



PRESENT SCENARIO OF RETAIL SECTOR AND FINANCIAL INCLUSION

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ABSTRACT:

Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Financial inclusion is the pursuit of making financial services accessible at affordable costs to all individuals and businesses in a responsible and sustainable way. Entrepreneurs especially the youth entrepreneurs despite being the loyal customers find the difficulty in getting financial loans as they are considered as a high risk borrowers. This situation is worse in the rural areas. Youth have fewer low-value or passive savings accounts and tend to stay longer in the borrowing relationship with FSPs

(Financial Service Provider) than older adults (UNCDF, 2018). Digital financial services are becoming the first choice of contact with the banking sector. New business models are emerging through the rise of financial technology ('f in techs') can greatly help in accelerating the financial inclusion and entrepreneurship in developing nations like India. So, to promote these new business models it is very important that we provide proper financial assistance to the entrepreneurs for the all inclusive growth of the economy. Crowd funding, peer-to-peer (P2P) lending and venture capital financiers are also opening a new channel of available funding for the current entrepreneurs, away from traditional financial institutions. What is needed is the promotion of digital financial literacy and capability among the entrepreneurs especially the rural youth entrepreneurs. Also, financial service providers need to customize their services to meet the requirements of the entrepreneurs who lack of credit history, collateral and identity documents especially for the women entrepreneurs. Women entrepreneurs can easily step into the retail sector. This will help to change the trend where entrepreneurs depend on the personal savings and borrowing from non-financial organizations.



KEYWORDS: Entrepreneurship, financial inclusion, digital financial inclusion, digital financial literacy, retail sector.

INTRODUCTION

Financial Inclusion involves providing financial services to the masses in an affordable and sustainable way. Financial Inclusion is an indicator of the economic progress of any society or nation. Without proper financial inclusion, the balanced development of the all sections of the society is not possible. This has been the case of India where the GDP growth has been tremendous but a large section of the population has not profited from this development. Until May 2018 India was the home to the largest number of poor now next to Nigeria. Still India has 73 million people under the poverty line. This

vast number of poor population can be reduced if the more and more people are brought under the umbrella of financial services. It will also boost up the entrepreneurship sector by providing the much needed capital, which would onset the cyclic chain of commercial progress. India has a vast potential for the entrepreneurship mostly in the retail sector. This is because retail sector does not require special skills and technology to start a business. As a consequence, timely and convenient supply of funds enables the retail entrepreneurship to start their business in a hassle free fashion.

OBJECTIVES OF THE STUDY

1. To study the new trends in the entrepreneurship
2. To study the problems in the entrepreneurship
3. To assess the utility of government scheme for the entrepreneurship
4. To overview the financial inclusion in the retail sector

METHODOLOGY OF THE RESEARCH

This research paper primarily uses the secondary data. The sources of secondary data are the online newspapers, official government websites/portal, research papers and the reports issued by various national & international organizations

WHY FINANCIAL INCLUSION IN INDIA IS IMPORTANT?

Financial inclusion especially of Indian rural and semi-rural areas is very important for the all - encompassing progress of any country. Some important reason is as follows:

Creating a habit of saving – The habit of saving enables one to face the situation of financial distress and situation like medical emergencies. The habit of saving also helps in the capital formation of the country.

Providing formal credit facilities – For the growth of the agriculture or the business it is important to have the access to the credit facility in need. Proper banking facilities also free the borrowers from the exploitation of the local moneylenders.

Prevent the leakages in public subsidies and government welfare programs – A considerable sum of money that is meant for the poorest of poor does not actually reach them. While this money meanders through large system of government bureaucracy much of it is widely believed to leak and is unable to reach the intended parties. Government is therefore, pushing for direct cash transfers to beneficiaries through their bank accounts rather than subsidizing products and making cash payments. This laudable effort is expected to reduce government's subsidy bill (as it shall save that part of the subsidy that is leaked) and provide relief only to the real beneficiaries. All these efforts require an efficient and affordable banking system that can reach out to all. Therefore, there has been a push for financial inclusion.

GOVERNMENT INITIATIVES FOR FINANCIAL INCLUSION

Government has been constantly trying to widen the coverage of Financial Inclusion. These have brought some constructive results also. This is confirmed from the data released by IMF as below:

Access and use of Financial Services

Indicator	2013	2014	2015	2016
Automated Teller Machines (ATMs)per100,000 adults	12.87	17.80	19.70	21.24
Branches of commercial banks per 100,000 adults	11.85	12.87	13.54	14.06
Deposit accounts with commercial banks per1,000 adults	1,160.72	1,337.41	1,541.79	1,731.27
Loan accounts with commercial banks per 1,000 adults	142.48	151.27	154.45	170.77
Mobile money transactions: number per 1,000 adults	36.32	117.21	273.05	635.22

IMF 'Financial Access Survey'2017- India statistics

The initiatives by the government have been fruitful but only to the limited sections. Recent endeavors of the government aimed at bringing the unbanked population especially the rural population under the banking system have improved the financial inclusion statistics.

