment of microfinance in increasing the living

expectation of low pay individuals of District Okara-Pakistan. For this reason, information had been gathered through polls and graphic research configuration had been applied. Borrowers of microfinance from significant microfinance organizations working in the area had been chosen as populace. Positive effect of microfinance on pay level was seen in this examination. Besides, customer's fulfillment level about the administrations of microfinance establishments was additionally confirmed. Kumar, Hossain and Gope (2013) expressed that Bangladesh is one of the high thickness nations of the world. 40 percent of its populace lives underneath the destitution level of which rustic ladies are less fortunate. The ascent of the Micro Credit Institutions in the worldwide setting was recognized as a significant wonder which had suggestion for the improvement prospects of poor people. The paper was intended to recognize the job of Grameen Bank (GB) and to investigate country women's monetary strengthening as the result of microcredit mediations. In such manner, an exploratory research had been made to concentrate on the exercises and effects in the wake of accepting miniaturized scale credit from Grameen Bank. An example size of 100 respondents had been met through an organized poll, top to bottom meeting and perception from Jhenaidah and Kushtia regions. The outcome demonstrated that the ladies were progressively free and could take part in basic leadership process in the wake of getting and utilizing small scale credit.

Objectives of the Study:

The study seeks to achieve following objectives.

1. To study the impact of microfinance programmes on entrepreneurial development in the study area.
2. To trace out the findings, realities and to give conclusion.

Research Methodology:

This section focuses on the research methods that were used to achieve the research objectives of this study. This study uses a survey research design. The survey research design was chosen because the sampled components and variables under investigation are simply observed without any attempt to control or manipulate them. To ascertain the relationship between entrepreneurial development (the dependent variable) and microfinance, data were extracted from a sample of enterprises (the independent variable). The study's theoretical population is made up of all of the SMEs of J&K. However, the study was restricted to four rural districts of J&K. The state of Jammu and Kashmir comprises of three divisions, namely Jammu division, Kashmir division and Ladakh division with a total population of 12548926 (Census 2011). The state comprises of 22 districts with 6551 villages. The proposed study preferred to use a purposive sampling technique to select the Jammu and Kashmir state. In this, the researcher studied the impact and performance of microfinance in two divisions viz; Jammu and Kashmir of the state. Multistage sampling has been employed to select the sample households. The proposed study covers four districts from both the divisions comprising of two districts from Division Jammu and two districts from division

Kashmir. Further four villages from each district have been selected comprising of total sixteen villages and from each village, the researcher selected 35 respondents randomly, it means from 16 villages 560 respondents selected. With the help of descriptive statistical methods such as total score and simple percentage, the data collected from the questionnaire was analysed, summarized, and interpreted accordingly. The Chi-square test was used to determine the differences between observed and expected frequency, as well as to prove the level of importance in testing hypotheses. Statistical Packages for Social Sciences (SPSS) were used to perform regression analysis and analysis of variance (ANOVA). Data patterns, trends, and relationships were detected and interpreted. The secondary data taken from various websites, doctoral thesis, research papers, books and research articles related to the concerned study. Moreover, the secondary data has also been collected from different sources like District Rural Development Agency (DRDA), Department of Economics and Statistics, Office of the Block Development Officers, Banks and other sources. In order to deduce conclusions, the data collected from primary and secondary sources has arranged in a systematic manner and suitable statistical tools and techniques has used for analysis and interpretation.

Microfinance Programs in India

The Government of India has started different projects and plans in the zone of microfinance. The most significant projects are SGSY (1999) and NABARD's SBLP (1992) which are utilizing SHGs approach. Different activities by government incorporate TREAD, CGF, IRDP, TREYSEM, PRMY, KVIC, PMEGP, IMY, Swa-Shakti, Swayamsiddha etc. These all projects went for decrease of destitution and improving the living state of provincial poor with the assistance of financial exercises.

