



Monetary Policy on Raising Entrepreneurship and Investments in India

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Abstract

The key aim of monetary policy for most banks is to keep inflation low. The objective of research paper is to analyze the trends in regulation of money supply by monetary policy in Indian context. The various instruments of monetary policy are changes in the supply of currency, variations in bank rates and other interest rates, open market operations, selective credit controls and variations in reserve requirement. Monetary policy framework is better way to control inflation and promote macroeconomic stability and growth. It also deals with the distribution of credit between users and also with both the lending and borrowing rates of banks. Monetary policy plays an effective role in increasing investments and entrepreneurship in economy.

Keywords: CRR (Cash Reserve Ratio), SLR (Statutory Liquidity Ratio), RR (Repo Rate), RRR (Reverse Repo Rate), CPSE (Central Public Sector Enterprises), MSME (Micro, Small and Medium enterprises), ZED (Zero Defect Zero Effect), KVIC (Khadi and Village Industries Corporation), UAM (Udyog Aadhaar Memorandum), IEDS (Indian Enterprise Development services)

Introduction

Monetary policy is concerned with the measures taken to regulate the supply of money, the cost and availability of credit in the economy. Further, it also deals with the distribution of credit between uses and users and also with both the lending and borrowing rates of banks. It helps to boom up the entrepreneurship in an economy. Relevant changes in monetary policy make economy strong because it is useful for various purposes like control on inflation rate, investments, economic growth etc.

Indian economy during the recent years has shown contributing to creation of opportunities to millions of people, in enhancing the export potential and in increasing the overall economic growth of the country. They contribute to the socio-economic development of the country quite significantly. The MSME sector has the potentialities to emerge as the backbone of Indian economy and to continue as an engine of growth provided on environment- friendly policy framework and enabling infrastructural support are made available for its function operations.

In developing countries monetary policy has to play a significant role in promoting economic growth. For encouraging economic growth the monetary policy has also to ensure price stability, because the excessive inflation not only has adverse distribution effect but hinders economic development also.

Objective of the study

The objective of the study briefly highlight on the functional scenario of entrepreneurship in India, to focus on monetary policy are very important for creating new enterprise. In developing country like India MSME's sector plays empirical role in the industrial development.

Objectives of Monetary policy in India, as stated by RBI

Price Stability : Price stability implies promoting economic development with considerable emphasis on price stability. The centre of focus is to facilitate the environment which is favorable to the architecture that enables the developmental projects to run swiftly while also maintaining reasonable price stability.

Controlled expansion of bank credit : One of the important functions of RBI is the controlled expansion of bank credit and money supply with special attention to reasonable requirement for credit without affecting the output.

Promotion of the fixed investment : The aim here is to increase the productivity by restraining non essential fixed investment.

Restriction of inventories and stocks : Overfilling of stocks and products becoming out dated due to excess of stock often results in sickness of the unit.

To promote efficiency : It is another essential aspect where the central banks pay a lot of attention. It tries to increase the efficiency in the financial system and tries to incorporate structural changes such as deregulating interest rates, to introduce new money market investment etc.

Reducing the rigidity : RBI tries to bring about the flexibilities in the operations which provide a considerable autonomy. It encourages more competitive environment and diversification.

Encouraging entrepreneurship : Monetary policy also play an important role in encouraging entrepreneurship. It provides more opportunities for new start ups. Entrepreneurship has attracted the attention of policymakers in India. A series of high-level initiatives, including Startup India, have been launched to promote private sector development.

RBI new Rates in November, 2017

Indicator	Current Rate
Bank Rate	6.25%
CRR	4.00%
SLR	19.00%
Repo Rate	6.00%
Reverse Repo Rate	5.75%

Source: rbi.org.in

Ministry of micro, small and medium enterprises

to accelerate entrepreneurship in India

MSME sector plays critical role in industrial development of any economy. Indian Monetary environment support MSME's new opportunities for entrepreneurs.

First Time Launch Of Schemes At Ludhiana: This scheme launched by Prime Minister Narendra Modi at Ludhiana. The owners of MSMEs given appreciation by Narendra Modi through award.

National Scheduled Caste/ Scheduled Tribe Hub: For initiative government support SC/ST caste entrepreneurs for ensures 4% procurement from SC/ST entrepreneurs in all Central Government Ministries and Central Public Sector Enterprises.

ZED (Zero defect Zero effect) : Hon'ble Prime Minister also launched ZED Scheme under which the Ministry plans to assess 22,000 units to get themselves rated for Zero Defect Zero Effect.