PRADHAN MANTRI JAN DHAN YOJANA: As per the Global F index Database released by World Bank in April 2018 - Jan Dhan Yojana, an ambitious project of the government launched in August 2014 towards financial inclusion has brought 31 crore of the population under the banking umbrella. This altogether brings the 80% of the population under the banking system –twice than the 40% in the 2014. This was helpful in increasing the account holders in India by more than 30 percent among women as well as among adults in the poorest 40% of house holds between 2014 and 2017. This report also noted that half of the bank accounts opened remained in operative in the past one year.

In spite of all these initiatives, India has 19 crore population remains without a bank account. This amounts to 11% of the world's unbanked population. This is the world's second largest unbanked people after the China. This is an indicator that more efforts are needed for the wider and sustainable financial inclusion in India.

PRADHAN MANTRI MUDRA YOJNA: To promote the new startups where such capital funding from the family is not needed, government has initiated programs like Pradhan Mantri MUDRA Yojna (PMMY). PMMY is a scheme launched by the Honorable Prime Minister on April8, 2015for providing loans up to 10 lakh to the non-corporate, non-farm small/ microenterprises. These loans are classified as MUDRA loans under this scheme. These loans are given by Commercial Banks, RRBs (Regional Rural Banks), Small Finance Banks, Cooperative Banks, MFIs (Micro Finance Institutions) and NBFCs (Non Banking Financial Company). The borrower can approach any of the lending institutions mentioned above or can apply online through the government's official portal. Under the scheme of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of development and funding needs of the beneficiary entrepreneur and also provide a reference point for the next stage of growth. The loan limits under the three products areas this:

Sishu– loan upto 50,000,

Kishore– loan amounting to between 50,000to 5lakh and

Tarun–loan amounts from 5 lakh to 10lakh.

This purpose of this scheme is to generate income and employment in manufacturing, services, retail and agriculture allied sectors.

STARTUP INDIA: Startup India is a flagship initiative of the Government of India, launched in January 2016. This campaign was intended to build a strong environment for promoting innovation, creative ideas and startups i.e. budding entrepreneurs in the country that will drive sustainable economic growth and generate large scale employment opportunities.

Under this scheme the Ministry of Human Resource Development (MHRD) and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 startups support hubs in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs).To aidinth is scheme Japan's bank, Soft Bank has invested US\$2 billion into Indian startups. The Japanese firm has further pledged to investment US\$10 billion. Google, technology giant has declared to launch a startup, based on the highest votes in which the top three startups will be allowed to join the next Google Launch pad Week, and the final winner could win an amount of US\$100,000 in Google cloud credits. Further, Oracle announced that it will establish nine incubation centers in Bengaluru, Chennai, Gurgaon, Hyderabad, Mumbai, Noida, Pune, Trivandrum and Vijayawada.

In the direction to support the startups, the Reserve Bank of India (RBI) assured that it will take steps to help better the 'ease of doing businesses and contribute to an environment that is conducive for the growth of start-up businesses.

STANDUP INDIA: Standup India scheme was launched by in April 2016. This is a similar scheme to Startup India but focused to support entrepreneurship among women and SC & ST communities. The scheme offers bank loans of between 10 lakh (US\$14,000) and 1crore (US\$140,000) for scheduled castes and scheduled tribes and women setting up new enterprises outside of the farm sector.

PRADHANMANTRI YUVA YOJANA (YUVA UDYAMITA VIKAS ABHIYAN):

Launched in November 2016 under the Ministry of Skill Development and Entrepreneurship this is yet another scheme on entrepreneurship education, training and skill development. The centrally sponsored scheme aims at making the youth job creators and not mere the job seekers. This scheme aims to create an encouraging ecosystem for Entrepreneurship development through skill development, education and training and providing easy access to entrepreneurial support thus promoting social enterprises for a wider inclusive growth. This scheme spans over five years (2016-17 to 2020-21) with a project cost of Rs. 499.94 crore, and targets to provide entrepreneurship education and training to over 7 lakh students in 5 years through 3050 Institutes spread all over the country. It will also include easy access to supporting information, credit, incubator or and advocacy to create a path way for the young entrepreneurs.

IMPORTANCE OF FINANCIAL INCLUSION FOR THE ENTREPRENEURSHIP

Recent is the time when the government jobs are dwindling and increase in the trend of the contractual jobs with substandard payments. This has made the entrepreneurship more attractive. With the revolution in the digital technology, the access to the finance has become relatively easy. Also with the improved level of education, youngsters are trying up new creative ideas. There is growing number of role model entrepreneurs for these youngsters to look upon and learn from their experience. This presents a favorable situation for the growth of the self-starting dreamers who want to bring their dreams to reality.

Technology is changing the face of entrepreneurship also. Now through the social networking sites or the online websites like Wishberry, Ketto.org and more one can do crowd funding for their new business initiatives. Crowd funding involves the large number of people i.e. micro-investors contributing a small amount to fund a venture. All these contributors become the share holders in the venture started. Though the concept is not new but it has now got digital crowd funding platforms empowering the new age of creative and technology friendly young thinkers. Proper execution of the crowd funding holds a lot of potential for growth of India, as this country is full of talent which lies dormant in lack of proper direction. Crowd funding has picked-up in India and have also seen increase in global Venture Capital funding in business startups leading to the progress of Indian economy.

