Small businesses make a significant contribution to economic production and employment in developing countries. Recent research by the World Bank shows that while 30% of employment in low-income countries is created by the informal economy, 18% of them are small and medium-sized enterprises (SMEs). Together, these two groups account for 63% of GDP. Finance is the blood of companies of all sizes. Small businesses may face more problems in financing their finances because they may not find attractive returns on large companies and because investors are more skeptical about repayment.

**Keywords:** Tourism, SME’s, Dual Economic Structure, Travel Agency, Retail Tourism Production.

### Introduction:

Entrepreneurs need to be competitive in a rapidly changing market and respond to the challenges of globalization, technological development and other factors. Small businesses can use limited resources while competing with larger companies. At the same time, they have a special business environment that is more competitive than micro businesses. To survive and grow beyond poverty, entrepreneurs must be able to access a variety of services. It is generally classified in the following categories: (1) financial services and (2) non-financial or business development services (BDS) such as market information, management and employment training and advice commercial. Non-financial services are equally important for designing, developing and selling products or services. Micro-enterprises are superior to large companies in various products. Better control of traditional knowledge and business is a unique strength.

Ignoring the large population that suffers from poverty can be costly to any economy, and it is not wise to miss the benefits of these poor people. The socio-economic development and stability of the macroeconomic and financial sector are important factors in ensuring an
Micro Finance: Mainstay of the Socio-Economic Development
Shruti Pandey

environment that fosters the economy as a whole and the continued growth of the microfinance industry. Therefore, supporting social enterprises is a socially and economically necessary policy.

**What is microfinance?**

The preliminary meaning of "finance" is the management of money. Money management means getting and using money. Microfinance is the term used to finance micro-entrepreneurs. The concept of microfinance comes from the need to achieve special goals that empower people for nature, or for men, society, women, the poor or the poor. The principle of microfinance is based on the philosophy of cooperation and the core values of equality, equality and mutual aid. At the heart of these principles is the concept of human development and fraternity of those who work together to lead a better life for man and his children.

The funding is based on a very simple theme, "the time difference". One level of society has more money than it needs now, and others need more money than the current balance. Transactions that provide funds to these companies can be mutually beneficial. Funding agencies help individuals plan different financial needs at different times through balanced interventions. In essence, mediation provides a mechanism to meet the demand for personal finances. This is done by spreading the money (savings) to be used at a future time, or by using money at this stage with the promise of replacing it in the future (loan). In both cases, mediation services are typically used to manage delays. For small businesses, intermediaries must be socially sensitive. In addition, the mechanism of acquisition and investment of money is different. Microfinance therefore has different characteristics.

Small businesses work in the informal sector. In the community where small businesses come, there are money providers. Such a wallet can help people in need. There is asymmetry because the complete information on who wants to offer and borrow money is not readily available. Some people have more information about the need and reliability of small people who can make regular transactions. We need social institutions such as microfinance institutions that can manage funding with special attention, such as cooperatives, self-help groups, micro-clients.

Micro-loans provide microloans (microloans) to very poor families, helping them to engage in productive activities or to develop small businesses. Over time, microfinance has included a wide range of services (credit, savings, insurance, etc.) as it realizes that the poor and the poor who do not have access to traditional formal financial institutions need a variety of services.

Traditionally, microfinance has focused on providing highly standardized credit products. Like everyone else (in fact, thirst is needed) Poor people need a variety of financial means to create assets, stabilize consumption and protect themselves from risks. We have seen a wider range of microfinance concepts. Today's challenge is
to find an effective and reliable way to provide a richer menu of microfinance products. Microfinance is not just about giving credit, it's about giving credit to those who are demanding the most for your family's survival. It cannot be measured in terms of quantity, but is weighted by the measurement of quality. How available credit is used to survive and grow with limited means

**Who are the clients of microfinance?**

Typical microfinance clients are low-income and cannot access formal financial institutions. Microfinance clients are usually independent contractors and family entrepreneurs. In rural areas, people are generally engaged in small-scale income-generating activities such as small-scale farming, food processing and small-scale trade. In urban areas, microfinance activities take many forms, including shopkeepers, service providers, artisans, and street vendors. Microfinance clients are poor and vulnerable economies with relatively unstable sources of income.

Access to traditional formal financial institutions for various reasons is inversely proportional to income. The poorer you are, the less accessible you are. On the other hand, the poorer you are, the more likely it is to be an expensive or tedious informal financial preparation. In addition, informal agreements may not adequately address certain financial services needs or may exclude you in any case.

People in this excluded and underdeveloped market are small financial customers.

With the extension of the concept of microfinance services, the potential market for microfinance clients is also growing. It depends on local conditions and the political environment, cooperation activity, self-help groups and NGOs and support mechanisms. For example, microcredit may have much more limited market coverage than various financial services, including various types of savings products, payment and money transfer services, and various insurance products.

For example, many slum farmers may not want to actually borrow. However, we want the product of the harvest to be safer, which is consumed over the months by the demands of everyday life. India's central government has a strong and broad link to the NABARD (Central Bank of Concentration and Rural Development), the State Cooperative Bank, the District Cooperative Bank and the Primary Agricultural and Marketing Societies of India, national, state, provincial and municipal levels.

**Conclusion**

Finally, this series of articles would like to focus on the pillars of microfinance. As discussed above, the pillars of microfinance are essential because the needs, means, objectives, tools and parts of microfinance are specific and different. Designing the pillars of microfinance can meet the aspirations of small businesses. The paper seeks ideas from formal and informal organizations on whether the financing and non-financing services required by micro-enterprises should be uniform, or whether
they should be local / regional, product-specific, or specific to the community.

References


