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THAKUR COLLEGE OF SCIENCE AND COMMERCE 

AUTONOMOUS COLLEGE PERMANENTLY AFFILIATED TO UNIVERSITY OF MUMBAI

NAAC Accredited Grade 'A' (3rd Cycle) & ISO 9001: 2015 (Certified)

TITLE OF THE PROJECT

SELF HELP GROUP AND MICRO FINANCE IN RURAL AREAS

A PROJECT SUBMITTED TO

University of Mumbai for partial completion of the degree of

Bachelor in Commerce (Banking and Insurance)

Under the Faculty of Commerce

By

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7455

Under the Guidance of

Prof Nirav R. Goda,

THAKUR COLLEGE OF SCIENCE AND COMMERCE

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March 2021



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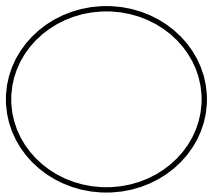
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CERTIFICATE

This is to certify that Mr/Ms Vikas Rajesh Chaudhary has worked and duly completed his Project Work for the degree of Bachelor in Commerce (Banking and Insurance) under the Faculty of Commerce and his project is entitled “SELF HELP GROUP & MICRO FINANCE IN RURAL AREAS” under my supervision .

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and facts reported by his personal findings and investigations.



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Declaration

I the undersigned Ms/Mr VIKAS RAJESH CHAUDHARY hereby, declare that the work embodied in this project work titled "SELF HELP GROUP & MICRO FINANCE IN RURAL AREAS" forms my own contribution to the research work carried out under the guidance of PROF. NIRAV GODA, result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, hereby further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Name and Signature of the learner

Certified by

Prof. Nirav R. Goda

Name and Signature of Guiding Teacher



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ACKNOWLEDGEMENT

I would like to acknowledge the following as being idealistic channels and fresh dimension in the completion of this project.

I take this opportunity to thank the **University of Mumbai** forgiving me the chance to do this project.

I would like to thank my **Principal, Dr. C.T. CHAKRABORTY** for the necessary facilities required for completion of my project.

I take this opportunity to thank our **Coordinator, Prof Nirav R. Goda,** for his moral support and guidance.

I would also like to express my sincere gratitude towards my project guide

PROF. NIRAV GODA whose guidance and care made the project successful.

I would like to thank my **College Library**, for providing various reference books and magazines related to my project.

Lastly, I would like to thank each and every person who directly or indirectly helped me in the completion of the project especially **my Parents and Peers** who supported me throughout my project.

EXECUTIVE SUMMARY

Self help group Is a process where people can share there problem and situation they currently faces. They try to solve there problem by Helping each other in there group is known as self help group or support group. The leader has to be decided by its group members who have atleast relevant skills to solve there problems by unique ideas. They have sufficient amount of teaching skills, communication skills and leadership skills. Minimum number of Members in Self Help Group is 5 and maximum no. is 20 members in the group. The Self Help Group are operated by its group members. Self help group members meet face to face in a particular place.

Microfinance services are designed to reach excluded customers, usually poorer population segments, possibly socially marginalized, or geographically more isolated, and to help them become self-sufficient. Microfinance initially had a limited definition - the provision of microloans to poor entrepreneurs and small businesses lacking access to credit. The two main mechanisms for the delivery of financial services to such clients were relationship-based banking for individual entrepreneurs and small businesses; and group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

Over time, microfinance has emerged as a larger movement whose object is "a world in which as everyone, especially the poor and socially marginalized people and households have access to a wide range of affordable, high quality financial products and services, including not just credit but also savings, insurance, payment services, and fund transfers. Proponents of microfinance often claim that such access will help poor people out of poverty, including participants in the Microcredit Summit Campaign. For many, microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses; for others it is a way for the poor to manage their finances more effectively and take advantage of economic opportunities while managing the risks.

Service provided by the financial companies is called financial services. Financial inclusion means availability of opportunities to access the different types of financial services. It's a process by which individuals and businessmen can access affordable and timely Financial products and services including banking service, loan, equity, bonds, debentures and Insurance products. Financial inclusion is defined by Dr. Rangarajan as the process of ensuring access to financial services and timely and adequate Credit when needed by vulnerable groups such as the weaker sections and low income groups at an Affordable cost by mainstream financial institutions players. Financial services does not only provide banking products and services, but also provides other financial services like loans, Insurance products, equity products etc.

INDEX

<u>CHAPTER NO.</u>	<u>TITLE OF THE CHAPTER</u>	<u>PAGE NO.</u>
	<u>Introduction</u>	
1	1.0 Self Help Group	
	1.1 Self Help Group for Finance	
	1.2 Women Saving Schemes	7 - 48
	1.3 Micro Finance	
	1.4 Process of Micro finance	
	1.5 Financial Inclusion	
	1.6 Banks and loans	
	1.7 Government policies and schemes	
	1.8 Sources of Income in rural areas	
	<u>Research Methodology</u>	
2	2.1 Objectives	
	2.2 Hypothesis	
	2.3 Scope of Study	
	2.4 Limitations of the study	49 - 53
	2.5 Significance of the study	
	2.6 Selection of the problem	
	2.7 Sample Size	
	2.8 Data collection	
	2.9 Techniques & Tools	
3	Literature review	54 - 60
4	<u>Case study on Ujjivan Small Finance Bank</u>	
	4.1 Introduction	
	4.2 History	
	4.3 Findings	
	4.4 IPO Analysis	
	4.5 Finance Bank	
	4.6 Bank Financial	61 - 71
5	Data Analysis and interpretation	72 - 91
6	Conclusion & Suggestions	92 - 95
	Bibliography	96
	Annexure	97 - 101

CHAPTER NO.1
INTRODUCTION



This Study is concerned with the exploration of the Self Help Group and Microfinance in rural Maharashtra. This proposal deals with the study of how SHGs bring social change in their areas, how it helps in the livelihood of rural areas for rural development and Women's participation with a view to making the different activities in self-sustaining competitive environment. Self Help Groups as a strategy for implementing Livelihood Programs and they focus on both economic development and rural development. Annexure Is a process where people can share there problem and situation they currently faces. They try to solve there problem by Helping each other in there group is known as self help group or support group. The leader has to be decided by its group members who atleast have relevant skills to solve there problems by unique ideas. They have sufficient amount of teaching skills, communication skills and leadership skills. Minimum number of Members in Self Help Group is 5 and maximum number is 20 members in the group.

The Self Help Group are operated by its group members. Self help group members meet face to face in a particular place. Self Regulatory Organization Subscriber Trunk Dialling to compensate for the relative lack of success with which formal banks have been able to serve

the poor, new microfinance approaches are being developed. Some of these, such as Linkage between Self Help Group and NABARD has received strong support from government of India. Others have been led by the private sector. There has been renewed emphasis on installing decentralized lower level participatory planning and implementation processes being initiated at various levels self help group. BASIX devised a comprehensive strategy to offer microcredit, insurance, services, agricultural & business development services for productivity enhancement, risk mitigation (apart from insurance sector, such as vaccination of animals), local value addition and alternative market linkages Its results show that even in very low income areas such as Chhotanagpur in Jharkhand, Marathwada in Maharashtra and Telangana in Andhra Pradesh as average household income goes up day by day.

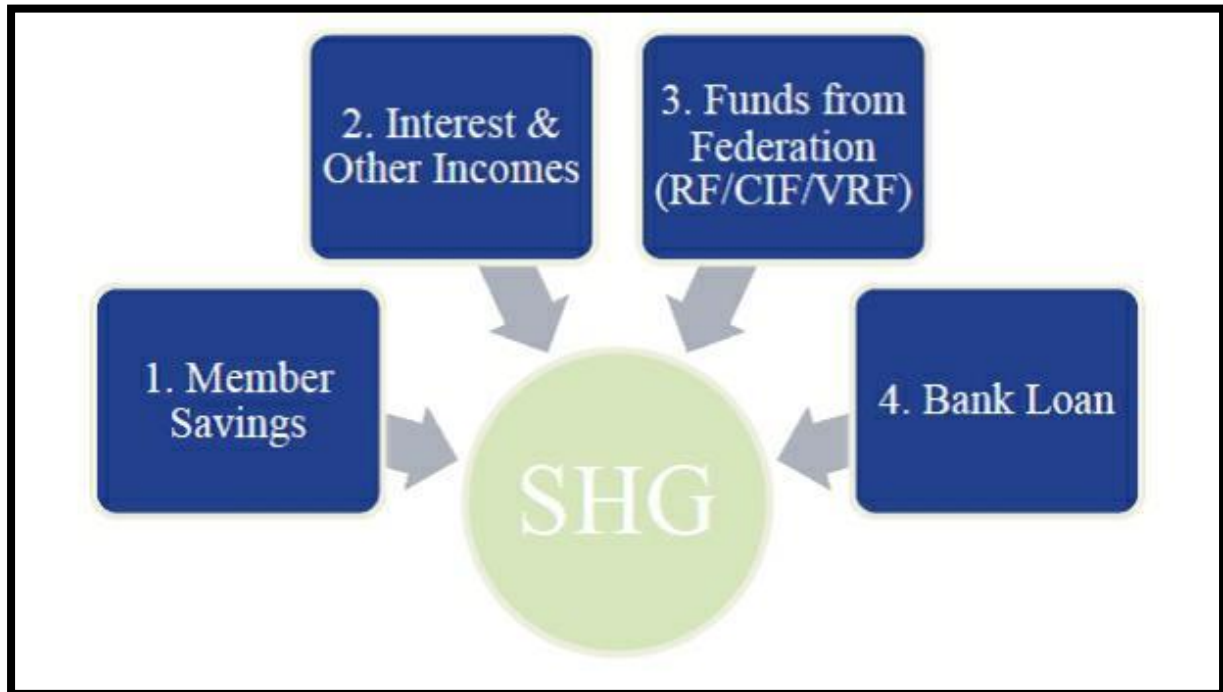
The Mutual fund investment-bank model too is gaining importance due to the massive support it gets from banks, especially new generation banks in the private sector and foreign funding agencies. This was not conceived either at the formative stages of the Self Help Group movement during the current expansion phase. In India, the women Self Help Group (SHG) model is the home-grown model for poverty reduction and women empowerment with strong emphasis on savings and credit. The model emphasizes the 'savings first' approach.

Phases of self help group

- I. NGOs promoting women SHGs on a small scale for their overall development could be considered as phase I of the self help movement.
- II. NABARD's lead in partnering with NGOs, particularly MYRADA, to pilot the well-known Self Help Group-bank linkage model could be termed as phase II of Self Help Group.
- III. The third phase began with the state governments, particularly in the south, taking a proactive role in the promotion of Self Help Groups in a big way by way of revolving loan funds and other support.
- IV. Self Help Group-bank linkage reaching the scale of more than a million bank-linked SHGs could be considered phase IV SHGs.
- V. Emergence of Self Help Group federations to sustain the SHG movement and to provide value addition could be considered as phase V SHGs.
- VI. Widespread recognition for SHGs and SHG federations to act as Implementing agencies of various government schemes and also as agents for micro insurance could be considered as phase VI.

The members of the group are encouraged to collect regular thrift on a weekly or fortnightly or monthly basis and use the pooled resources to give interest-bearing small loans to their members. The SHPI trains the members to maintain simple accounts of the collected thrift and loans given to members. The regular meetings also provide them a platform to discuss and resolve many social and common issues, thus strengthening their bonds. This reinforces the belief that the poor value safe-keeping of the savings as more important than the need for earning interest on such savings. Our own decade-and-a-half experience of providing business development services to NGOs supporting income generation efforts of self help groups (SHGs) has shown that success rates in creating sustainable enterprises are low. This is because activities are selected primarily on the basis of the interest shown by the women

without keeping market demand in mind. Inadequate identification of markets, diseconomies of scale of production, absence of simple business plans and marketing strategies and a general lack of a business approach among NGOs are further reasons that contribute to low sustainability.



Financial services delivery model, the Self Help Group approach is unique; it has emerged as a clearly superior model compared to the Grameen bank or MFI models. By emphasizing savings before credit it takes care of both the legs of basic financial services. People's participation is fully ensured with autonomy for the groups of poor in credit decisions. The groups have been able to build a corpus through their financial intermediation (arising from the margins between costs of resources and lending rates). The members while paying high interest rates (still lower than moneylenders' rates) do not lose the same, as it helps the corpus of funds to grow. The SGSY was launched in 1999 as a successor to the IRDP, which was perceived to have failed in bringing about poverty alleviation in the country. The SGSY drew on the successful experiments of self help groups (SHGs) in Bangladesh through the Grameen model and the IFAD- assisted SHG programmes launched in Tamil Nadu and Maharashtra. This chapter critically examines the working of the SGSY with special reference to Maharashtra.

Thus it is seen that, on the whole, credit disbursed in Maharashtra under the SGSY has declined from Rs 145.28 crore in 2000-01 to Rs 30.87 crore in 2002-03. Subsidy disbursed has also declined from Rs 64.77 crore in 1999-2000 to Rs 33.86 crore in 2002-03. These figures point to the unwillingness by banks to supply credit to the SHGs. The CAG's evaluation indicates that there are defaults by SHGs in the repayment of loans across states. This has no doubt dissuaded banks from giving further loans to the SHGs, thereby affecting

the programmes performance. My study of fragmented SGSY groups in Amravati (discussed later) also confirms that poor recovery of loans is a factor which accounts for the declining trend in loan and subsidy disbursals under the SGSY.

Self help group (SHG) is a financial intermediary committee usually composed of 10 to 25 local women between 18 to 40 years. Most self-help groups are in India, though SHGs can be found in other countries, especially in South Asia and Southeast Asia. SHGs is nothing but a group of people who are on daily wages, they form a group and from that group one person collects the money and gives the money to the person who is in need Members also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are linked with banks for the delivery of micro-credit.

The Indian government planning to create 75 lakh self help group by the year of 2022 to enable more women to get livelihood. Rural Development Minister Narendra Singh Tomar said this give an address to programme on Women's Empowerment to mark International Women's Day in New Delhi. Narendra Singh Tomar said, Women's Self Help Groups are the backbone of poverty alleviation programmes and the entire focus of the Ministry is oriented towards women's emancipation. Tomar said there are over 60 lakh self help groups across the country mobilizing more than six crore 73 lakh women on self help groups.

1.1 Self help group for finance



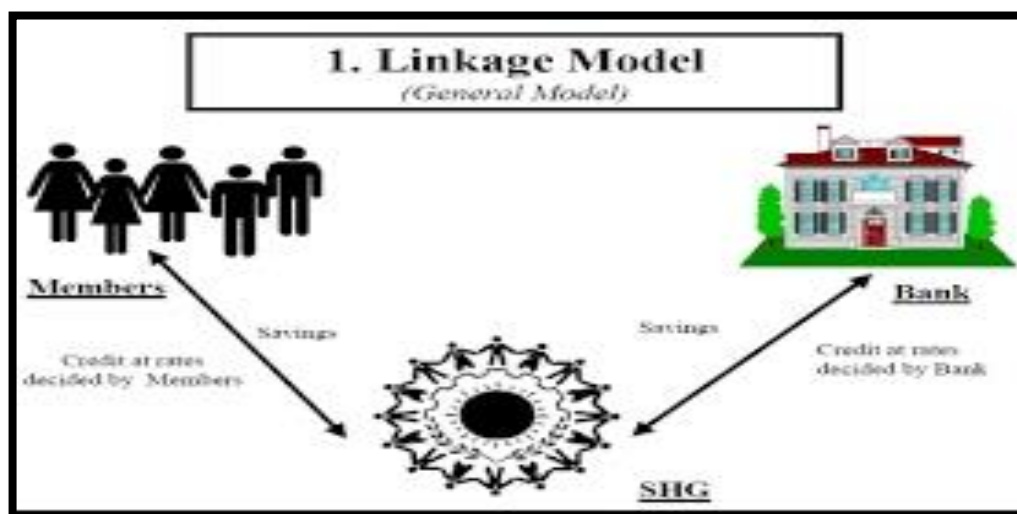
Structure

SHG (self help group) is a community based group with 10-25 members. They are usually women from similar social and economic backgrounds, all voluntarily coming together to save small sums of money, on a regular basis. They pool their resources to become financially stable, taking loans from their collective savings in times of emergency or

financial scarcity, important life events or to purchase assets. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. In India, RBI regulations mandates that banks offer financial services, including collateral free loans to these groups on very low interest rates. This allows poor women to circumvent the challenges of exclusion from institutional financial services. This system is closely related to that of solidarity lending, widely used by microfinance institutions. Beyond their function as a savings and credit group, SHG's offer poor women a platform for building solidarity. They allow women to come together and act on issues related to their own lives including health, nutrition, governance and gender justice.

Goal

Self-help groups are started by non-governmental organizations (NGO) that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among poor and the needy people, increasing school enrolments and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective. This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions



NABARD SHG bank linkage program

Many self-help groups, especially in India, under NABARD's 'SHG Bank Linkage' program, borrow from banks once they have accumulated a base of their own capital. This model has attracted attention as a possible way of delivering micro-finance services to poor populations that have been difficult to reach directly through banks or other institutions. "By aggregating their individual savings into a single deposit, self-help groups minimize the bank's

transaction costs and generate an attractive volume of deposits. Through self-help groups, the bank can serve small rural depositors while paying them a market rate of interest.”