Valued at approx Rs 300 crore, the Indian crowd funding industry is at a budding stage compared to the global standards with the total value of money raised via crowd funding amounting to USD 738.9 million in 2016. According to India Philanthropy Report 2017, compiled by Bain and Co, funding by private individuals in India was Rs 36,000 crore in 2016. The 3.3 million NGOs, the highest number in the world and over 350 million people who donate to various social and religious causes every year, raises the hope the some of these funds might be shifted to the digital crowd funding.

VENTURE CAPITAL:

The venture capital inflow in India has taken off only in the last six to seven years, the rise in Venture Capital in recent years have raised the expectations and hopes. Some of the encouraging facts areas follows:

1) International funds that have raised their entire capital outside of India in dollars. Example:

- 2) Accel and Sequoia
- 3) Indian funds that have raised their funds primarily outside of India. Example : Blume Ventures
- 4) International funds that have raised large amounts from Indian investors. Example : IDG Ventures
- 5) Indian Funds that have raised their funds primarily from Indian investors. Example : Ivy Cap Ventures.

At the same, one needs to realize that India has started understanding venture capital only recently. It was only in 2013 that SEBI defined three different classes of alternative investment classes of AIF1, 2 and 3.

PROBLEMS FACED BY WOMEN ENTREPRENEURS

Women entrepreneurs contribute to about 30% of the total small businesses which is increasing day by day. Women entrepreneurs find it very difficult to raise funds for their venture. This lack of funding for women entrepreneurs isn't because they are not good at business or they are not making an impact on the small business sector. But the fact is that women entrepreneurs are often turned aside by the financial institutions for small business loans because of the lack of collateral, low or negative cash flow, strict banking regulations and revenues, and lack of experience. Besides this, the stereotype associated with women also remains a factor at a psychological level. Mostly it is due to the risk factor related to the lenders that the women entrepreneurs have to face difficulty in arranging funds for their new business.

ENTREPRENEURSHIP IN THE RETAIL SECTOR

The Indian retail sector is blooming in India and is having a shift towards an organized retail market from the conventional unorganized retailing. The main changes are:

- Customers are now willing to pay extra for choice, uniqueness, convenience, variety and brands etc.
- The growing income levels of the consumers is creating a favorable environment for seeking experience-based shopping
- With the developments in the IT and cheap smart phones, e-commerce and m-commerce also expanded rapidly.
- Social media has also contributed into creating an avenue to have feedback on products and shopping experiences
- The organized retail market, e-commerce, m-commerce and social media all are developing together and take a fruitful shape. Some of the major changes in the sector are as follows:
- Mobile phones, online shopping, social networks, GPS etc. all produce lots of data as a by-product of their ordinary operations, providing relevant data to their tailors.
- The key lies in the speed of data creation, along with integration of such data from multiple sources, for any insights generation.
- Real-time or nearly real-time information and the use of Artificial Intelligence makes it possible for a company to be much more agile than its competitors.
- Customized offers are now possible.
- Machine Learning has become the latest form to consume and process data faster –providing the opportunity to ensure the quality of the data and evolve that process with iterations.

Some of the women entrepreneurs have also proved themselves despite all these problems for the women entrepreneurs. Now, women are not restricted to the household works or being 'suited' for softer roles, such as HR (Human Resources), teaching etc. the women of today are targeting successfully serious business ventures, and of ten on their own. Women like Aditi Gupta of Menstrupedia, Richa Kar of Zivame, Ashwini Asokan of Mad Street Dan, Nidhi and Reshmi of Silver Talkies, and Gurleen Kaur of Hari Patti, amongst several others, are becoming role models alongside the legends of Kiran Mazumdar-Shaw and Shahnaz Husain for breaking the myths. All these ladies are excelling in the so called 'male dominated' fields or the marginalized ones. More encouraging results can come out if we educate and support women entrepreneurs.

CONCLUSION

India is a young nation at the juncture of exciting time. The people of this country especially the youth is very creative and technology enthusiast. Given the proper opportunities there is a huge potential for the entrepreneurship and the growth of the country. But still some things need to be done. The Securities & Exchange Board of India (SEBI) needs to act fast to put some rules and regulations in place. The current private placement norm under the Companies Act, being the bone of contention, that does not allow any entity to raise investments for more than 200 investors without a public issue of the securities.

Crowd funding has a tremendous capability to support “the rest of the entrepreneurs” and can play a key role in sparking economic growth, innovation, and jobs. Although, crowd funding is not a panacea and there are still risks and unanswered questions remaining but Government support and a positive regulatory environment can enable innovative developing economies to leverage the explosion of social media to leap frog for ward to build a network of vibrant entrepreneurial ecosystems.

With the booming economy and the digitalization the retail sector is also modifying itself with ample of scope and opportunities.

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