

Performance Evaluation of Seed Capital Scheme in Maharashtra State Implementation by LIDCOM



Commerce

KEYWORDS: Entrepreneurship, Seed Capital Scheme, Productivity.

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ABSTRACT

The central and state government has established different types of institutions and channelized agencies in India for the purpose of social-economic development and entrepreneur's development among the economically backward castes. The government of Maharashtra has established Leather Industries Development Corporation of Maharashtra Ltd. (LIDCOM) in Maharashtra. The LIDCOM has implementation various type schemes i.e. 50 % Subsidy Scheme, Seed Capital Scheme, Training Scheme and National Scheduled Castes Finance Development Corporation Schemes etc. The corporation is leading channelized agency for financing entrepreneur's development in SC caste people in Maharashtra. The focus of the study is on just seed capital scheme implementing by the LIDCOM and analyzes the seed capital scheme in Maharashtra State. Performance evaluation of seed capital scheme had negative growth in Maharashtra state during study period. It is suggested that the corporation should more and more assist to entrepreneurs under the seed capital scheme.

Introduction: The government of India and the Maharashtra government provide financial assistance to entrepreneurs through various subsidies and schemes operated by the corporation or state government departments. The corporation has been implemented eight schemes with National Scheduled Castes Finance Development Corporation Schemes. Leather Industries Development Corporation of Maharashtra Ltd. (LIDCOM) was established on 1st May, 1974 under company act 1956. The corporation was started with the aim of economic development of economically backward castes viz. scheduled castes and promote entrepreneurship among them. The corporation assists under seed capital scheme and also works as an implementing agency of the schemes sponsored by the NSFDC.

The state government sponsored seed capital scheme loan for business related to leather industry from Rs. 50 001/- to Rs. 5 00 000/- are sanctioned to the applicant belonging to Charmakar Community. The corporation provides seed capital loan up to 20% of the project cost @ 4% p.a. In addition, the subsidy is given up to Rs. 10,000. The entrepreneur has to invest 5% of the total project cost. The corporation recommends the proposal to the bank and the bank provides 75% of the project cost as finance repayable within a period of 5 years.

Literature review:

Lokhande, M. A. (2015) concluded that there are numerous emerging growth centers in rural and semi-rural areas wherein entrepreneurial activities are being undertaken by young person's having different socio-economic backgrounds. The need of the hour is to guide, assist and support them properly to achieve the national goal of Make in India. Lokhande, M. A. (2015) the fact found that occupational background of marginalized/underprivileged group people is not supportive to entrepreneurship as majority of them are engaged in traditional and low income generating activities. They also prefer to join secured jobs in public sector. Lokhande, M. A. (2016) concluded that marginalized groups have shown interest in business and industry. Dalit entrepreneurship is the best way to bring out underprivileged people out of the poverty trap and contribute to the national wealth. Micro enterprises or start-ups initially provide self employment, enhance the confidence level of the entrepreneur and equip him with business skills in order to expand the entrepreneurial activities. Lokhande, M. A. (2006) Need of the hour is to have more concern regarding growing unemployment and poverty. The government undertakings engaged in the field of education, health and social welfare should continue to play their role but in an innovative, professional and competitive way. Disinvestment process of public sector undertakings should be transparent, accountable and gainful. Lokhande M. A. (2006) noticed that the indifferent

attitude of the government officers towards SC/ST beneficiaries was discouraging. He strongly recommended that such type of attitude must be rooted out and beneficiaries should given respectable treatment so they are motivated and encouraged. Lokhande M. A. (2014) said that the root causes of financial exclusion of the masses are: uncertainty of income, lower rate of return on investment in traditional economic activities such as farming, artisanship and husbandry in case of rural people and underemployment in urban areas. Lokhande M. A. (2014) concluded that micro-finance programme has a significance role to play in Indian economy for boosting micro entrepreneurial activities for creating productive assets coupled with employment generation. Lokhande M. A. (2012) concluded that group association and access to financial services certainly brings positive changes among group members leading to their socio-economic empowerment. Lokhande M. A. (2016) observed that it becomes imperative to undertake micro finance initiatives on a wider scale to cater to the financial needs of the poor and make them free from the trap of moneylenders. In order to arrest the poverty, efforts should be made to enable poor people to make enough savings through income generating activities. This needs easy access financial services, which can be made reality by micro finance programme with the help of financial institutions, government and non government organizations and active participation by the poor. Lokhande M. A. (2008) said that to give impetus to micro entrepreneurial activities by poor people in rural as well urban areas, micro finance institutions should be promoted to provide adequate, regular micro credit to the needy entrepreneurs. Micro finance programme is the most promising strategic weapon for attacking poverty by way of providing development funds to so far neglected target groups. If poor people are given opportunities to undertake entrepreneurial activities supported by proper access to credit, it will certainly enable to them to come out of poverty trap. Lokhande, M. A. (2008) said that Micro finance can be an effective weapon to fight against poverty and unemployment. Mahashwari D. and Sahu. S. (2013) the government it is important to realize that the goal of small business owners will be to remain self-employed. There is needs because self-employed people will represent an important segment in economic revitalization. Deshpande A. and Sharma S. (2013) clear found that the share of SC-ST ownership has declined among the period 2001-2 and 2006-7. SC-ST enterprises tend to be smaller, more rural than urban, have a greater share of owner-operated (single employee) units. The interstate variation in share of ST-SC businesses reveals that with the exception of the tribal majority north-eastern states, SC and ST businesses are underrepresented as compared to their share in state populations. Ricardo J. Hernández Pardo, T. Bhamra and R. Bhamra (2012) concluded that it is an industry very oriented to economic incentives

and with tight financial budgets to introduce new projects in areas that are not directly related to production and that do not show savings in short term. Singh, A. concluded that in spite of the initiative taken by the Government of Maharashtra to develop Addnl Ambernath as a globally competitive leather zone, the beneficiaries are neither interested nor willing to shift base from Dharavi.