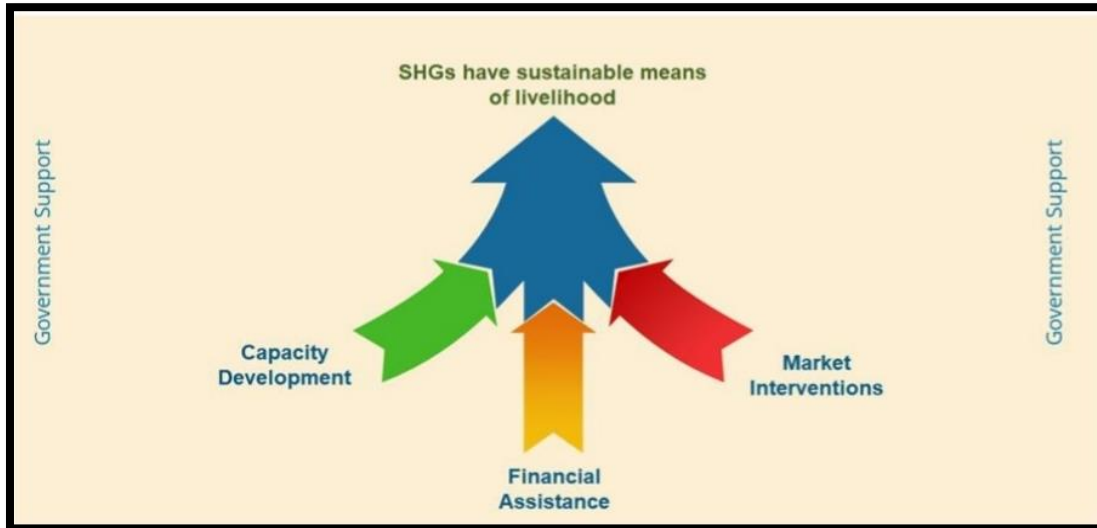
According to a report from 2006, NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members, that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed. A study conducted by S Chakrabarti in 2004 said that organization like SHG can be an effective tool for “alleviating poverty” The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra-Pradesh, Tamil Nadu, Kerala, and Karnataka. These states accounted for 57% of the SHG credits linked during the financial year 2005–2006.”

1.2 Women Saving Schemes under Self Help Group



1. **PNB MAHILA UDYAM NIDHI SCHEME:-** To meet gap in equity. The women entrepreneurs will be assisted for setting up of new projects in tiny /small scale sector and rehabilitation of viable sick SSI units. Existing tiny and small scale industrial units and service industries undertaking expansion , modernization technology up gradation & diversification can also be considered.
2. **PNB MAHILA Samridhi Yojna:-** Under This Scheme , four schemes have been launched under the umbrella of one scheme. These are for purchase of required infrastructure for Setting up of
 - Tailoring shop/Boutique, i.e. for purchase of Sewing Machines, etc.

- ISD/STD Booths, i.e. for Security Deposits with MTNL/other Agencies like Reliance/Tata Indictment., for purchase of Fax Machine, Xeroxing/Photocopier Machine, etc.
 - Beauty Parlour, i.e. for purchase of Furniture, Chairs, Bench etc.
 - Cyber Cafe, i.e. for purchase of Computers and furniture like computer tables, chairs etc. And for recurring expenditure as per the need of the activity.
3. **Scheme For Financing Creches:-** To provide support services for women empowerment to working women in terms of crèches with necessary services by making cheaper and easier credit available for financing Creches. The women will be assisted for purchase of required infrastructure for setting up Crèches like basic equipment, utensils, stationers, growth monitoring equipments, fridge, cooler/fan, water filter, etc. And for recurring expenditure for one month.
4. **PNB Kalyani Card Scheme:-** Under this scheme, meeting working capital credit requirement of allied agricultural activities/ misc farm/non- farm activities either singly or in combination with other activities. The literate/illiterate women dwelling in rural / semi-urban areas who have attained the age of majority shall be eligible under the Scheme. Such Women shall include individuals, farmers, landless laborers, agricultural laborers, tenant farmers, share croppers, lessee farmers, etc. The women desirous of undertaking non-farm sector activities should have aptitude/experience and capability for undertaking the activity chosen for self employment.
5. **PNB Mahila Sashaktikaran Abhiyan:-** Under this scheme, following concessions will be admissible • Interest rate to be relaxed by 0.25% in Non-Priority Sector Advances and 0.50% in Priority Sector advances • Margin to be reduced to 10%, wherever the margin requirement is more than 10% • Waiver of 50% upfront fee (wherever applicable) Trade Related Entrepreneurship Assistance And Development (TREAD) Scheme The scheme envisages extension of credit by the bank and grant by the Govt of India to NGOs for the benefit / on lending to women either through SHGs or individually for setting up of small & micro enterprises in non farm sector.



1.3 Micro Finance



Microfinance does not mean only financial aid. Its impact goes beyond Providing individuals with access to capital, it has also helped them to protect, diversify and increase their sources

of income and assets that enable them to make their way out of poverty. It has been observed that when capital is provided to poor individuals with entrepreneurial ideas and spirit, they utilize that capital to generate income for themselves and their families offering them the potential of a life that is poverty free. To date microfinance has touched the lives and communities of more than 100 million families and has helped lift many of them out of poverty or at least put them on a pathway to a poverty-free life. However, more than three billion people still live on less than two dollars a day more than a billion have no access to electricity and three billion have no access to safe sanitation. For these individuals, microfinance is a tool that must continue to be deployed and leveraged to its maximum potential.

There is no conflict in having microcredit, education, health, empowerment, And training together as they support each other. If you laid out the Foundation of the financial system it will makes other intervention so much More powerful. If you come with education, health, and training, everything Will make much more sense, and you get much more mileage out of it, Provided you have the microcredit framework already built into it. When one views a service or product it is observed that the “Customer is King”, now this may sound over-simplified but has its basis in truth. If a Business wishes to continue existing, meeting consumer needs and demand, It has to design itself in such a manner that it integrates various facilities and Services to better equip its customers.

A successful business is no longer an isolated one, rather its tries to modify, Adapt certain aspects, provides certain additional facilities based on a Customer’s behaviour, needs, culture etc. So as to serve them better. Today is The era where businesses from different sectors are increasingly integrating And partnering with each other in order to serve their consumers better. We Now have concepts like met markets which is none other than a result of Integrating different products and services to provide a 360° service model. Today people can access banking products and services practically Everywhere. Financial services too, have been increasingly focussed on Integrating their business strategies. Based on this same concept I would like To explain how microfinance uses this system of integrating related aspects Resulting in businesses that are sustainable and yield sufficient profits to all Involved in the process



AN INDIAN PERSPECTIVE

In the Indian context the concept of microfinance is not that new as it has been an integral part of rural financing for over 12 years. NABARD pioneered the concept of rural microfinance in India as nearly 95% of rural finance is in fact microfinance. So what keeps India from moving its rural poor above the poverty line? There are many factors to be taken into consideration, even though India is not new to microfinance, the infrastructure for the same is minimal if not absent. The rural masses still lean on the traditional methods of credit like money lenders, pawn brokers etc.

Another reason why MFIs are not so common in a country like ours where nearly 50% of the population is poor is that there is no scalability in the market i.e. there is no means where in research can be conducted correctly due to the dispersed population in rural India. Thought the new vision for rural India is “Nurture rural India, create sustainable business”. Presently India is attracting a lot of non financial Microfinancing institutions along with Microfinancing Institutions. The reason for this being that the UN had declared in its millennium goals to eliminate poverty. Also this opens up a huge market for any MFI as not many formal sources of finance extend their services to the poor. So it would be upto the new MFIs to take up the challenge of providing a 360° service package addressing every financial need of the poor at a reasonable rates.



OVERVIEW OF MICROFINANCE

The term microfinance is used in many different contexts, it can Sometimes be oversimplified and viewed in a skewed or narrow perspective. At its core, microfinance can be viewed as an innovative segment of the Banking sector to provide financial products and services, primarily credit, to The poor – bridging the gap that commercial banking has not been able to Fulfill and where philanthropy has not been able to go beyond pilot Approaches to reach meaningful scale. However, microfinance itself was Conceived with a different purpose than just providing the poor with access To capital. Microfinance and microcredit do not provide consumers with Loans to simply increase their consumption; instead, they provide loans for The specific purpose of creating self-employment for the poor, thereby Enabling the poor to build their own micro enterprises and move themselves Out of poverty. In short, microfinance is an income producing tool rather Than a consumption aid.

What was simply thought of as just providing poor individuals with access to Capital has revolutionized the development world, proving that loans as Small as \$50 or \$100 in the poorest countries, and somewhat larger ones in Middle-income developing countries, can transform lives. Through Microfinance, we have witnessed that, poor individuals, when given the Opportunity to start their own business, can provide for themselves and their Family with basic necessities and also generate sustainable income. If they Can maintain that income, it can lead to improved living standards, and for Some, a means to escape poverty. If individuals achieve economic freedom, It can lead to a series of improvements—improving the well-being of Families, communities and society-at-large

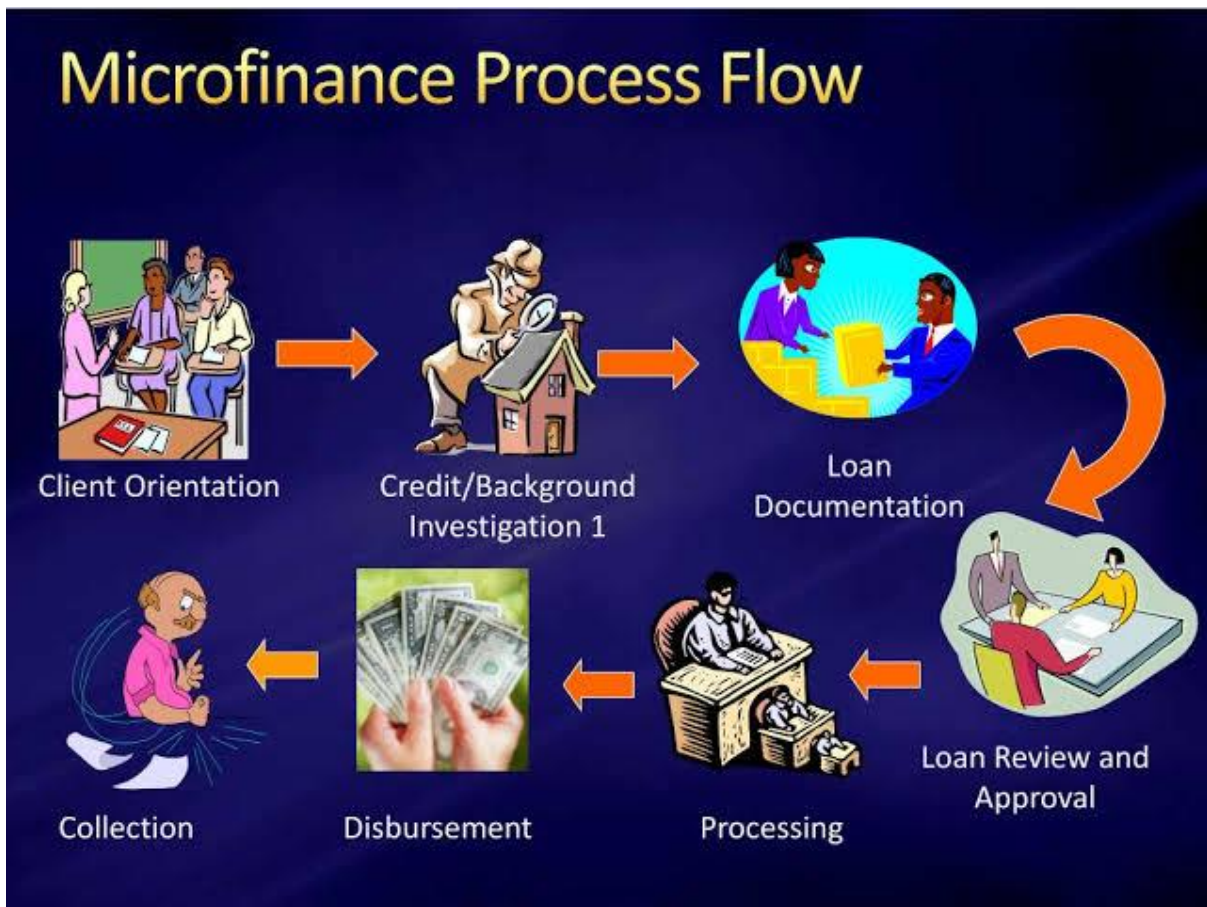
The exact benefits that microfinance brings to individuals and society may be difficult to measure from a technical standpoint, which is why there are relatively few rigorous studies about impact compared to the reach of microfinance. From studies and research, however, it is apparent that microfinance is an important catalyst for poverty alleviation. One such study on two major microfinance institutions, BRAC and Grameen Bank, found that participants who have continued access to loans have a lower rate of poverty than those without access, 57 percent compared to 76 percent, respectively. Another study, by S.R. Khandker, found that the poverty levels in villages with microfinance programs have declined more than in villages without these programs. Among program participants who had been members for six consecutive years, poverty rates declined by more than 20 percent (about 3 percent per year). Khandker estimated that more than half of this reduction could be directly attributed to microfinance. He had calculated that microfinance accounted for 40 percent of the entire reduction of moderate poverty in rural Bangladesh. These studies and numerous others indicate that microfinance can improve overall income, increase decision-making power, and provide general self-empowerment.

From its tremendous success as a poverty alleviation tool, microfinance as an industry has gained momentum and expanded its scope and reach. The awarding of the Nobel Peace Prize to Muhammad Yunus and the Grameen Bank will only accelerate its growth. To ensure that the poor not only have access to credit but other financial services, microcredit has expanded over the years to include a variety of financial products such as savings, insurance, transfer payments, and even micro-pensions. Where regulations permit, savings can be a very powerful tool since it allows the poor to conveniently amass liquid assets that can be used to self-finance education, health care, or disaster relief while also giving the MFI a source of capital for on-lending.

CAN BE MICROFINANCE PROFITABLE?

Data shows that the world's best performing microfinance institutions are able to generate positive returns, after adjusting for inflation and after taking out subsidies they might have received. Therefore, microfinance can be sustainable, help the poor and generate profits. However, the poor do repay slower than customers of traditional banks, which creates a trade-off between maximizing profitability and serving the destitute. The challenge for the industry is now to find efficient and reliable ways of providing a richer menu of microfinance products.

1.4 Process of Micro finance



There are three kinds of costs that a lending institution incurs when it provides a loan: the cost of the money that it lends; the cost of prudent financial practices such as provisioning for loan defaults; and the cost of transaction, which includes the costs of identifying and screening the client, processing the loan application, completing the documentation, disbursing the loan, collecting repayments and following up on non payment. Unlike the cost of funds and the cost of defaults, transaction cost is not proportional to the amount lent. The average microfinance loan size being smaller than most other loans – corporate and personal the transaction cost on a percentage basis for a microfinance loan tends to be higher.

The group lending model adopted entails peculiar costs such as group formation costs, costs on training the borrowers on the procedures to be followed, a higher degree of supervision and a higher frequency of instalment payments (usually weekly or bi monthly.) The most popular model for the dispensation of microcredit in India is the group lending model. As per Sa-dhan (Industry Association of Community Development Finance Institutions in India) data, group loans account for 93% of the microfinance in India.

TRANSACTION COST

Transaction Cost comprises two components, direct and indirect.

- ❖ This is defined as the cost of the transact or (usually the field worker) doing the group loan transaction. Its three main components are group formation costs, cost of direct administrative activities and cost of monitoring. Cost of group formation and training includes the cost of formation and training of the group with the objective of using it to deliver credit. Cost of direct administrative activities comprises cost of appraisal, documentation, disbursement, other direct administration activities and the cost of branch manager supervision. Cost of appraisal is the cost of processes for appraising/grading the group before the sanction of a loan. Cost of documentation is the cost of documents and the completion of documentation formalities relating to the loan. Cost of disbursement is the cost of completing formalities Relating to disbursement of funds. Cost of other direct administrative activities is the cost of time spent by the field worker in completing administrative formalities such as report and format completion, reporting to immediate supervisor (usually the branch manager), filling up movement registers, filling up expense claims for travel and bank related Duties, if any. Monitoring cost is the cost of loan utilization checks and Collection of instalments. It was inferred from the field staff that additional time was spent with a group only if there was a problem / Potential problem in the group – this varied from case to case. The cost of “avoiding default” is not taken into account in the study.
- ❖ While direct transaction costs capture the human resource cost of the Branch, there are other costs such as rent, electricity and facility Maintenance, which also need to be allocated. Further, there are the Expenses of the regional offices and head offices – which do not do direct Business but supervise the branches – which also need to be taken into Account. Indirect transaction cost basically includes allocated fixed costs Of the branch office, regional office and head office. However, Depreciation and taxation costs have not been included since these would Make the results between MFIs less comparable.

Commonly in existence, and life cycle costs are taken as a percentage of the Typical loan amounts given over the life cycle. MFI personnel at different levels Estimated the length of time that groups are commonly in existence. Similarly Typical loan amounts in each loan cycle were arrived at based on discussions With MFI. The cost of repeat loans is assumed to be similar to the cost of the First cycle, except that the costs for group formation and training are absent. The Difference in other costs such as collection and administrative costs was not Observed. Interviews with field personnel also confirmed that the difference Might be very minor or absent. It has also been assumed that indirect transaction Costs remain the same over the period of the loan. In order to calculate the life cycle cost of a loan, the following method is Generally adopted: the present value (PV) of the costs and that of the loan Amounts were calculated. The PV of costs is expressed as a percentage of the PV of the loan amount. For purposes of calculation of PV, a discount rate of 8% p.a. is applied, as that is approximately the prevailing cost of funds of the MFIs under study.