Goals of Microfinance Programs in India

- i. To create business openings in rustic just as urban zones of the nation through setting up of new independent work adventures.
- ii. To unite broadly scattered customary craftsman's/rustic and urban jobless youth by broadening them independent work openings.
- iii. To give practical work to a huge fragment of customary and imminent craftsmen's and provincial and urban jobless youth to help capture movement of country youth to urban zones. The most extreme expense of the venture/unit allowable under assembling and administration segment is Rs.25.00 lakhs and Rs, 10.00 lakhs separately.

Testing of Hypotheses and Interpretation of Results:

Illustrate the impact of microfinance programmes on rural development in J&K.

Hypothesis 3

Null Hypothesis: Microfinance programs don't impact rural development in J&K. Alternate

Hypothesis: Microfinance programs do impact rural development in J&K.

To illustrate the impact of microfinance programmes on rural development in J&K data from four districts has been collected. One way ANOVA has been used in assessing the illustration of microfinance programmes in rural development in J&K. Statements like

satisfaction with employment opportunities generated by MFI, becoming financially better because of MFI, doing good in the current business, fulfilling daily needs, reducing debts, the efficacy of MFS vis-a-vis your business, improvement in the living standards, elevation of the current financial condition have been asked from the respondents. Five point likert scale have been used to assess the responses of 560 respondents in the selected districts of J&K.

Table 1

ANOVA							
		Sum of Squares	Df	Mean Square	F	Sig.	Results
All in all you are satisfied with the employment opportunities generated by the inclusion of MFS in Rajouri	Between Groups	149.705	28	5.347	4.877	0.00	Null Hypothesis Rejected
	Within Groups	582.181	531	1.096			
	Total	731.886	559				
You feel that the MFS has helped you to become financially better.	Between Groups	360.967	28	12.892	16.485	0.00	Null Hypothesis Rejected
	Within Groups	415.255	531	0.782			
	Total	776.221	559				
You feel that you are doing well in your own small business.	Between Groups	512.632	28	18.308	25.526	0.00	Null Hypothesis Rejected
	Within Groups	380.852	531	0.717			
	Total	893.484	559				
You are able to meet your needs better.	Between Groups	463	28	16.536	21.782	0.00	Null Hypothesis Rejected
	Within Groups	403.098	531	0.759			
	Total	866.098	559				
Your debt is going down day by day after accepting the MFS.	Between Groups	410.893	28	14.675	18.918	0.00	Null Hypothesis Rejected
	Within Groups	411.9	531	0.776			
	Total	822.793	559				

You are satisfied with the efficacy of MFS vis-a-vis your business.	Between Groups	351.704	28	12.561	21.106	0.00	Null Hypothesis Rejected
	Within Groups	316.008	531	0.595			
	Total	667.713	559				
You feel that the living standard of your family and yours have improved after implementing MFS.	Between Groups	347.746	28	12.42	20.11	0.00	Null Hypothesis Rejected
	Within Groups	327.94	531	0.618			
	Total	675.686	559				
Your other acquaintances who have accepted MFS have also become financially	Between Groups	372.847	28	13.316	17.023	0.00	Null Hypothesis Rejected
	Within Groups	415.374	531	0.782			
	Total	788.221	559				
All in all you feel that MFS helps to elevate the financial condition of the MFS holder.	Between Groups	411.568	28	14.699	20.857	0.00	Null Hypothesis Rejected
	Within Groups	374.216	531	0.705			
	Total	785.784	559				

Source: Primary Data

Interpretation:- As per the data of 560 respondents from four district of J&K, it has been observed that for the statements, results found to be significant, that means microfinance programs do impact rural development in J&K. Responses of each statement is as follows satisfaction with employment opportunities generated by MFI (F-value = 4.87, p-value = 0.000, ≤ 0.05), becoming financially better because of MFI (F-value = 16.485, p-value = 0.000, ≤ 0.05), doing good in the current business (F-value = 25.526, p-value = 0.000, ≤ 0.05), fulfilling daily needs (F-value = 21.782, p-value = 0.000, ≤ 0.05), reducing debts (F-value = 18.918, p-value = 0.000, ≤ 0.05), the efficacy of MFS vis-a-vis your business (F-value = 21.12, p-value = 0.000, ≤ 0.05), improvement in the living standards (F-value = 20.85, p-value = 0.000, ≤ 0.05), elevation of the current financial condition (F-value = 6.384, p-value = 0.000, ≤ 0.05)