Top Ten States in Term Of Percentage Share Of Entrepreneurs Memorandum Filed By MSME's During 2014-15

S.No.	State	% Share
1	Tamil Nadu	33.64
2	Gujrat	15.08
3	Uttar Pradesh	12.27
4	Maharashtra	8.70
5	Karnataka	6.76
6	Madhya Pradesh	4.68
7	Rajasthan	4.39
8	West Bengal	3.58
9	Kerala	3.50
10	Telangana	1.36

Source: The State/UT Commission rates/Directorates Of Industries & MSME

Development Institutes

PMEGP : PMEGP Management Information System (MIS) portal has been started 1st July 2016. Web portal 'Prime Minister Employment Generation Programme' has been set up to make the scheme online. Employment for 9 lack person been generated since 2014.

Khadi : There is a dramatically increment in production and sell of Khadi as our Prime Minister himself place as a brand ambassador on various platforms. Now a days bollywood and many designers are encouraging khadi as fashion fabric. Government had also increased the base rate of yarn conversion for Rs.4 to Rs.5 per hank. Now artisans are getting assistance of 40% as compare to earlier 25%. E- Commerce and franchisee schemes also play an important role in rich market of khadi.

Udyog Aadhar Memorandum: More than 22 lack Udyog Adhar Memorandum have been registered since the launch of UAM (18-9-2015). To simplify hasal basal of registration there is only one page online registration. To simplify many modification has been done in UAM with the concern of all stakeholder.

Technology Centers : India is being emerging as new techno power in world many stapes are taken to develop skills. Around 13 new technology centers are coming at various places such as Bhiwadi, Baddi, Rohatak, Bhopal, Durg, Kanpur, Amphal, Banglore, Greater Noida, Sitarganj, Vishakhapatnam, Puddurcherry and ernukulam with the assistance of the World Bank scheme. Government had spend more than Rupees 2000 corors in the schemes. Dimapur Nagaland technological center is being upgrading by government.

Finance Facilitation Centers : For smooth running of MSMEs and National Small Industries Corporation credit facility is available by seven Financial Facilitation Centers -at Jaipur, Guwahati, Chennai, Hyderabad, Ludiana, Bangalore and Jalandhar. Easy finance is available by applying online for loan through finance facilitation portal. The landing rates on raw material assistance is been reduce by NSIC to 1% on micro unit and 0.5% on small industries. Reduction of 40% in rate of Single Point Registration scheme for micro entrepreneurship is introduced.

Coir Board: The exports during the last financial year crossed a record of Rs.1900 crore. Ever highest record is made in domestic production i.e. 5.5 lack tones.

Sfurti / Aspire: More than 60 clusters with the approx cost of Rs 118.63 crores have been approved under the SFURTI. Around 54,091 articians have been benifitting under this scheme. Five Technology Business Incubation and 50 Livelihood Business Incubation have been approved by ASPIRE. In which 20 have started in incubation activities. For monitoring and implementation of schemes SFURTI & ASPIRE web portal is set up. Submitting of proposals is also done in on this portal.

E-Initiatives: Transparency is one of the essential step taken by the Ministry therefore most of the scheme have become online, such as PMEGP is online since July 2016. Web portal is



introduce for SFURTI and ASPIRE. For market development and assistance an online application system has been made for Khadi institutions and artisans. There is also in online application system for Khadi certification which was launched on Gandhi Jayanti 2016. My MSMEs is mobile app for all schemes of DC (MSME).

IEDS (Indian Enterprises Development Service): Though, the Enterprise Development is the main stay of the Ministry for quite sometime, for the first time the Cabinet has given approval by forming a new service namely, IEDS. It will help in smooth running of organization work.

MSME DataBank: MSME DataBank is online Data source for all MSMEs. It is compulsory for MSMEs to provide information on MSMEs Data Base under the 'Micro, Small and Medium Enterprises Development Rules, 2016'. Data of more than 59000 unit is available on MSME DataBank.

Promotion Towards 'Less-Cash' Economy: As dream of our Honorable Prime Minister Less Cash is being promoted. Ministry is encouraging MSMEs and enterprises for 'Less Cash' economy. Around 16000 program are conducted by various organizations under the Ministry of Micro, Small and Medium Enterprises to encourage Less Cash economy. These programs had direct benefitted more than 27,000 people for less cash economy.

Conclusion: The research paper presents current scenario related entrepreneurship in India. Monetary management become extremely complex in a liberalized world due to a potential for conflicting policy objectives. The effectiveness of policy changes critically depends on underlying economic and functional structures of markets, example credit market, foreign exchange market, money market etc. While central banks tend to be labeled as either strong in fighting inflation or prioritizing growth our results tend to suggest that in the case of RBI. Monetary policy plays an very important role in encouraging entrepreneurship in India. It became a fruitful for creating employment opportunities for skilled human resource. Indian monetary policy play important role in achieving target of "Startup India", "Standup India" and "Make in India", its also helpful in development of economy. Monetary policy is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation.

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