VILLAGE SELECTION

The branch manager does a village survey and thereafter selects certain villages Where there is scope for promotion of groups. A number of village meetings are Conducted in the selected villages.

GROUP FORMATION AND TRAINING

After a number of meetings, one or more groups are formed. Each MFI has its Own norm for the number of members in a group. A number of MFIs have a Norm of 5 members per group. Each group usually has two leaders. On forming A group, the field worker commences training of the group members and the Group leaders. On completion of the training, a Group Recognition Test (GRT) Is held. As part of the GRT there are visits to the residences of the members. The field worker's supervisor may also be involved in the GRT. The members are tested on MFI principles taught during the training.

APPRAISAL, DOCUMENTATION AND DISBURSEMENT

On successful completion of GRT, the field worker at the next group meeting Brings the prepared documents and members sign them. The cost of stamp Paper, revenue stamp, photograph, copies of documents if applicable is shared By group members. At the next meeting disbursement of the loan takes place. In Some MFIs all members receive the loan amount simultaneously after Documentation while in others some members receive it initially and other Members after two weeks.

MONITORING AND COLLECTION

The field worker after disbursement makes loan utilization checks (usually one or more depending on the MFI norms). The loans are usually for a period of 50 to 55 weeks with weekly collections. Hence the groups meet every week.

1.5 Financial Inclusion



Service provided by the financial companies is called financial services. Financial inclusion means availability of opportunities to access the different types of financial services. It's a process by which individuals and businessmen can access affordable and timely Financial products and services including banking service, loan, equity, bonds, debentures and Insurance products. Financial inclusion is defined by Dr. Rangarajan as the process of ensuring access to financial services and timely and adequate Credit when needed by vulnerable groups such as the weaker sections and low income groups at an Affordable cost by mainstream financial institutions players. Financial services does not only provide banking products and services, but also provides other financial services like loans, Insurance products, equity products etc.

Government of India has taken many initiatives with banks. Commercial banks play a important role in the economic development of the country by providing credit and mobilisation of Savings to various development programmes. Many institutions such as industrial finance corporation of India, industrial development Bank of India and small industrial bank of India are functioning to fulfilling the various financial requirement of the country. Regional Rural Banks, Co-operative banks and local area small finance banks are institutionalized by RBI to focus on financial inclusion programs and provides the financial needs in the rural areas. RBI issued license to financial institutions to start small finance banks in rural areas.



Financial inclusion classified into four phases. In the first phase include local institutions and credit Inclusion, second phase includes rural branches and weaker sections, third phase include rural focused and local touch and last fourth phase includes banking policies and framework of the private sector.

- I. **First Phase local institution, credit is inclusion:-** the first phase of financial inclusion can be seen from all the way up to banking nationalisation. The following reports of all India Committee report in 1954, There can be taken two steps both the steps to enhance access to credit in rural areas. The first nationalisation public sector bank was Imperial Bank of India renamed it as State Bank of India (SBI). Till about 1967, the state Bank of India opened 1468 branches in the rural areas. The state bank of India also has access from the Reserve Bank of India. In addition, a state partnership with co-operative. As a result primary agricultural co-operative societies had state support and promotions across the length and breadth of the country. In 1971, there was the era of state partnership with co-operatives. During co-operative periods the SBI continually expanded their branches in rural areas and RBI also permitted expansion of the Branches.
- II. **Second phase rural branches and weaker sections:-** The second phase started nationalisation of banks in all the sectors. Wherein the state established two largest banks, the first bank in 1969 and second bank in 1980. The 1969 nationalisation was controversial in large scale and scope was relatively low key. In this nationalisation period, there was concern about availability of credit for agricultural and small business. The lead bank scheme was instituted in 1969 and focused on all the single banks in the district. In 1989, the district co-operative bank transformed and provided various services. The state thus controlled policies and operations in the rural areas. Regional Rural Banks (RRBs), directly helped to intervene and impact the provision of credit and loans. The profitability and operational efficiency of the structure, in the

formal sector indebtedness of the rural areas was increasing and in the informal sector moneylenders saw a fall in the shares.

- III. **Third phase rural focused and weaker sections:-** The second round of bank nationalisation came in 1980, In this phase are included phase 1(local Institutions and credit Inclusion) and phase 2 (rural branches and weaker sections). The RRBs has 10000 to 15000 branches in rural areas. Regional Rural Banks are expected to more than local co- operative branches in the rural areas. They had a main target for agricultural and priority sector landing on moving to urban areas. In a way, Social control of the banks was to ensure that agricultural got loans, needy people got loans and rural areas got branches. The south, which dominated in the presence of bank opening in rural areas. The north- east lagging far behind relatively under-banked. The RRBs were decentralised Institutions, their uncovered credit covered by new Institutions. The Regional Rural Banks with 196 banks was centralised.
- IV. **Banking policies:-** under the fourth phase the most important change in role of central bank came from the committee set up by government of India on the financial sector reform Mr. Narasimham Rao, who was former governor of reserve bank of India. There were larger reform at level of union government followed by balance of payments crisis that s know as liberalisation programme. Financial sector reform was set up by Narasimham Committee in 1998. The 1991 report has Narasimham I report and 1998 report as the Narasimham II report mentioned in this book. The first moves after the Narasimham I report was the amendment of the Banking Regulation Act to permit the establishment of new private sector banks in India. In 1993 reserve bank of India issued new guidelines for opening new private sector bank in rural and urban areas.

Goals of Financial Inclusion for Women Empowerment

Financial inclusion is very particular about including women in financial management activities of a household. Financial inclusion believes that women are more capable of handling finances efficiently when compared to men of a house. Hence, financial inclusion activities target women by helping them get started engaging in financial management. There are many houses where women are not permitted to be involved in managing money. They are controlled by the men of the house and are asked to take care of only the domestic chores. Many conservative people in India believe that women are not capable of handling money. With the help of financial inclusion, the government, as well as non-governmental agencies, intend to get rid of this mentality. Financial inclusion is encouraging women to take up more employment opportunities and be financially independent. It also explains that women will not have to rely on men for money. They also do not have to wait for men's permission to do anything.

1.6 BANKS AND LOANS

Allahabad Bank



Allahabad Bank was a nationalised bank with its headquarters in Kolkata, India. Until its merger with the Indian Bank, it was the oldest joint stock bank in India. On 24 April 2014, the bank entered into its 150th year of establishment. The bank was founded in Allahabad in 1865. The bank's market capitalisation in June 2018 was US\$573 million and it ranked #1,882 on the Forbes Global 2000 list.[5] On 30 August 2019, the Finance Minister Nirmala Sitharaman announced merger of Allahabad Bank with Indian Bank.

- Allahabad Bank Personal Loan Interest Rate starts from 12.15%.
- Lowest EMI per lakh on Personal Loan from Allahabad Bank is ₹ 2,232 at the lowest interest rate of 12.15% at the longest loan tenure of 60 months.
- Loan available for both salaried and self-employed professionals.
- Borrowers within the age group of 21 and 58 years.
- Loan amount of minimum ₹ 50,000 to ₹ 7.50 Lakh.
- Loan Tenure 12 to 60 months.
- Processing Fees: 1.06%, Min Rs. 1068.

- Foreclosure charges: Allahabad Bank personal loan prepayment is allowed with 2.25%
- Part payment charges: Allowed at 2.25%
- Other Charges: Late EMI payment charges, EMI bounce charges, loan cancellation charges, which are disclosed by the bank at the time of signing the loan agreement.

Allahabad Bank personal loan interest rates table:-

Loan principal & Interest	Tenure				
	1 st year	2 nd year	3 rd year	4 th year	5 th year
1 lakh @ 10.65%	Rs. 8821	Rs 4644	Rs 3257	Rs 2567	Rs 2156
5 lakh @ 11.25%	Rs 26154	Rs.13,982	Rs. 9,821	Rs. 7,753	Rs. 6,522
6 lakh @ 11.5%	Rs. 53,169	Rs. 28,104	Rs. 19,785	Rs. 15,653	Rs. 13,195
9 lakh @ 11.87%	Rs. 79,911	Rs. 42,313	Rs. 29,839	Rs. 23,645	Rs. 19,963

- **Photo identity proof (any one document):** Passport, Pan Card, Voter Identity Card, Driving License, Aadhaar Card.
- **Address proof (any one document):** Ration Card, Bank Account Statement, Passport, Driving License, Electricity Bill, Telephone Bill, Sale Deed/Property purchase agreement (for owned properties), Aadhaar Card.
- **Salary proof:** Last 3 months/6 months' bank statement (dependent on scheme) showing salary credits, Latest Salary Slip.

State Bank of India



State Bank of India (SBI) is the country's largest commercial bank, in terms of assets, deposits, and employees. Owned by the Indian government, it offers a range of general banking services from loans and advances to corporates and individuals in India and abroad. SBISBI has actively participated in SHG-Bank Credit Linkage programme since its inception in 1992 as a pilot project of NABARD. Since then, the Bank has made a steady progress in financing SHGs. Our market share in SHG credit linkage is 23.65% (March 2018) among public sector Banks. As on 31st March 2018, Bank's lending to SHGs is Rs.10,551 crore to 5.91 lac SHGs, of which 91% are women SHGs.

Initiatives

- ❖ Sensitization of staff working in rural and semi-urban branches.
- ❖ Training programmes on SHGs are conducted at 54 Learning Centers and SBIRD, Hyderabad.

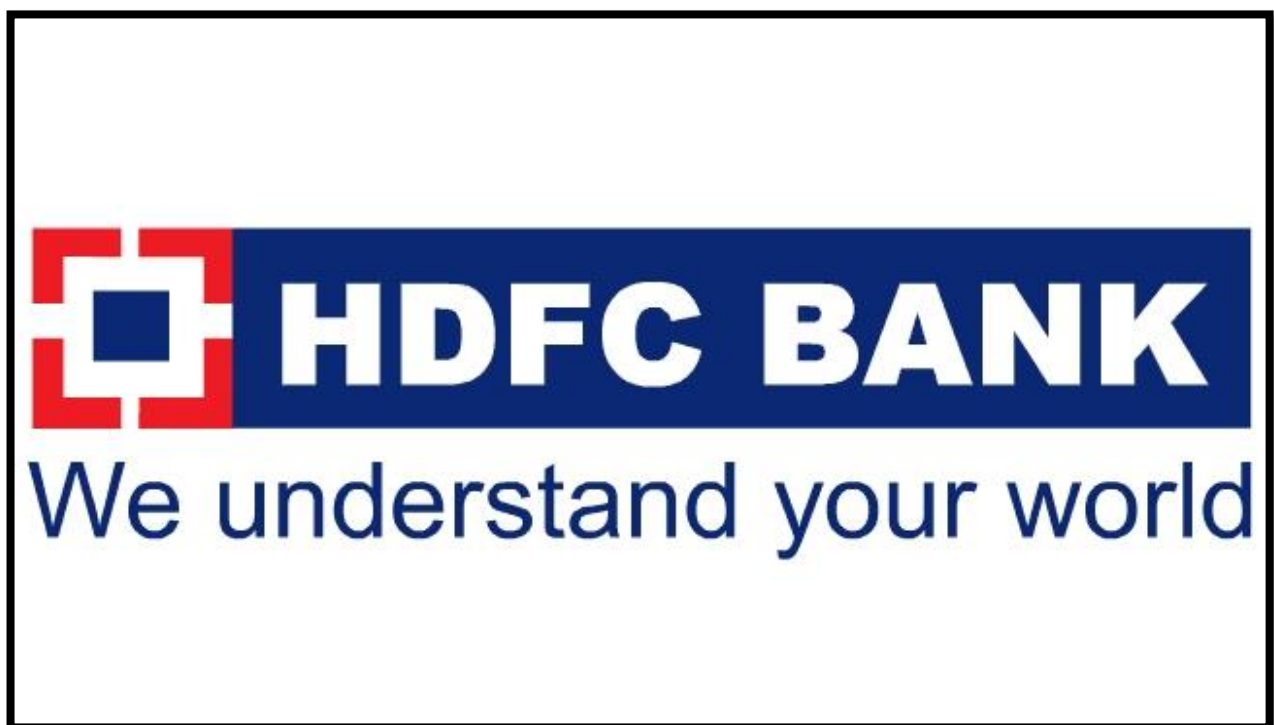
- ❖ Close liaison with NGOs
- ❖ Lending to NGOs / Federations of SHGs / MFIs
- ❖ Training /skill up-gradation through 151 Rural Self Employment Training Institutes (RSETIs)
- ❖ Financial Literacy Centers (FLCs): 338 FLCs conduct camps, seminars and workshops to create financial awareness among people.
- ❖ Scheme for Promotion of Women SHGs implemented through anchor NGOs in 150 backward / Left Wing Extremism (LWE) affected districts.
- ❖ Cash credit facility provided to SHGs to facilitate flexibility in operation.
- ❖ Under National Rural Livelihood Mission (NRLM) scheme, loans to Women SHGs are provided at 7% p.a. interest rate in 250 identified districts. Prompt payee SHGs gets additional subvention of 3% p.a.
- ❖ Under Joint Liability Groups (JLGs), loans are granted to groups for economic activities like crop production, allied agricultural activities, etc.

SBI Bank personal loan requirements table :

SBI personal loan	
Interest Rate	Starting from 9.60% per annum
Loan Amount	Upto Rs. 20 Lakh
Minimum Income for Eligibility	Rs. 15000 per month
Eligibility Age	From 21 years upto 60 years at loan maturity
Loan Tenure	Up to 72 months
Types of SBI Personal Loans	Pension Loan, Xpress Credit, Xpress Elite, Xpress Credit Insta Top-up, Clean Overdraft, Pre Approved Personal Loan on YONO & Quick Personal Loan

SBI offers various types of personal loans such as Xpress Credit Loan, SBI Pension Loan, Xpress Elite and Pre-approved Personal Loans that cater to the needs of different borrowers. Personal loans offered by SBI may be used for various purposes such as business expansion, debt consolidation, foreign travel expenses, marriage, home renovation, medical emergency, etc. Currently SBI offers personal loans of up to Rs. 20 lakh with interest rates starting from 9.60% p.a. onwards.

Housing Development Finance Corporation Limited (HDFC)



The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of RBI's liberalisation of the Indian Banking Industry in 1994. The interest rate offered by HDFC Bank on a personal loan varies from 11.25% to 21.50%. However, the interest rate provided to an individual on a personal loan depends on multiple factors including credit score, age, employment, repayment history, current debt, etc.

- ❖ No collateral or security required to avail a personal loan.
- ❖ Loan disbursement within a day of applying for the loan.
- ❖ HDFC personal loan interest rates range from 10.75% - 21.30% p.a.

- ❖ Borrowers can opt for the ‘Sarv Suraksha Pro’ policy, which provides a credit shield cover, an accidental hospitalisation cover, and a permanent disability/accidental death cover.
- ❖ Borrowers can also avail an optional insurance cover that will offer coverage against personal accidents and critical illnesses.

Eligibility Criteria:-

The following people are eligible to apply for a Personal Loan:

- ❖ Employees of select private limited companies, employees from public sector undertakings, including central, state and local bodies
- ❖ Individuals between 21 and 60 years of age
- ❖ Individuals who have had a job for at least 2 years, with a minimum of 1 year with the current employer
- ❖ NON HDFC Bank Salary account Holder: Minimum of ₹ 50,000 net income per month.
- ❖ Your salary is Rs. 15,000 per month or more (Rs. 20,000 or more if you are in Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, Pune, Kolkata, Ahmedabad or Cochin).

HDFC Bank loan interest rate table :-

Loan principal @ interest	Tenure				
	1 st years	2 nd year	3 rd year	4 th year	5 th year
2 lakh @ 11.25%	Rs. 17,699	Rs. 9,344	Rs. 6,571	Rs. 5,193	Rs. 4,373
5 lakh @ 12%	Rs. 44,424	Rs. 23,536	Rs. 16,607	Rs. 13,166	Rs. 11,122
10 lakh @ 12.5%	Rs. 89,082	Rs. 47,307	Rs. 33,453	Rs. 26,579	Rs. 22,497
15 lakh @ 13%	Rs. 1,33,975	Rs. 71,312	Rs. 50,540	Rs. 40,241	Rs. 34,129

Documentation required:

- Identity proof and address proof (copy of passport/voter ID card/driving license/Aadhaar).
- Bank statement of previous 3 months (Passbook of previous 6 months).
- Two latest salary slip/current dated salary certificate with the latest Form 16

Axis Bank



Axis Bank personal loan comes with zero foreclosure and part payment charges along with quick disbursal and flexible end-use. Common uses of a personal loan from Axis include managing vacation expenses, renovating your house, arranging a dream wedding and paying for medical emergencies. Axis Bank provides personal loans ranging from Rs. 50,000 to Rs. 15 lakh with flexible repayment tenure of 1 to 5 years.

- ❖ Flexible Tenure: You can decide your repayment period as per your convenience as Axis Bank offers a flexible loan tenure of 12 to 60 months.
- ❖ Special offers: Preferentially lower interest rates are offered if you are already an Axis Bank customer.