Statement of the Problem:

The corporation is playing very importance role in backward people in Maharashtra and implementing various schemes for the purpose of providing the financial assistance to the applicants belong to scheduled caste. The present study is an attempt to investigate the research question, how is the performing seed capital scheme and to identify progress and situation of the seed capital scheme in Maharashtra implementing by the LIDCOM.

Objectives of the study:

- To study the seed capital scheme in Maharashtra.
- To evaluate performance of seed capital scheme being implemented by the LIDCOM in Maharashtra.

Research Methodology:

This study is based on secondary data and descriptive analytical. The secondary data were collected from the annual reports of Leather Industries Development Corporation of Maharashtra Ltd. and the data has been covered the period from 2002- 2014 (12 Yr.) and physical and financial target given by the state government to LIDCOM and its achievement in Maharashtra. Then also the secondary data were taken from economic survey of Maharashtra, Journals and devoted to the topic. The data analytical tools applied were simple percentage, compound annual growth rate.

Data analysis and Results:

Performance Evaluate of Seed Capital Scheme in Maharashtra State

The performance of seed capital scheme has been evaluated on the basis of physical and financial target and their achievement of Margin Money Scheme. The performance of Margin Money Scheme has been described in Table 1 and 2.

Table 1 LIDCOM- no. of beneficiaries under Margin Money (Seed Capital) Scheme

Year	No. of beneficiaries of Seed Capital	Achievement in %	
		Target	Achievement
2002-03	1635	242	14.80
2003-04	1500	173	11.53
2004-05	500	232	46.40
2005-06	300	116	38.67
2006-07	1000	118	11.80
2007-08	500	129	25.80
2008-09	500	75	15.00
2009-10	500	176	35.20
2010-11	100	157	157.00
2011-12	100	159	159.00
2012-13	400	207	51.75
2013-14	300	169	56.33
2014-15	353	162	45.89

Source: Annual reports of LIDCOM, 2002-03 to 2014-15.

Under this scheme, LIDCOM assists eligible micro and small entrepreneurs by providing Margin Money (seed capital). During 2002-03 to 2014-15, the corporation assisted 2,115 entrepreneurs for starting their business. The assistance seed capital assistance

amounted to Rs. 594.86 lakh during the same period i.e. 2002-03 to 2014-15. The highest entrepreneurs achieved by the corporation in the year 2011-12; lowest was in 2003-04 and on an average, 162.69 entrepreneurs per year were benefited under the scheme (table 1).

Table 2 LIDCOM-loan disbursement under Margin Money (Seed Capital) Scheme

Year	Fund form Govt. (Rs. in Lakh)	Loan disbursement (Rs. in Lakh)	Achievement %
2002-03	200	34.58	17.29
2003-04 #	0	27.44	00
2004-05	500	43.56	8.71
2005-06 #	0	22.34	00
2006-07	1500	17.66	1.18
2007-08 #	0	26.5	00
2008-09	3000	16.65	0.55
2009-10	1000	41.94	4.19
2010-11	1000	48.71	4.87
2011-12	6800	68.32	1.00
2012-13	6000	88.93	1.48
2013-14	6000	79.49	1.32
2014-15	2500	78.74	3.15

Source: Annual reports of LIDCOM, 2002-03 to 2014-15.

Note: # indicates no fund was given during this year.

As shown in table 2, the corporation had assisted 2,115 entrepreneurs loan disbursing Rs.594.86 lakh under Money Margin scheme during 2002-03 to 2015-16. The highest loan assistance was extended by LIDCOM during 2002-03 i.e. Rs. 34.58 lakh. In percentage terms the loan disbursement achievement was 17.29 per cent in the year 2002-03 and it was lowest in the year 2003-04, 2005-06, 2007-08. The average Margin Money loan disbursements to beneficiaries were by the Corporation amounted to Rs. 45.76 lakh per year and Rs. 2163.59 per beneficiary during 2002-03 to 2014-15 in Maharashtra state.

Observation:

Margin Money (Seed Capital) Scheme (CAGR % 12 Yr.)				
	No. of beneficiaries	Fund Received		
		Achievement	Target	Achievement
	Target			
CAGR %	-0.12	-0.03	0.23	0.07

Above table shown that, compound annual growth rate of number of beneficiaries target were (-0.12 %) and its achievement (-0.03 %). Financial target were (0.23 %) and their achievement were (0.07). it was clear that performance of the corporation about seed capital scheme, its physical and financial target and their achievements was not a proper way during study period. The achievement was lower than the target in terms of physical as well as financial performance.

Conclusion:

Performance evaluation of seed capital (margin money) scheme implementation by the corporation has provided the financial assistance to the people belong to SC. Its role is very important to provide required entrepreneurial finance to be eligible for the scheme belongs to Scheduled Caste. But performance evolution of seed capital in physical and financial target and their achievement is not going to proper way. The corporation should maintained the between target and achievement of number of beneficiaries and financial assistance. Performance evaluation of seed capital scheme was not satisfactory progress in Maharashtra state during study period.

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