Concluding Remarks:- As per the results it can be concluded that in J&K at district level, microfinance programs do impact rural development. Hence, **Null hypothesis** is rejected and alternate hypothesis is accepted. This hold true as per the researcher (Bhat, 2013), according to his

results SHG bank link programme introduced by NABARD is significant and important approach in supporting inclusive growth and financial inclusion. Under this programme microcredit has been provided by the SHG members to the people staying under poverty line. Under this activity all the banks have been asked to release required do and don'ts to ensure that maximum rural household accounts can be added to avail profitability. To support sale of a product developed by these people, SHG team sponsored or organized exhibitions to the various places in J&K.

Table 2

Chi-Square Tests				
		Value	Df	Asymptotic Significance (2-sided)
Pearson	Chi-Square	173.903 ^a	16	0.000
Likelihood Ratio		171.351	16	0.000
Linear-by-Linear Association		111.518	1	0.000
N of Valid Cases		560		
a. 10 cells (40.0%) have expected count less than 5 . The minimum expected count is .10.				

Source: Primary Data

Findings:

Finding of the study is based on the analysis done on SPSS 25.0 version software. This study projected and verified a holistic approach towards measuring the impact of microfinance programmes and their contribution towards rural development of Jammu and Kashmir State through the measurement of impact and its in-depth analysis, this study uncovered important, latent issues that determined the overall scale and scope of microfinance. As most extant studies on microfinance in India have focused on the more developed and established microfinance markets of southern and western India, this study provided a novel insight from a region where microfinance solutions need to be significantly altered to suit their lofty goals of mass scale poverty alleviation and empowerment.

Below listed are the considerable findings of the study on impact of microfinance programmes on entrepreneurial development in rural areas of J&K.

- ❖ 560 data points have been collected to analyze
- ❖ Approximately 48.4% respondents are neutral in responding on the extent of implementation of MFP in their area. This shows that there is lack of awareness among the respondents.
- ❖ Impact of MFS on Poverty, 37.3% respondents agreed on the impact of MFS on poverty.
- ❖ 31.2% respondents agreed on getting employment because of MFS. This holds true because in J&K employment is still concern for lot of people.

- ❖ MFS running in the selected area of J&K, programs which have got high rating are as follows IRDP (18.2%), TREYSEM (12%), KVIC (11.1%), NABARD's and SBLP1992 (10.5%).
- ❖ At 95% confidence level following results have been found from one way ANOVA
 - Accordingly it can be concluded that in J&K at district level, there is an extent of implementation of microfinance programmes or schemes.
 - Hence it can be concluded that in J&K at district level, microfinance programs do impact entrepreneurial development.

Conclusion:

According to a review of the literature, microfinance Programs are obvious tools for entrepreneurship development because of the different services they provide and the role they play in the growth of the sector. Microfinance institutions have been recognized as one of the key players in the financial industry that have positively impacted individuals, businesses, other financial institutions, the government, and the economy at large through the services they provide and the functions they perform in the economy throughout the world, particularly in India. Microfinance Programs have a good reputation. The Jammu and Kashmir economy, as measured by increased GDP, has a positive relationship with microfinance institutions. The findings of this study can still be summarized as follows: microfinance institutions and their activities play a significant role in determining the pattern and level of economic activity and development in the UT of Jammu and Kashmir. As per the result MFS impact on poverty has found to be significant because there is an increase in income level of the people staying there. Demand for goods and services produced by these microenterprises have been increased significantly. In regard with employment generation the outreach is significantly smaller as compared with the potential and requirement of MFP in the selected districts of J&K. This holds true because in J&K employment is still concern for lot of people.

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