- ❖ Loan Amount: Axis offers personal loans ranging from Rs. 50,000 to Rs. 15 lakh.
- ❖ Personal Loan balance Transfer: You can easily move your high interest rate personal loan from a different bank to Axis Bank at a lower interest rate.
- ❖ Documentation: Minimal documentation is required to avail Axis personal loan. Hence, loan approval is speedy and hassle free.

Documents required for Loan Application:-

- Duly filled application form
- KYC documents (proof of identity and proof of address)
- Proof of income (Latest 2 salary slips)
- Last 3 months' bank statement
- Duly filled out and signed loan agreement with Standing Instruction (SI) Request/Electronic Clearing Service (ECS) forms

Based on the repayment mode

- For ECS/SI repayment mode: 3 security Post Dated Cheques (PDCs)
- For PDC repayment mode: PDCs equivalent to the loan tenure.
- For ECS repayment mode: One cancelled cheque.

Axis bank fees and charges:

Fees and other charges	
Repayment Instruction/ Instrument Return Charges	Rs.500/- per instance of dishonor of cheque /SI/ECS/NACH debit instruction + GST as applicable
Swap Charges (Cheque/ Instrument)	Rs. 500/- per instance + GST as applicable
Penal Interest	24% per annum, i.e. 2% per month on the overdue installment
Duplicate statement issuance charges	Rs.250/- per instance per set + GST as applicable
Duplicate Amortization schedule issuance charges	Rs.250/- per instance per set + GST as applicable
Re-Issuance of photocopy of loan agreement/documents	Rs.250/- per instance per set + GST as applicable

Credit Information Companies (CICs) Report Issuance Charges	Rs. 50/- per instance per set + GST as applicable
Duplicate NOC	Rs. 500/- per instance per set + GST as applicable
Stamp Duty Charges	As per State Stamp Act

Central Bank of India



Available to salaried corporate and government employees as well as self-employed individuals/professionals, the Central Bank of India Personal Loan provides customised solutions designed to fulfil various personal financial needs. The bank currently offers unsecured personal loans of up to Rs. 10 lakh and ensures that the loan amount is sanctioned with minimal formalities and hassle. The personal loans offered by Central Bank of India can help an individual deal with various situations like a medical emergencies, home renovation, marriage expenses, vacation expenditures, etc.

- ❖ Loan amount: Central Bank of India offers a maximum personal loan amount of Rs. 10 lakh. Maximum loan amount offered to an individual may however change based on salary, credit score, repayment history, employer, applicant's age, etc.
- ❖ Flexible tenure: The loan can be repaid with flexible repayment options. Central Bank of India personal loan tenure can range from 36 to 60 months depending on the type of scheme availed.
- ❖ Fast processing: Central Bank of India Personal Loan can be applied from the comfort of your home or office and ensures fast processing if you meet the eligibility criteria and submit all the necessary documents.
- ❖ Various schemes: There are multiple schemes offered under the Central Bank of India Personal Loan category that are customised to cater to different needs of different types of applicants.

Eligibility Criteria

- ❖ **Cent Personal Loan Scheme :-** You should be a permanent employee of government institutions, railways, central and state government, hospitals, schools, municipal bodies, hospitals, etc. and should have completed 1 year of service.
- ❖ **Cent OD Facility to Pensioners :-** Pensioners / family pensioners drawing pension through Central Bank of India branches including Ex-staff of Central Bank of India can avail this loan
- ❖ **Cent Pensioners :-** Pensioners / Family Pensioners drawing pension through our Bank's branches. The Pensioners who are getting their pension disbursed through Treasury/DPDO (Defence Pension Disbursing Office) directly to the credit of their saving accounts with Central Bank of India branches are also eligible. Pensioners/Family Pensioners of Central Bank of India.
- ❖ **Cent Liquid Scheme :-** Individuals who are the bonafide owners of the shares / debentures and are maintaining DEMAT account with Depository Participant are eligible for the Cent Liquid Scheme.

Documents Required for Loan Application :-

- ❖ Identity proof: Passport, PAN Card, Voter ID Card, Driving License, Aadhaar.
- ❖ Address proof: Ration Card, Bank Account Statement, Passport, Driving License, Electricity Bill, Telephone Bill, Sale Deed/Property purchase agreement(for owned properties), Aadhaar Card.
- ❖ Income proof: Bank Account Statement, Salary Slips.

Monthly EMI Payout table of central bank of India:

Loan amount	Monthly EMI payout

and interest	1 st year	2 nd year	3 rd year	4 th year	5 th year
5 lakh @ 9.55% p.a.	Rs. 43,853	Rs. 22,969	Rs. 16,028	Rs. 12,574	Rs. 10,513
10 lakh @ 11% p.a.	Rs. 88,382	Rs. 46,608	Rs. 32,739	Rs. 25,846	Rs. 21,742
20 lakh @ 11.25% p.a.	Rs. 1.76 lakh	Rs. 93,448	Rs. 65,715	Rs. 51,935	Rs. 43,735

ICICI Bank



ICICI Bank offers personal loans of up to Rs. 20 lakh, which can be easily availed with minimal documentation for a tenure of 12 to 60 months. Depending upon your need you can choose from various types of personal loans offered by ICICI Bank including Wedding Loan, Holiday Loan, Home Renovation Loan, Fresher Funding and NRI Personal Loan. Read on to know various details about ICICI Bank personal loans.

- ❖ Quick Loan Disbursal: ICICI Bank promises to credit the desired loan amount in your account within a period as short as 3 seconds. This feature is available for select customers upon completion of online verification and acceptance of final offer.
- ❖ Loan amount: ICICI Bank provides personal loans up to Rs. 20 lakh with flexible end-use. All one needs to do is apply online or visit any nearby branch to get their loan application processed.
- ❖ Fixed Interest Rate: ICICI Personal Loan Interest rates start from 11.25% p.a.
- ❖ Minimal Documentation: Application process is hassle-free and requires minimal documentation, thus making it extremely easy and convenient for individuals who wish to apply.
- ❖ Flexible Loan Tenure: The loan tenure ranges from 12 months to 60 months. Customers have the option to choose the loan tenure according to their feasibility.

Documents required for personal Loan Application :-

Salaried professionals:	self- employed individuals
Identity Proof: PAN/Aadhaar/Passport/Voter ID/Driving License, etc. (any one)	KYC Documents: Proof of Identity, DOB proof, Address proof, etc.
Residence Proof: Utility Bill (less than 3 months old)/Valid Rent Agreement, etc. (any one)	Proof of Residence: Rent Agreement / Utility Bill (less than 3 months old), etc. (any one)
Salary slips for last 3 months	Income proof (audited financial report for the past two years)
Latest 3 months bank statement of salary account	Proof of office address
2 passport size photographs	Bank statement of the previous 6 months
For self- employed individuals	Proof of business continuity

ICICI Bank monthly EMI payout table:

Loan Amount (Rs.) and Interest Rate	Monthly EMI Payout (Rs.)				
	1-year loan tenure	2-year loan tenure	3-year loan tenure	4-year loan tenure	5-year loan tenure
5 lakh @ 13% p.a.	Rs. 44,659	Rs. 23,771	Rs. 16,847	Rs. 13,414	Rs. 11,377
10 lakh @ 15% p.a.	Rs. 90,259	Rs. 48,487	Rs. 34,666	Rs. 27,831	Rs. 23,790
20 lakh @ 11.25% p.a.	Rs. 1.76 lakh	Rs. 93,448	Rs. 65,715	Rs. 51,935	Rs. 43,735

1.7 GOVERNMENT POLICIES AND SCHEMES

1) 'Jal Shakti Abhiyan' launched for water conservation



Ministries of the government of India formulate various development schemes not to raise the profit but to maximise the welfare of the people. Some schemes like National Rural

Livelihood Mission, MGNREGA, Bharat Nirman etc. Are made by the government for rural development of India. Government has been launched various rural development schemes in India:

- ❖ Approved by- Union Ministries and State Governments
- ❖ Launched by- Union Minister Gajendra Singh Shearwater
- ❖ Ministry- Department of Drinking Water and Sanitation (DDWS)
- ❖ Aim: To provide drinking water to every household on priority and in a sustainable manner.
- ❖ Description: Its focus areas are water-stressed districts (256) and blocks (1592). The Campaign is centred on 5 aspects:
 - Water conservation and rainwater harvesting
 - Renovation of traditional and other water bodies/tanks
 - Reuse of water and recharging of structures such as bore-wells
 - Watershed development
 - Intensive Afforestation

2) Gram Panchayat Development Plan (Gdpd)-Sabki Yojana, Sabka Vikas



- ❖ Launched by: Ministry of Panchayati Raj
- ❖ Launched on: October 2018
- ❖ Aim: To strengthen the role of 31 lakh elected Panchayat leaders and 2.5 crores SHG Women under DAY-NRLM in effective gram sabha and to connect rural people to the mainstream while keeping in focus the principle of 'Sabka Saath Sabka Vikas'.

3) Roshni: Skill Development Scheme for Tribals:



- ❖ Launched by: Government of India
- ❖ Ministry: Ministry of Rural Development
- ❖ Launched on: 7 June 2013
- ❖ Aim: To offer employment to tribal youth in 24 Naxal -affected districts. The scheme Roshni is aimed to provide training and employment to an anticipated 50,000 youth in the age group of 10-35 years, for a period of three years. As per the Ministry, 50 per cent of the beneficiaries of the scheme will be women only.

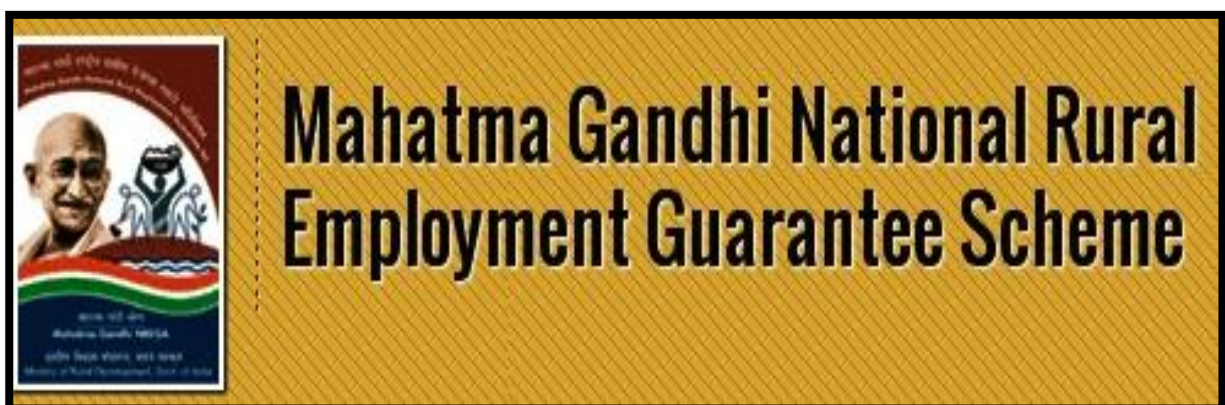
4) Sansad Adarsh Gram Yojana:-

सांसद आदर्श ग्राम योजना Saansad Adarsh Gram Yojana

- ❖ **Launched by:** The Prime Minister Narendra Modi on the birth anniversary of Lok Nayak Jai Prakash Narayan
- ❖ **Launched on:** 11 October 2014
- ❖ **Ministry:** Ministry of Rural Development.
- ❖ **Aim:** Under this programme, each Member of Parliament will take the responsibility for developing physical and institutional infrastructure in three villages and look after the personal, human, social, environmental and economic development of the villages by 2019
- ❖ **Adarsh Gram (Model village):**

- Should be connected to the nearest major road by an all-weather road.
- Access for all to safe drinking water on a sustainable basis.
- All houses should have electricity.
- Should have an Anganwadi centre and schools of appropriate levels.
- All children in the age-group of 3-6 should be enrolled in, and regularly attend the Anganwadi.
- All children in the 6-14 age group should be enrolled in, and regularly attend school.
- There should be no public consumption of liquor or any other intoxicating substances, and their use in general should be discouraged.
- 100% institutional deliveries, full immunization of children, and observance of the small family norm.
- Residents of the village should be aware of and exercise their constitutional and legal rights.

5) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):



- ❖ **Came into Force: 2005**
- ❖ **Mission:** It aims to enhance livelihood
- ❖ The act was first proposed in 1991 by P.V. Narasimha Rao

- ❖ Introduced by: Raghuvansh Prasad Singh, Minister of Rural Development
- ❖ **Statement:** security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work”.
- ❖ **Aim:** National Rural Employment Guarantee Act 2005, was launched on the 2nd Feb.2006. Now, renamed as the “Mahatma Gandhi National Rural Employment Guarantee Act” or, MGNREGA. This scheme is Indian labour law and social security measure that aims to provide ‘right to work’ to the people falling Below Poverty Line. It guarantees 100 days of employment in a year to the village people. Fifty per cent are reserved for women. Its 90% of funding is borne by the central government and 10% by the state government.
- ❖ **Coverage:-**
 - The Act was notified in 200 districts in the first phase with effect from February 2nd 2006 and then extended to an additional 130 districts in the financial year 2007-2008 The remaining districts have been notified under MGNREGA with effect from April 1, 2008.
 - Thus, the MGNREGA covers the entire country with the exception of districts that have a hundred per cent urban population.

6) Pradhan Mantri Gram Sadak Yojana:



- ❖ Launched on: December 25, 2000,
- ❖ Ministry: Ministry of Rural Development.
- ❖ Description: Initially, it was 100% centrally funded scheme, but after the recommendation of the 14th finance commission report the expenditure is now be shared by the centre and state at the ratio of 60:40.
- ❖ Aim: The main aim of this scheme was to provide road connectivity to the rural areas whose population is more than 500 persons and in hilly areas, it is 250 persons. Nearly 82% of roads have been built till December 2017 which have successfully connected several rural areas to cities. Remaining 47,000 habitations will also get connected by all-weather roads by March 2019.

The PMGSY shall cover only the rural areas. Urban roads are excluded from the purview of this Programme. Even in the rural areas, PMGSY covers only the Rural Roads i.e., Roads that were formerly classified as 'Other District Roads'(ODR) and 'Village Roads' (VR). Other District Roads (ODR) are roads serving rural areas of production and providing them with outlet to market centres, taluka (tehsil) headquarters, Block headquarters or other main roads. Village Roads (VR) are roads connecting villages / Habitation or groups of Habitations with each other and to the nearest road of a higher category.

7)Antyodaya Anna Yojana (AAY):



Antyodaya Anna Yojana is the sponsored scheme of Government of India to provide highly subsidised food to millions of the poorest families. This scheme was developed by the then Union Food and Civil Supplies Minister, Shanta Kumar. It was launched by the NDA government on 25 December 2000 and first implemented in the [[States and union territories of India.

- ❖ Launched by: The Former Prime Minister of India, Late Atal Bihari Vajpayee
- ❖ Launched on: 25 December 2000.
- ❖ Aim: The main objective of the scheme was to provide food grains to around 2 crores Below Poverty Line (BPL) families at a very subsidized rate. Under this scheme, a total of 35 kg's of food grains are provided to a family. Rice is provided at the rate of Rs. 3/kg and wheat at Rs.2/kg.

After identifying the “poorest of the poor” (the 10,000,000 poorest families in the Below Poverty Line category) through surveying,[1] the government began providing them an opportunity to purchase up to 35 kilograms of rice and wheat at a highly subsidised cost of ₹3 per kilogram of rice and ₹2 per kilogram of wheat. Poor families were identified by their respective state rural development facilities through the use of surveys. The scheme has been expanded twice, once in June 2003 and then in August 2004, adding an additional 5,000,000 BPL families each time and bringing the total number of families covered up to 20,000,000.

Once a family has been recognized as eligible, they are given a unique "Antyodaya Ration Card". This card, also called the PDS yellow card, acts as a form of identification, proving that the bearer is authorized to receive the level of rations the card describes. The color of the card is yellow.

8) Training to Rural Youth for Self Employment (TRYSEM):



- ❖ Started on: August 15, 1979
- ❖ Ministry: Ministry of Rural Development.
- ❖ Aim: Training to Rural Youth for Self Employment (TRYSEM) is a centrally sponsored programme. The main target of this scheme was to provide technical and business expertise to rural people living Below Poverty Line(BPL) in the age group of 18-35. Later on, this programme was merged with the Swarn Jayanti Gram Swarojgar Yojna on April 1, 1999.

Every trainer needs to have specific skills as well as training and development tools to be effective. First, let's look at the following list that includes both soft training skills and hard.

- Advanced research skills
- Strong communication skills
- Organizational skills
- Adaptability skills
- Enthusiasm for lifelong learning

9) Aam Aadmi Bima Yojna



A Social Security Scheme was initiated and excellently administered by the Government of India in the form of the Aam Aadmi Bima Yojana for the citizens settled under 48 identified vocational/ occupational groups /rural areas with landless households. This group insurance scheme was introduced on 2nd October, 2007. It is also administered under the Life Insurance Corporation of India (LIC). The Ministry of Finance made a proposal to merge both the Social Security Schemes, 'Aam Aadmi Bima Yojana (AABY) and Janashree Bima Yojana (JBY). Post-merger, since January 1, 2013, the scheme was newly named as 'Aam Aadmi Bima Yojana.'

