

FINANCIAL INCLUSION AND INCLUSIVE GROWTH



Editors

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**DEPARTMENT OF COMMERCE WITH
FARM MANAGEMENT**

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Financial Inclusion and Inclusive Growth

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Role of Microfinance Institutions in the Growth of Micro and Small Enterprises of Paschim Medinipur : A Study

SAJIJUL ISLAM*

Abstract

In the light of financial inclusion strategy by the central govt. of India the MSEs are growing and improving their business dramatically. It is also true that a numerous MSEs are also neglected /deprived from the formal banking system of our country. In this situation the MFIs are playing a pivotal role for the development of MSEs. Now a day, the flexibility of the MFIs encourages the MSEs for growth and expands their business. The basic aim of this study is to identify the role of MFIs on growth of MSEs with special reference to Paschim Medinipur.

However, this requires to be taken into consideration that MFIs where from the MSEs normally become dependent and look forward for assistance for growth and development operate not only under public sector financial institutes, instead also are promoted by financial institutes under private sector management. Presently in this work role of MF supporting MSEs under different nationalized banks has been taken for study.

The relevant data for this study has been collected through a structured undisguised questionnaire. A total of 66 MSEs has been considered for this study.

Key words : Micro and Small Enterprises, Growth, Microfinance Institutions, Flexibility.

1. Introduction

Microfinance refers to small-scale financial services—primarily credit and savings provided to people who are operating small and micro enterprises where goods are produced, recycled, repaired, or sold and who provide services to other individuals and groups at the local levels of developing countries, both rural and urban (Robinson, 2001).

In the research paper of Idowu (2010), a major impediment to rapid development of the small and micro enterprises sector is an absence of both debt and equity financing. Access of finance has been identified as a key element for small and micro enterprises to thrive in their drive to build productive capacity, to compete, to create jobs and to contribute to poverty alleviation in developing countries. Without finance,

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