- ❖ Launched on: October 2, 2007.
- ❖ Launched by: Government of India.
- ❖ Ministry: Ministry of Labour & Employment
- ❖ Description: It is a social security scheme for rural households. Under this scheme one member of the family is covered with a premium of Rs. 200 per person per annum which is shared by the state and central government. Also, the insured person need not pay any premium if his/her age is between the 18 years to 59 years.

Eligibility:-

- A person aged between 18 to 59 years can avail this insurance facility.
- Available only to the head of the family or the earning member of the family below the poverty line in the rural areas with landless households.
- Documentation requirement should be fulfilled.

10) Pradhan Mantri Awas Yojana: Housing for All:

Housing for all' scheme is now renamed as Pradhan Mantri Awas Yojana (PMAY). PMAY is an ambitious urban housing plan of the Indian government starting from 17th June 2015 to 31st March 2022.

Eligibility:-

- Applicant age must be between 21 and 55 years
- Income less than 6 lac per annum for LIG
- Income less than 3 lac per annum for EWS

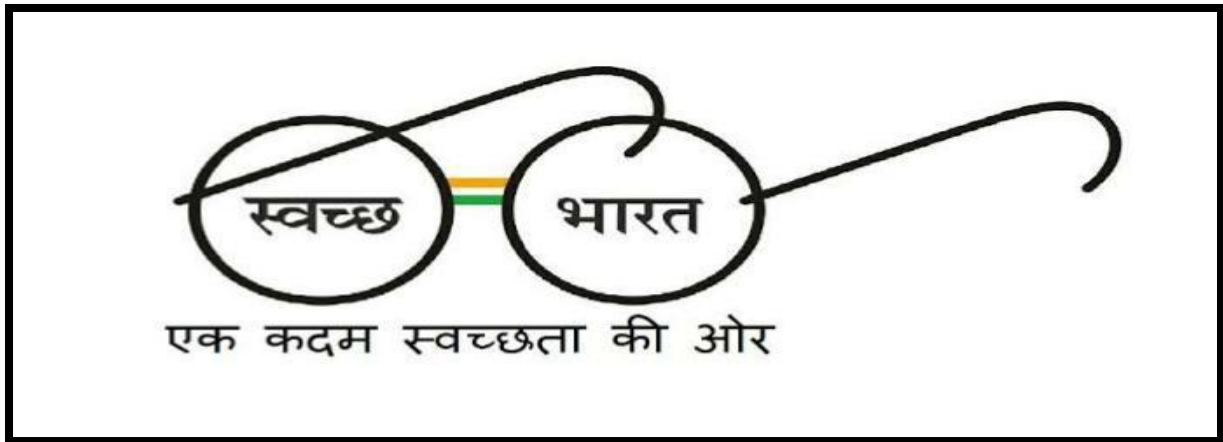
Beneficiaries:-

- Identified from SECC data
- Economically Weaker sections (EWS)
- Below Poverty Line (BPL)
- Low Income Group (LIG)
- Women
- Scheduled Caste

How Beneficiaries are selected?

- Agreement signed by State/Union Territory
- State/UT writes proposal to HUPA
- State conducts survey (SECC)
- State advertises and calls for applications

11) Swachh Bharat Mission



Swachh Bharat Mission (SBM), Swachh Bharat Abhiyan (SBA), or Clean India Mission is a country-wide campaign initiated by the Government of India in 2014 to eliminate open defecation and improve solid waste management (SWM). Phase 1 of the mission lasted till October 2019. Phase 2 will be implemented between 2020-21 and 2024-25. Initiated by the Government of India, the mission aimed to achieve an “open-defecation free” (ODF) India by 2 October 2019, the 150th anniversary of the birth of Mahatma Gandhi.[2] The objectives of the first phase of the mission also included eradication of manual scavenging, generating awareness and bringing about a behavior change regarding sanitation practices, and augmentation of capacity at the local level. The second phase of the mission aims to sustain the open defecation free status and improve the management of solid and liquid waste.[3] The mission is aimed at progressing towards target 6.2 of the Sustainable Development Goals Number 6 established by the United Nations in 2015.

Swachh Bharat Mission (SBM) Mobile app is being used by people and Government organisations for achieving the goals of Swachh Bharat Mission.[65] For this the government of India is bringing awareness to the people through advertisements. In 2017, the national sanitation coverage rose to 65% from 38.7% on Oct 2, 2014 before the start of the campaign.[67] It was 90% in August 2018.[68] 35 states/Union Territories, 699 districts and 5.99 lakh villages were declared Open Defecation Free (ODF) by 25 September 2019.

1.8 SOURCES OF INCOME IN RURAL AREA

Rural People and Sources of Income:



75 percent of rural India survives on Rs 33 per day. More than half of rural households depend on manual labour for livelihood, and 75 percent of the rural population, or 133.5 million families, earn less than Rs.5,000 per month. Seventy-five percent of rural households in India have a monthly income of less than Rs 5,000 (\$79), 51 percent of households make a living from manual labour, 28 percent (over 50 million) of households do not have mobile phones or any form of communication.

More than 70 million rural households face some form of exclusion, either from assets or socio-economic benefits, according to data released by the Socio-Economic Caste Census (SECC) survey last week. As many as 833 million Indians, or 69 per cent of the population, live in rural areas. The SECC report comes at a time when global credit rating agencies such as Moody's have warned that slow growth in rural India may cripple the overall economy. Rating agencies have laid stress on speeding rural reforms.

Small businesses earning in rural area:-

1) Production of organic vegetables

To produce in large quantities many have started using vaccines. Using which the vegetables, fruits, become mature even before the actual time. Therefore the demand for organic produce has increased so much. You can start doing organic farming and sell it in the town market where it is in high demand. For this, you can find a proper vendor for your product so that you don't have to struggle to sell your produce. People almost earned per day ₹400 - ₹500 and monthly earnings ₹12000 - ₹15000.



2) Poultry farm

Opening a poultry farm doesn't require much land. You on your own or with the help of some others can start this business very easily. You would have to rear small chicken up to certain wait and then you can sell them off. In this you would be provided with the chicken, their food and everything, you would just have to rear the chickens up to certain months or the weight according to their requirement. Mostly the payment is made according to the chickens weight. People almost earned per day ₹800 - ₹1000 and monthly earnings ₹24000.



3) Fishery farm

Similar to poultry farming you can do fishery business as well. You need to have some understanding of this business as it's not easy. You need sufficient land for fishery business. The disease of one fish or one infected fish can spoil the fish of the whole pond. Therefore you need to be extra careful in this



business. People almost earned per day ₹600 - ₹800 and monthly earnings ₹18000 - ₹24000.

4) Milk centre

Rearing cows and buffalos are very common in villages. There are so many dairy farms which demand milk in huge quantities. They take the milk from the milk centres. These milk centres collect milk from the villagers. To start the milking centre you would have to contact a dairy farm and do a tie-up with them. You need to have a proper place where you can keep the weighing machine and the machine to measure the quality of milk fat and other things. People almost earned per day ₹700 - ₹900 and monthly earnings ₹21000 - ₹27000.



5) Drinking water supply

Usually, people used hand pumps, ponds, rivers etc. in the village. But now almost everyone has a hand pump at their homes and people have even started getting drinking water canes. You can start this business with very less capital as well. You can start the store at your home. If possible you can take 4 wheelers like Tata Mahindra to carry the canes. People almost earned per day ₹400 - ₹600 and monthly earnings ₹12000 - ₹16000.



6) Wholesale of seeds

As agriculture is the major occupation in the villages. Starting a wholesale store of seeds would be one of the best options for your business. You might have to get a license for this business. You would have to check for the legalities. There are very few chances of facing loss in this business as most of the people in villages are agriculturists and fertiliser is one of the major requirements for





METHODOLOGY:

- The study was carried out in Maharashtra.
- Extensive Library Research was carried out.
- Various Websites were referred.
- Primary data was collected through personal interviews.
- Various books, magazines and newspapers.

2.2 Hypothesis

- Self-Help Groups has enabled the rural poor to generate saving and create capital
- Self- Help Groups has made a positive impact on women empowerment

2.3 Scope of the study

The present study concentrates on rural poor especially in rural areas, which helps to find the problems of the poor, role of SHGs in their economic and social Life (especially for women), their savings and credit facilities.

2.4 Limitations of the study

The following were the limitations of the study:

- I. **Non representative sample:-** In this research project a sample survey was conducted. A sample of 100 respondents was selected. So such sample size cannot be said to be the true representative of the universe.
- II. **Shortage of time:-** The time period of study was very limited. It is very difficult to have in detail study on project work due to limited time period. The period of 4 to 6 weeks is not enough for the proper study of the projected.
- III. **Inadequate data:-** The data provided was not up to the mark due to which we faced problem sin our research.
- IV. **Lack of scientific method:-** The lack of scientific training in methodology of research was great impediment in our research program, which led to the delay of research.
- V. **Cost Factor:-** It was not possible to conduct extensive research due to paucity of funds

2.5 Significance of the study

SHGs are the group of people from a village which has 10-15 members and collect 20-25 rupees per week from per person of the group and then deposits it in the banks to earn interest and then give loans from that money to the poor needy peoples the main aim of SHGs is that to give loans to the poor people at a very cheap interest rate.

- They get loan at a reasonable rate of interest.

- It helps borrowers to overcome the problem of lack of collateral and documentation.
- It saves them from exploitation of the money lenders.
- This interest income becomes an extra source of income of the members.

2.6 selection of the problem

Lack of access to income opportunities or skill-based training opportunities keep many people shackled to poverty. Until and unless rural people are not brought into the mainstream for economic and social change, we will fail to bring change in rural development. They need to be organized for the decision of their choices and voices. Prevalence of poverty is quite high among rural population. They need to be the main focus of any poverty alleviation program as they comprise a major section of the poor population. Among the poor, women are considered the most disadvantaged due to their limited access to economic opportunities and basic social services and the excessive burden of household chores on them. Economic and social issues are closely intertwined, one reinforcing the other. People's access to credit is limited because both formal and informal credit institutions are geared to fund property owners. All formal credit institutions seek tangible collateral from loan and they are sidelined from institutional credit since they have no access to the inherited property.

The village moneylenders are also interested more in earning high interest or acquiring the debtor's property rather than financing people in need. In case of women, their access to institutional credit is further restricted by their confinement to household activities and lower level of awareness and educational attainment. Rural poverty invariably associated with poor quality of housing, ill health, lack of access to a wider range of services including health, education. Poor people's needs are survival, security and quality of life. Self-help group approach is the key element in social mobilization. Against this background the present study has been carried out in Thane district Maharashtra in India to assess the impact of SHGs a saving and income of the rural poor.

Conceptual Framework

The following concepts are used in present study

Microfinance: It is the provision of broad range of financial services such as savings, loans, payment services, money transfers and insurance to poor and low income households, for their micro enterprises.

Micro credit: It is typically the provision of very small loans that are repaid within short periods of time, based on financial capacity of the borrowers to pay back the credit.

Self-Help Groups (SHG's): It is the group of 10-20 members composed of people from the same area, friends and people from same peer groups. The group members meet regularly (weekly or monthly).

Saving: It is compulsory contribution by the members of group, which acts as a security for the loans.

Financial Loans: The loan, which is used for the productive purposes like business, trade and those activities, which generate income.

Consumption Loan: The loans, which are used for the day today expenses of the households like food, cloths and marriages.

2.7 Sample size:- Due to lack of time sample size should be taken 100 responses.

Sample Unit:- In this project sampling unit consist of the various individuals who had a member of self help group in any of the organisation.

2.8 Data collection techniques and tools

Primary Data

The primary data were gathered by applying the following research techniques:

Household Survey: A semi-structured interview schedule was prepared to take interview with the SHG members. Besides interview, the researcher let her respondents open up their experience and Express themselves in their own terms and at their own pace

Focus Group Discussion: To know the people's perception regarding the SHG's functioning, Focus Group Discussion was conducted among the group members. It helped to find out the detailed information regarding the groups.

Observation: Observation with the use of checklists to study how the people are getting benefit from the groups. Researcher was very careful in observing the participation of group members in different activities i.e. their participation in group meetings, decision making capacity.

Key Informant Interview: Checklist was also prepared to take information from the key informants who have detail knowledge about the group. Key informants were sampled purposively on the basis of their information.

Secondary Data

The secondary data were collected from different published and unpublished sources. The sources other different published articles, documents, books etc. were also used to obtain the necessary information.

Methods of Analysis:- The data analysis has been done by using simple statistical tools and modern computer packages. The data processing is done by using SPSS package and statistical techniques like cross tabulations, mean, are used so as to draw viable conclusions.

Study Area:- The study area has been selecting by taking in to consideration various factors like number of SHGs, Number of SHG members and number of MFIs operating in the area. Thus, the study is confined to in Thane district of Maharashtra state .

CHAPTER NO. 3 LITERATURE REVIEW



- **Grameen Bank: Post the Bangladesh famine of (1974)** Prof. Yunus, Started a series of experiments to test the hypotheses that if poor were Supplied with “working capital” they can generate productive self Employment without external assistance (Hossain, 1988). He started By lending small amounts of money to the poor households in the Village of Jobra, Bangladesh. He observed that the small money he Could lend to the villagers was enough to run simple business Activities. Further he found that borrowers were not only profiting Greatly by access to the loans but they were also repaying it reliably Even though no collateral security was offered (Armendariz and

Morduch, 2010) .Thus, the Grameen Bank project was born in the Village of Jobra, Bangladesh, in 1976. In 1983 it was transformed into A formal bank under a special law passed for its creation. Today, Grameen Bank has more than 7.5 million borrowers since its inception And has a success rate of 65% of their borrowers who have clearly Managed to improve their socio-economic conditions and have lifted Themselves out extreme poverty (Grameen Bank, 2011).

- **Piyush Tiwari and S. M. Fahad (1997)** Discussed conceptual Framework of a microfinance institution in India. The paper evaluated The successes and failures of various microfinance institutions around The world and lessons learnt have been incorporated in a model Microfinance institutional mechanism for India. The paper explained That how microfinance is helpful in poverty alleviation, the formal Sector institutions, the existing informal financial sources and its Strengths, Mechanisms Adopted in Other South Asian Nations In Targeting Programmes for the Low Income Groups, Credit Mechanisms Adopted by HDFC (India) for Funding the Low Income Group Beneficiaries, weaknesses of existing microfinance models and Thereby developed a new paradigm and three possible alternatives for Successful implementation of microfinance.
- **Malcolm Harper (2002)** In his paper titled ‘Grameen bank groups and self help groups; what are the differences?’ showed the Advantages and disadvantages of both the system. The paper described And explained each system and compared their sustainability, their Outreach and impact on the poor and their institutional feasibility. The Paper concluded by summarizing the pros and cons of both the system In a table. The summary table includes the pluses and minuses for both Clients and banks and also the suitable conditions for both the system To operate smoothly.
- **Bindu Ananth (2005)** In her paper titled ‘Financing microfinance ICICI Bank partnership model’ analyzed the partnership model of Financing microfinance institutions. The paper compared three Financing models for microfinance. The three models were Self help Group bank linkage model, financial intermediation by microfinance Institutions and the partnership model – MFI as a servicer. The paper described in detail the need for partnership model and the description Of how the model worked. The researcher said that the model was

Unique in that it combines both debt as well as mezzanine finance to The MFI in a manner that rapidly lead to the increase in outreach, While it unlocked large amounts of wholesale funds available in the Commercial banking sector in India. The paper also discussed how to Build links to capital markets for financing microfinance through Securitization. It concluded by highlighting key enablers for an Environment of rapid microfinance growth including regulator support For hybrid models of outreach and investments in training and funding Of initial expenses of new or emerging MFIs

- **Mersland(2009)** Defined microfinance as the supply of banking Services to microenterprises and poor families .The broader term Embraces efforts to collect savings from low-income households (Armendariz and Morduch, 2010) and, in some places, to also help in Distributing and marketing clients' output. It is one of the few market based, scalable anti-poverty solutions providing access to financial Services to poor households in rural and urban areas. To most, micro Finance means the provision of very small loans (micro credit) to help The poor to invest in or scale up their small business (micro Enterprises).
- **Jamie Bedson (2009)** Edited the report titled 'Microfinance in Asia: Trends, challenges and opportunities'. The report compiled the wide Ranging and voluminous content presented at the Asia Microfinance Forum 2008 convened in Hanoi, Vietnam in 2008. The main purpose to publish the report was to equip microfinance practitioners with Ideas on how to successfully grow and strengthen their businesses and Better serve the unbanked and the poor. The report was mainly divided Into various sections namely introduction to microfinance in Asia, Executive summary, Asia microfinance industry assessment summary, Financing and investment, savings and asset building, microfinance Networks, microfinance and technology and lastly microfinance and Sustainable development.
- **Manish Kumar et al (2010)** In their research paper titled 'Microfinance as an anti poverty vaccine for rural India' had four Objectives. The first was to analyze the growth of microfinance sector Developed in India and future potential of microfinance institutions, NGOs and SHGs in the market. The second objective was to analyze The structure and pattern of microfinance programme in rural India by

MFI and NBFCs. The third and fourth objectives were to understand the marketing of microfinance product in rural market and study the importance and role of microfinance in poverty alleviation and profitable agricultural activities. The collection of data was done using secondary data sources. The study concluded that there was very high potential of growth for microfinance institutions in India. The authors of the paper expected an annual growth rate of about 20% for the next five years.

- **Bhole B. And Ogden S (2010)** In their paper titled 'Group lending and individual lending with strategic default' had compared the presence of strategic default between group lending and individual lending. Secondary data was considered for the purpose of the study. The study found out results by developing its own strategic model. The paper concluded that unless group members could impose sufficiently strong social sanctions on their strategically default partners, or unless the bank used cross reporting mechanism, group lending can perform worse than individual lending. It was shown that when certain restrictions on group lending contract were relaxed then group lending yielded higher welfare than individual lending even in the absence of any social sanctions or cross reporting.
- **Raya & Rajendra (2011)** in 20 blocks of Vellore district covering 450 respondents from ninety women SHGs observed that women actively participated in Gram Sabhas (Village Council) and family decisions after joining SHGs. Their active participation empowered politically as well as socially. However, there is no mention about whether their active participation in village councils has inculcated any feeling of 'self-reliance' or individual empowerment.
- **Sarma & Pais (2011)** Income is an important factor for financial inclusion (Sarma & Pais, 2011). They also found income inequality, adult literacy, and urbanization as being important for determining financial inclusion. They also noted that connectivity in information also plays a key role in financial inclusion. Income inequality determines financial inclusion in that individuals with high income will have a higher level of financial inclusion. Also individuals with higher literacy levels are more likely to have a higher level of financial inclusion. This is because they have the ability to open bank accounts and also use financial services. Urbanization tends to increase level of

financial inclusion because of the improved infrastructure and communication technology.

- **Lokhande's (2012)** study inferred that group association and access to financial services leads to positive changes among group members in terms of their socio-economic empowerment. In addition, the study advocated that along with micro-finance access, SHGs must provide advance training opportunities to the members in preferred occupations, health and environment. He reiterated empowerment would remain a distant dream unless effective training was imparted.
- **Brijesh Repapers and Jitendra Patoliya (2012):** Have written book Titled 'Problems faced by Microfinance Institutions and measures to Solve it'. The book have been divided into seven chapters namely Basics of microfinance, self help group, microfinance institutions Performance, urban and rural microfinance, micro insurance, Technology and microfinance and lastly business models for Microfinance. The book described in dept the history and meaning of microfinance and various terms related to microfinance. Further the objective of the research conducted was to study the current activities, limitations and scope of microfinance institutions in India and lastly to develop a business model for MFIs. Based on the findings of the research, the authors suggested that rural economy must focus on rural infrastructure and economy so that it ensured there existed the activities that were required for financial assistance.
- **Sa-Dhan (2012)** Published a report titled 'Financial Inclusion – A study of the efficacy of banking correspondent model' with an objective to study different models of BCs, identify its challenges and evaluate different products and services offered by BCs. The study included various legal forms of BCs like SHG Federations, Societies, Trusts, Not-for-profit companies and special purpose vehicles promoted by technology provided companies and all other important stakeholders including the regulators – the banks, technology providers, clients, non clients, training institutions and the other promotional agencies. A financial modelling was done to understand the break even points under different situation. Few of the study findings were that the major challenge faced was its commercial viability. Financial literacy programme which was a key success

factor was almost missing. Most of the clients had little knowledge of the range of services the BCs offer and there was no proper dedicated customer grievance mechanism or channel for customers of BC in many banks. The study broadly recommended three strategies that were strategies for improving viability, strategy for enhancing commercial interest of banks and client centric strategies.

- **Buku, Meredith, Buku, & Meredith (2013)** Financial innovation like MPESA in Kenya has been adopted successfully due to the enabling environment Provided by the regulators such as central bank of Kenya and communication authority of Kenya (Buku, Meredith, Buku, & Meredith, 2013). The innovation has increased the value of transfer payments, account Opening, depositing money and other financial services. This has led to increased financial inclusion. Another study (Yawe & Prabhu, 2017) found that innovations influences financial inclusion in an economy. The innovations studied included both the financial and telecommunications. Particularly agent banking and mobile banking were identified as facilitators of financial inclusion.
- **Ahmed & Jianguo (2014)** A study (Ahmed & Jianguo, 2014) found that collateral and high inters rates were the major factors hindering access to financial access. They also found that financial inclusion may be facilitated by the telecommunications which has led to increase in the use of MPESA services. They also cited challenges facing financial inclusion as lack of education, low technology, high cost of financial services and regulatory requirements. Financial institutions should have access points closer to the customers. Financial institutions normally open branches so as to bring financial services closer to the people. When there are many branches closer to the people, then the financial services can easily be accessed. This will increase financial inclusion to the people near the financial institution branches. Branch density is a determinant of financial inclusion (Kumar, 2016).
- **MP & Pavithran (2014)** Commercial banks have also been found to have a role in improving the financial access (MP & Pavithran, 2014) through being involved in financial literacy, credit counselling, branch expansion and mobile banking among other measures. Therefore, the more branches of commercial banks we have in an economy the higher the level of financial inclusion.

- **Lapukeni (2015)** A study (Lapukeni, 2015) found that information and communication technology (ICT) increases financial access through the reduction of transaction costs and widening the areas that can be covered by the financial institutions. Many financial institutions have partnered with telecommunication firms in a bid to increase their clientele for financial services. A good example is Safaricom which started M-PESA services which has increased the uptake of financial services through savings, payment and borrowing services.
- **Shah and Dubhashi (2015)** reviewed literature and noted that financial inclusion can be improved by sensitizing people on the financial products, education, advice on money management, debt counselling, savings and affordable credit. They also said that technology can present a good opportunity for financial inclusion.
- **Chatterjee (2016)** through his study broadly revealed that SHGs enable women to find better livelihoods. However, the findings suggested that the quality of life in terms of children's education was directly linked to the members' earning potential. It is also pertinent to note that the aforesaid study has not focused on the individual and group aspects of empowerment.
- **Okello et al (2016):-** Networks positively moderates in the influence of financial literacy on financial inclusion (Okello et al., 2016). Therefore, the study recommended that financial literacy programmes should be conducted to enhance financial inclusion. Financial literacy improves the ability of the individuals to handle issues related to money and hence, they can be able to access finance easily.
- **Zins & Weill (2016):-** A study (Zins & Weill, 2016) also found that gender, age, income and education influenced financial inclusion in Africa. They also noted that education and income had a higher influence than the other factors. The gender plays a role in financial inclusion since the males control the finances in the family and they are in most families the income earners. The women are financially excluded because of cultural reasons. The age of the individual was also found to determine financial inclusion
- **Sahoo (2017):** A study (Sahoo, 2017) found that household income, education, possession of private land and being in employment

guarantee scheme are significant determinants of financial inclusion. The individuals with household income will have tendency to have bank accounts and hence use them to access financial services. Education was also found to enable individuals to access financial services through being able to open and operate bank accounts. The possession of private land enabled individuals to access bank loans since they can use the land as a security.

- **Krupa (2017)** in her study showed that economic condition of poor women improved after joining the SHGs. However, the study did not cover women's perception about empowerment at the group as well as at the individual level.

CHAPTER NO.4

CASE STUDY ON UJJIVAN SMALL FINANCE BANK



Small Finance Bank is a type of bank in India which is globally known as 'Niche Banks'. The SFBs are registered as a public limited company under the Companies Act, 2013. They are licensed under Section 22 of the Banking Regulation Act, 1949. Also, SFBs can be given scheduled bank status once they Commence their operations, and qualify the requirements as per Section 42(6) (a) Of the Reserve Bank of India Act, 1934.

The SFBs are scaled down versions of Scheduled commercial banks, with both deposit-taking and loan making functions. Small banks can play vital role in lending loans in small scale. Reserve Bank of India prefers to have small banks that can serve for poor people. Small banks can Extend their banking activities to the rural masses. Reserve Bank of India also Gives preference to take banking to the rural poor people. By having small banks, India wishes to develop a network of small and focused lenders. These small Banks specifically target the low-income segment in the country.

These types of Small banks are similar to US community banks. These small banks undertake their banking operation as commercial banks but in a limited scale. These small Banks are an opportunity for low-income segments but not to big borrowers. Reserve Bank of India announced 8 out of 10 Microfinance Institutions as small Finance banks in-principle. These are Au Financiers (India) Ltd, Capital Local Area Bank Ltd, Disha Microfin Pvt. Ltd, Equitas Holdings Pvt. Ltd, ESAF Microfinance and Investments Pvt. Ltd, Janalakshmi Financial Services Pvt. Ltd, RGVN (North East) Microfinance Ltd, Suryoday Micro Finance Pvt. Ltd, Ujjivan Financial Services Pvt. Ltd and Utkarsh Micro Finance Pvt. Ltd. Eight out of these 10 entities are micro-finance institutions, one is a local area bank and one is a non-Banking financial company.

Ujjivan Small Finance Bank Limited is a subsidiary Of Ujjivan Financial Service Private Limited based in Bangalore and started its Operations in the city in February 2017. Ujjivan Small Finance Bank currently has Branches in 15 states. It offers a variety of financial products and services to poor People in India who do not have access to formal banking system.

Acharya (2017) stated that the Reserve Bank of India is influential in Promoting the idea of small finance banks to make available banking services to unbanked region. It is necessary as per RBI norms that these banks have to operate at least

25% of its branches in unbanked areas to give financial assistance to rural poor. Banks can expand their banking outlets and build sure the services to poor community in unbanked areas.

Bandyopadhyay (2017) stated that 75% of small finance bank loans have to be disbursed to priority sectors. Demonetization progress affected MFI-turned-small finance banks as it increased the amount of non-performing assets. Cash is the base for their business form and small customers from informal sectors cannot easily acknowledge cash-less business model. By adopting enhanced technology system and practiced employees, SFBs can achieve the RBI's goal to provide financial assistance to unbanked population.

Ninan (2017) stated that out of 10 SFBs, 8 are from microfinance institutions and this is a clear indication of the contributions of MFIs to financial inclusion procedure. SFBs can serve healthier the un-served rural population by issuing small amount of credits to meet their variety of life cycle necessities.

Ray (2017) stated that small finance bank is a modern progress in the Indian banking industry to expand financial aids among rural and semi-urban poor. They adopt differential form of delivery apart as of scheduled commercial banks to achieve out to the needy. Small finance banks have to extend sufficient infrastructures and skilled manpower in order to accomplish their assigned errands.

Ravi Singh (2016) stated that the financial inclusion is the key purpose of Yielding license to set up small finance banks to offered non-banking finance Companies and local area bank. These banks comprise to hub on lending low-Value customers at the base level of the society.

Morbias (2016) express that the small finance banks are permitted to carry Out the essential banking services such as accepting deposits and lend money, Essentially to low-income groups. Since functioning as banks, the interest charges can be bargain, so the low-value customers, small and medium enterprises can Have the benefit of low cost credits. Institutions, transform into small finance Banks are in a situation to comprehend the financial essentials of rural poor. By Given that bank loans, these banks assist rural population to reduce the poverty.

4.2 History of Ujjivan Small Finance Bank:-

Ujjivan Financial Services Limited (UFSL) is a Limited Company domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company was registered as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 05 2013. The Company received approval from Reserve Bank of India (RBI) to set up a Small Finance Bank. Pursuant to the same the company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited (the Bank). The bank commenced operations w.e.f 1st February 2017 on which date UFSL ceased to operate as a micro finance company.

Pursuant to this change UFSL surrendered its NBFC – MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10 2017. Ujjivan Financial Services was one of the largest microfinance institutions in the country before it transferred its business undertaking to Ujjivan Small Finance Bank Limited. Ujjivan's business is primarily based on the joint liability group lending model for providing collateral free small ticket-size loans to economically active poor women. The company also offers individual loans to Micro & Small Enterprises (MSEs).

Ujjivan has adopted an integrated approach to lending which combines a high customer touch-point typical of microfinance with the technology infrastructure and related back-end support functions similar to that of a retail bank. This integrated approach has enabled it to manage increasing business volumes and optimize overall efficiencies. Ujjivan offers a diverse range of loan products to cater to the specific requirements of the companies customers. The company's products can be classified under two broad categories namely Group Loans and Individual Loans. Depending upon the end use these products can be further sub-divided into agricultural education home improvement and home purchase and livestock loans.

The Company was originally incorporated as Ujjivan Financial Services Private Limited on December 28 2004 at Bengaluru Karnataka India as a private limited company under the Companies Act 1956. Pursuant to a certificate issued by the Reserve Bank of India (RBI) on October 31 2005 the Company was permitted

to commence operations as a non-banking financial company (NBFC) under section 45 IA of the Reserve Bank of India Act 1934. Ujjivan started operations as an NBFC in 2005 with the mission of providing a full range of financial services to the economically active poor who are not adequately served by financial institutions.

Since financial year 2008-09 the Company has been classified as a systemically important non-deposit accepting NBFC. Pursuant to the RBI introduction of a new category of NBFC-Micro Finance Institution the company was granted NBFC-Microfinance Institution (NBFC-MFI) status by the RBI on September 5 2013. On October 7 2015 Ujjivan received an in-principle approval from the RBI to set up a small finance bank ('SFB'). The company was converted into a public limited company pursuant to a special resolution passed by its shareholders at the extraordinary general meeting (EGM) held on November 3 2015 and the name of the company was changed to Ujjivan Financial Services Limited.

Ujjivan Financial Services came out with its Initial public offer (IPO) of 42023609 equity shares of face value of Rs. 10 each for cash at a price of Rs. 210 per equity share (including a share premium of Rs. 200 per equity share) aggregating to Rs. 882.50 Crore comprising a fresh issue of 17055277 equity shares aggregating to Rs. 358.16 Crore by the company (fresh issue) and an offer for sale of 24968332 equity shares aggregating to Rs. 524.34 Crore by 8 selling shareholders. The Company's equity shares got listed on NSE and BSE on May 10 2016. The objects of the IPO inter alia was to augment the capital base of the company and to meet the future capital requirements of the company arising out of growth of the company's assets primarily the company's loans and advances and other investments. Further the company intended to reduce its foreign shareholding in accordance with the requirements of the RBI in-principle approval to set up the small finance bank (SFB).

The Company was converted from an NBFC-MFI to NBFC-Non Deposit taking Systematically Important Core Investment Company (NBFC-ND-SI-CIC) and received a fresh certificate of registration dated October 10 2017 from the RBI; the conversion was done pursuant to the conditions prescribed by the RBI in their license letter dated November 11 2016 for setting up a Small Finance Bank. Ujjivan Small Finance Bank Limited' (the wholly owned subsidiary of the Company) which commenced its small finance bank operations in February

2017 has been included in the Second Schedule to the Reserve Bank of India Act 1934 vide Official Gazette Notification on August 25 2017.

This has granted the 'Scheduled Bank' status to 'Ujjivan Small Finance Bank Limited' from the date of the notification. During the financial year ended 31 March 2017 Ujjivan Financial Services opened 4 new branches in the year – 2 each in South and East and merged 32 branches for operational efficiency taking the tally to 457 branches.

The transformation to a Small Finance Bank. During the financial year ended 31 March 2018 Ujjivan Financial Services' wholly owned subsidiary 'Ujjivan Small Finance Bank Limited (USFB) successfully emerged from shadows of demonetization stabilized its business stabilized portfolio quality and contained credit cost. During the year under review the company repaid majority of legacy borrowing and reduced cost of funds from 10.4% to 9%. During the year under review USFB rolled out 187 banking outlets including 47 in Unbanked Rural Centres (URCs).

During the year under review USFB expanded its non microfinance business viz. Lending to Micro And Small Enterprises (MSE) and housing finance. During the year under review USFB improved backend efficiencies and productivity. Depending upon the end use these products can be further sub-divided into agricultural education home improvement and home purchase and livestock loans.

4.3 Findings:-

- Ujjivan Small Finance Bank undertakes meticulous appraisal of its clients Before giving them loans. This includes examining the household income, Expenses as well as indebtedness.
- In the majority of large branches, Ujjivan Small Finance Bank has appointed Dedicated customer care representatives. The customer care representatives Have the responsibility to collect customer feedback and respond to their Queries and complaints

- The organization has drafted a code of conduct for its staff members. This code emphasizes on transparent behaviour and professional conduct of staff Members towards clients.

4.4 IPO Analysis: Ujjivan Small Finance Bank:



About issues:

Ujjivan Small Finance Bank (USFB), a small finance bank, promoted by Ujjivan Financial Services (UFSL), an NBFC that began operations in 2005, is entering the capital market with its initial public offering (IPO). The IPO consists of a fresh issue, aggregating up to Rs. 750 crores. The issue will open for subscription on December 02, 2019, and the closing date for the bid will be on December 04, 2019. The price band has been fixed at Rs. 36-37. Bids can be made for a minimum lot of 400 equity shares and in multiples of 400 equity

shares, thereafter. UFSL shareholders discount to eligible UFSL shareholders is Rs. 2 per equity share on the issue price.

The prime objective of the issue is to meet the RBI's listing requirement within three years from the launch of the bank. Despite a reasonable capital position (CAR at 18.8 per cent vs. Min. Requirement of 15 per cent), USFB raised Rs. 2500 crores in pre-IPO placement at Rs. 35 per share. Post IPO, promoter (Ujjivan Fin) stake will fall to around 84 per cent, which will have to be pruned further to 40 per cent by Jan 2022, 30 per cent by Jan 2027 and eventually to 15 per cent by Jan 2032. The equity shares are proposed to be listed on the BSE Limited and the National Stock Exchange of India Limited.

Ujjivan Bank IPO Details	
Issue open	Dec 2, 2019 – Dec 4, 2019
Issue type	Book Built Issue IPO
Issue size	208,333,333 Equity Shares of Rs. 10 (aggregating up to Rs 750.00 Cr)
Face value	Rs. 10 Per Equity Share
Issue price	Rs. 36 to Rs. 37 Per Equity Share
Market lot	400 Shares
Minimum order quantity	400 shares
Listing at	BSE, NSE

4.5 About the Finance Bank:



The bank is promoted by Ujjivan Financial Services (UFSL) – an NBFC which began its operations in 2005. It provides a full range of financial services to the ‘economically active poor’ who were not adequately served by other financial institutions. Ujjivan Financial Services is among the 10 recipients of small finance bank license from the Reserve Bank of India (RBI) in 2015. Like other microfinance companies, UFSL’s primary business was to provide collateral-free, small ticket-size loans to economically active poor women. It also offered individual loans to micro and small enterprises.

UFSL, after obtaining RBI final approval on November 11, 2016, to establish and carry on business as a small finance bank, transferred its business undertaking, comprising of its lending and financing business to USFB, which commenced its operations from February 1, 2017. By the end of FY19, USFB spread across 24 states and union territories. The bank served 4.94 million customers and operated from 552 banking outlets, including 141 banking outlets in unbanked rural centres, as on September 30, 2019. By then the bank had a network of 441 ATMs (including 18 ACRs).

The Bank’s CASA profile remains low at ~12 per cent (9 per cent of AUM) when compared against its peers’ range of 20-35 per cent (12-25 per cent of AUM), mainly due to its early-stage strategy focusing on MFI customers for liability. The RBI too had a red-flagged higher concentration of deposits (Top-

20 depositors contributed 35 per cent). Nevertheless, it may change with new MD (ex –HDFC Bank) taking the charge. Although the bank has now changed track, we believe that the new MD, Mr. Nitin Chugh (ex-HDFCB), taking the charge of the bank.

The bank still has a high portfolio concentration risk, with MFI being ~79 per cent of loans, which has its own set of credit risks and cycles. The bank has gradually diversified into other products. Although it is a step in the right direction, it needs to be seen that how it moves in that direction as it has recently stopped unsecured SME lending, given the higher NPAs. RHP red-flags a host of operational/compliance lapses including no independent compliance department, non-optimizing of CBS for micro-loans, the concentration of deposits, lack of borrower rating, etc.

The new management has taken corrective measures; however, it needs to be seen how they ramp up the compliance standards. Taking into account the above and that small finance banks can play an important role in the supply of credit to micro and small enterprises, agriculture and banking services in unbanked and under-banked regions in the country, the RBI has decided to licence new “small finance banks” in the private sector. While permitting small banks, however, the issues relating to their size, capital requirements, area of operations, exposure norms, regulatory prescriptions, corporate governance and resolution need to be suitably addressed in the light of experience gained.

RBI has come out with following guidelines for licensing of small finance banks in the private sector. The lender reported a 4% growth in net profit for the quarter and its core interest income grew by a healthy 21%. Considering the bank caters to the more vulnerable small borrowers, an improvement in repayment collections shows that this segment too is bouncing back slowly.

4.6 Bank's Financials



The gross loan book of the bank has surged from Rs. 6,383.98 crores at the end of March 2017 to Rs. 11,048.59 crores at the end of March 2019 and doubled to Rs. 12,863.65 crores at the end of September 2019, showing a CAGR of 32 per cent. The growth was derived from affordable housing loans and MSE, which grew at a CAGR of 190 per cent and 224 per cent, respectively.

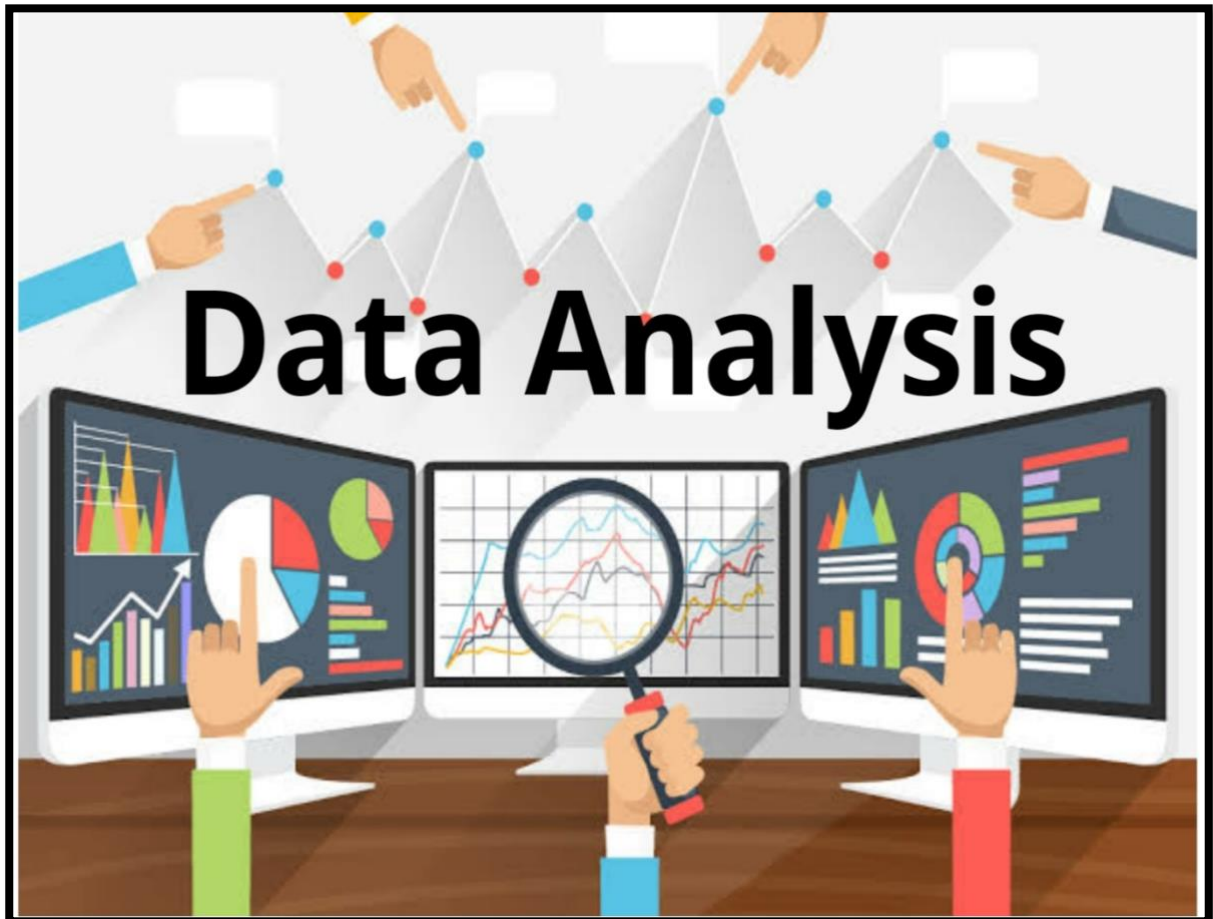
The deposits base has also increased from Rs. 206.41 crores, ending March 2017, to Rs. 7,379.44, ending March 2019, and Rs. 10,129.85 crores, ending September 2019. The share of retail deposits has increased from 3.15 per cent, ending March 2017, to 41.93 per cent, ending September 2019. CASA to total deposits ratio has improved from 1.57 per cent, ending March 2017, to 10.63 per cent, ending March 2019, and was 11.87 per cent, ending September 2019.

The bank has stable asset quality with a gross NPA ratio at 0.85 per cent net NPA at 0.33 per cent, ending September 2019, which remains one of the best in the industries. The bank has raised the share of secured advances from 1.83 per cent, ending March 2017, to 13.59 per cent, ending March 2019, and 19.39 per cent, ending September 2019. The bank has posted a net profit of Rs. 6.86 crores in FY2018 and Rs. 199.22 crores in FY2019, while net profit stood at Rs. 187.11 crores for H1 of FY2020. The bank has a healthy capital adequacy ratio of 18.84 per cent with a Tier I capital ratio of 18.16 per cent end September 2019.



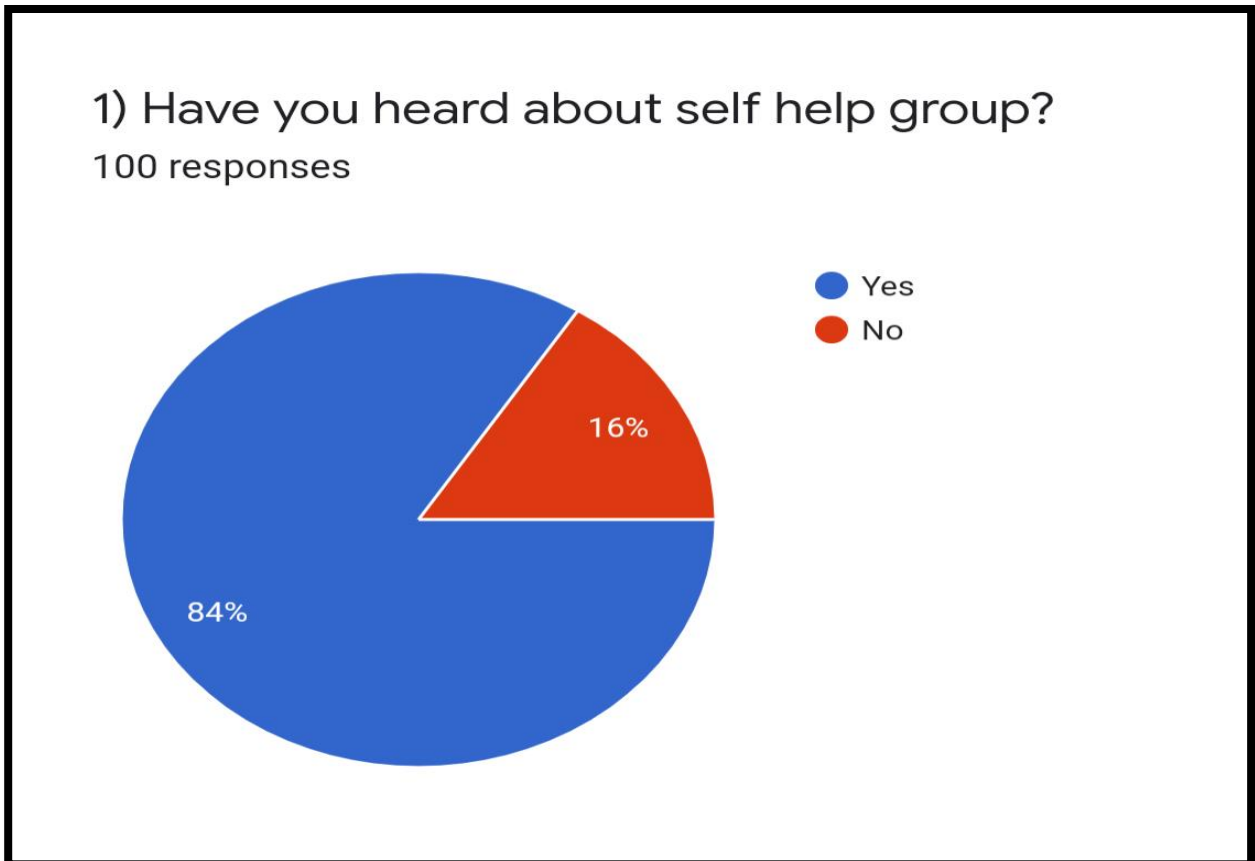
For the period ending Q2FY20, USFB reported a return on asset (ROA) of 2.4 per cent while a return on equity (RoE) of 19 per cent. This was on the back of strong margins and a lower tax rate. Going ahead, when the share of high margin MFI portfolio will decline, it will lead to a fall in the margins and, simultaneously, diversification to other areas will lead to a higher credit cost. The combined impact will be a decline in return ratios. At the upper price band of Rs. 37, the shares of the bank are available at a price to book value (P/BV) of 2.25x while after adjusting for its net non-performing assets, it is available at APBV of 2.28 times. Compared to other listed players, such as AU Small Finance Bank, which is available at PBV of 7.16, or Bandhan Bank, which is available at P/BV of 6.25 times, the issue looks attractively priced.

CHAPTER NO.5
DATA ANALYSIS



Data analysis is the most crucial part of any research. Data analysis summarizes collected data. It involves the interpretation of data gathered through the use of analytical and logical reasoning to determine patterns, relationships or trends.

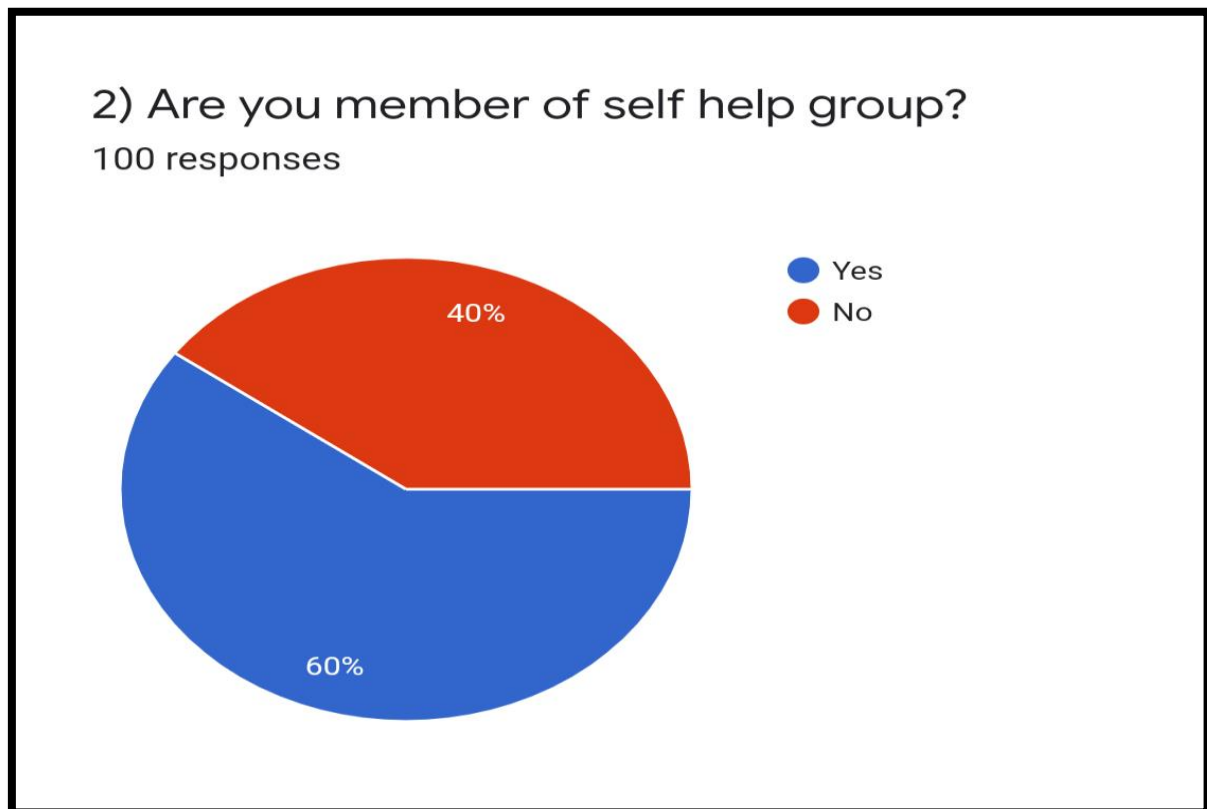
Question 1



Interpretation:

Out of 100 responses, 84% of the people are aware about Self Help Group and 16% of people are unaware about Self Help Group.

Question 2



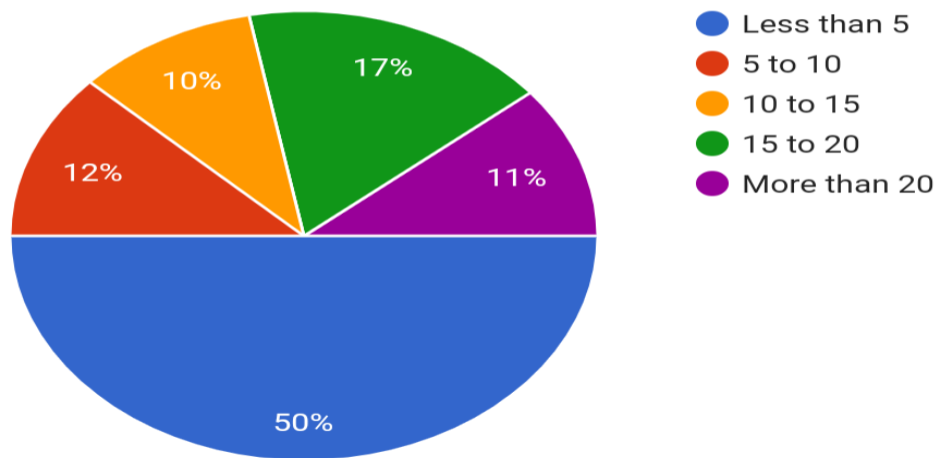
Interpretation:

Out of 100 responses, 60% of the people are member of self help group and 40% of the people are not member of self help group.

Question 3

3) Number of members working on Self Help Group?

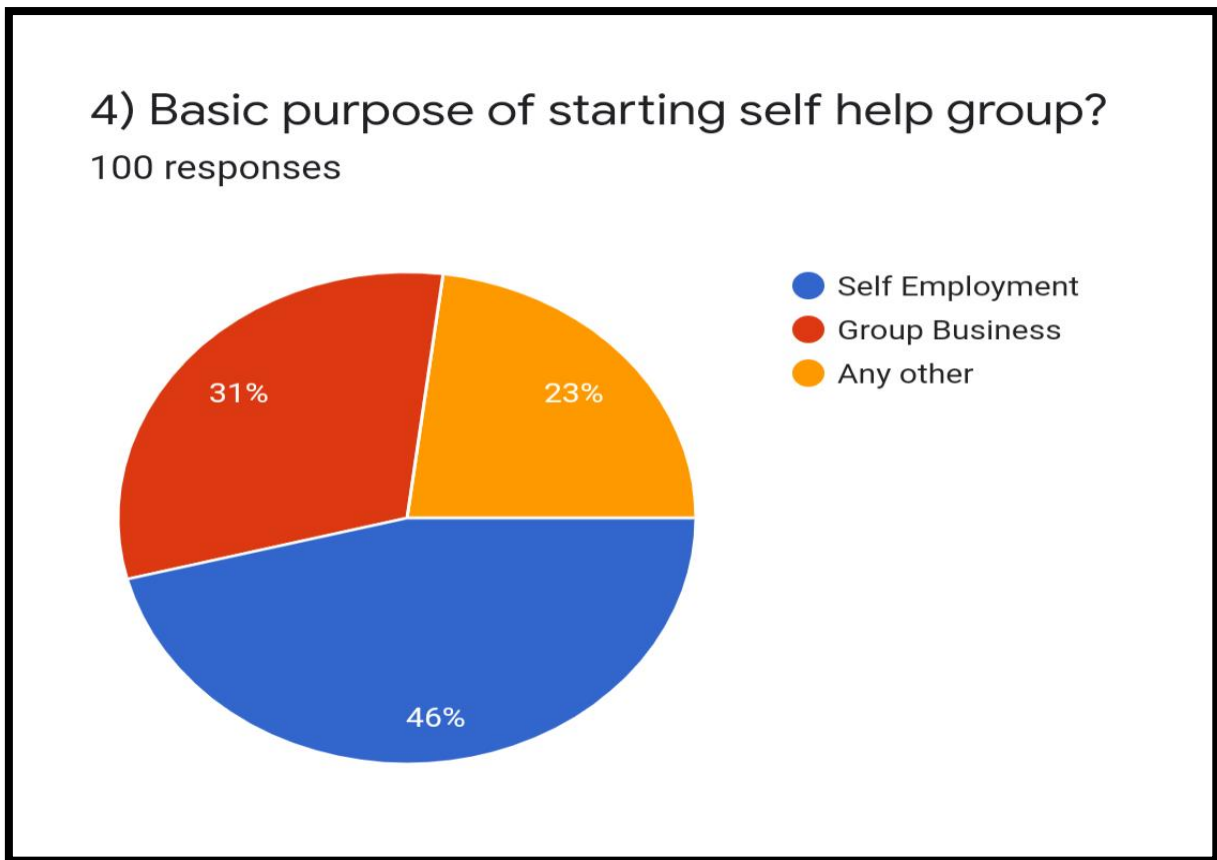
100 responses



Interpretation:

Out of 100 responses, 50% of the people are working members in self help group is less than 5 people, 17% of the people are working members in self help group is 15 to 20 people, 12% of the people are working members in self help group is 5 to 10 people, 11% of the people are working members in self help group is more than 20 people and 10% of the people are working members in self help group is 10 to 15 people

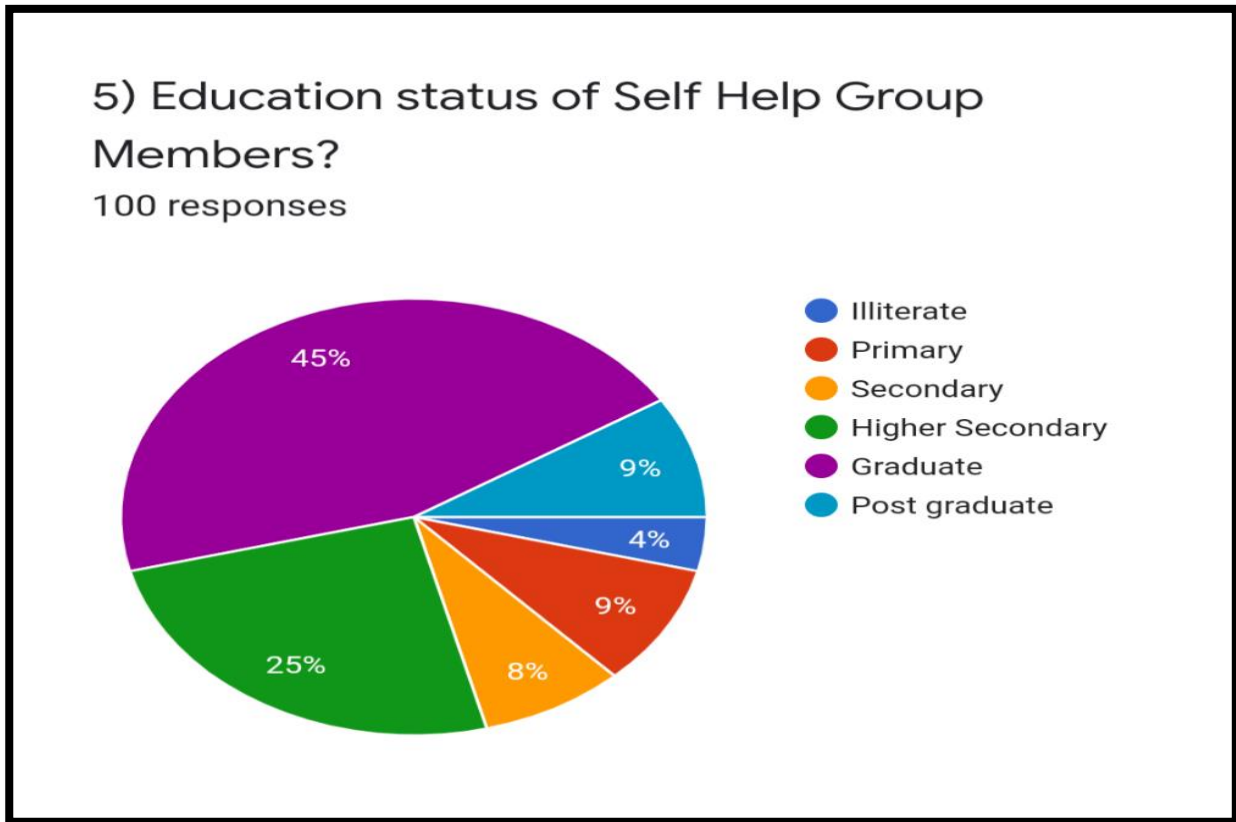
Question 4



Interpretation:

Out of 100 responses, 46% of the people are self employed, 31% of the peoples are group business and 23% of the people are doing any other things.

Question 5



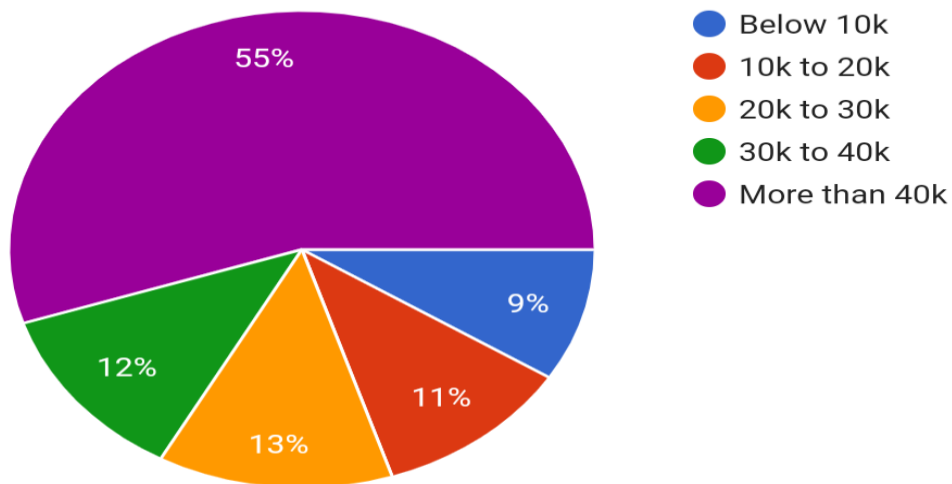
Interpretation:

Out of 100 responses, 45% of the people are graduate, 25% of the people are higher Secondary, 9% of the people are primary education, 9% of the people are post graduate and 4% of the people are illustrate.

Question 6

6) Income per annum of Self Help Group Members?

100 responses



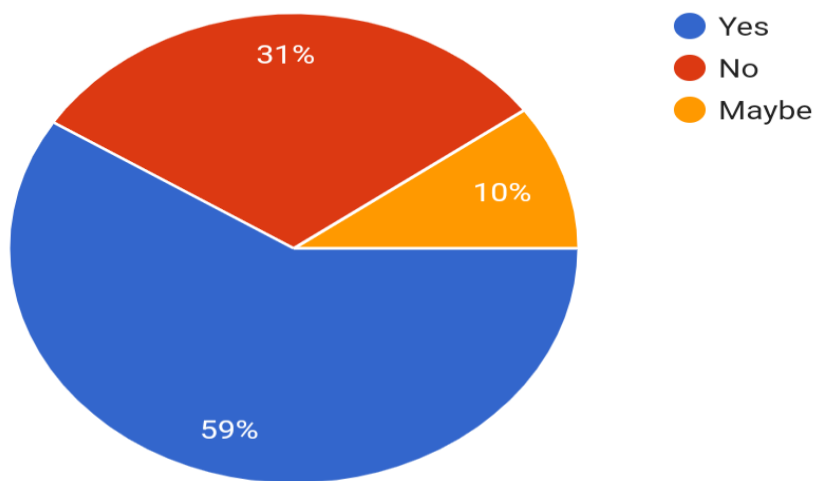
Interpretation:

Out of the 100 responses, 55% of the people annual income is more than 40 thousands, 13% of the people annual income is 20000 to 30000, 12% of the people annual income is 30000 to 40000 and 11% of the people annual income is 10000 to 20000.

Question 7

7) Self Help Group receive any government grant/rights?

100 responses



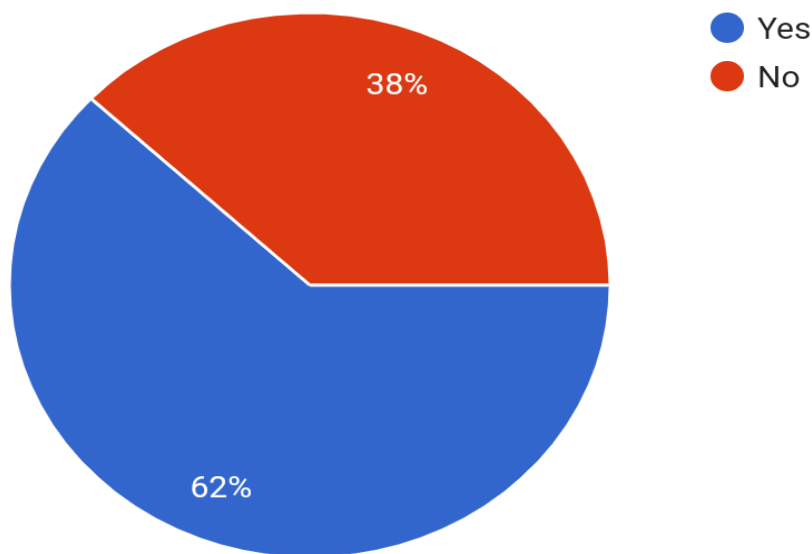
Interpretation:

Out of the 100 responses, 59% of the people said yes, 31% of the people said No and 10% of the people said may be receive government rights.

Question 8

8) Have you started any small scale business in your Self Help Group?

100 responses



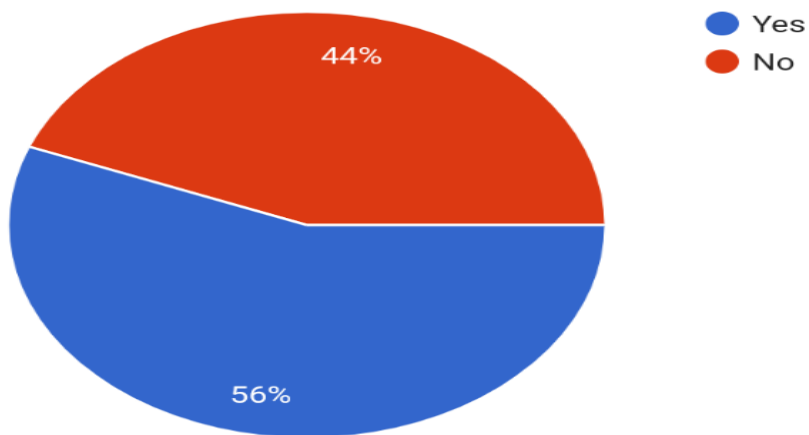
Interpretation:

Out of the 100 responses, 62% of the people have started small scale business and 38% of the people don't started their business.

Question 9

9) Have you taken any of the loan from Self Help Financial Group?

100 responses



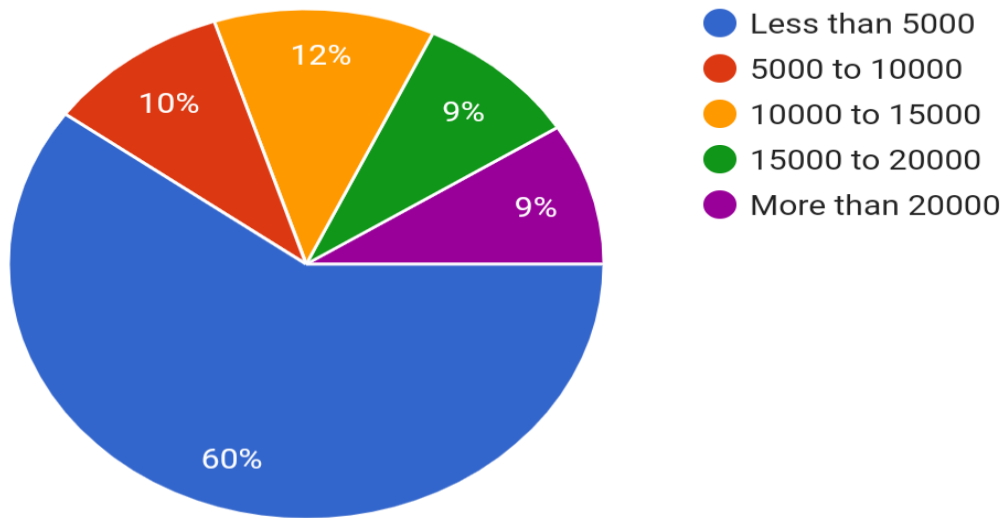
Interpretation:

Out of the 100 responses, 56% of the people taken loan from Self Help Group and 44% of the people do not take any of the loan from Self Help Group.

Question 10

10) Average of amount of loan borrowed by the SHG members?

100 responses



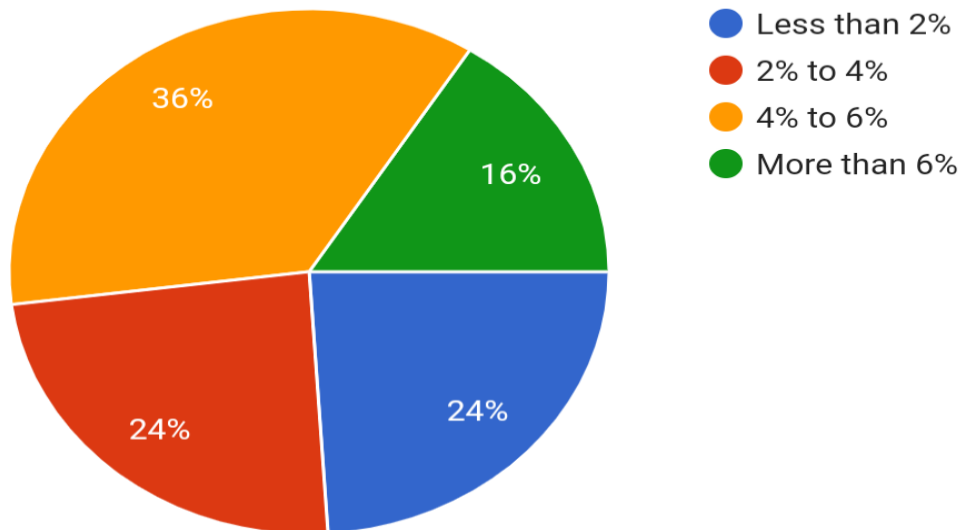
Interpretation:

Out of the 100 responses, 60% of the people loan amount should be less than 5000, 12% of the people loan amount should be 10000 to 15000, 10% of the people loan amount should be 5000 to 10000, 9% of the people loan amount should be 15000 to 20000 and remaining 9% of the people loan amount is more than 20000.

Question 11

11) Interest rate on the SHG loan to the members?

100 responses



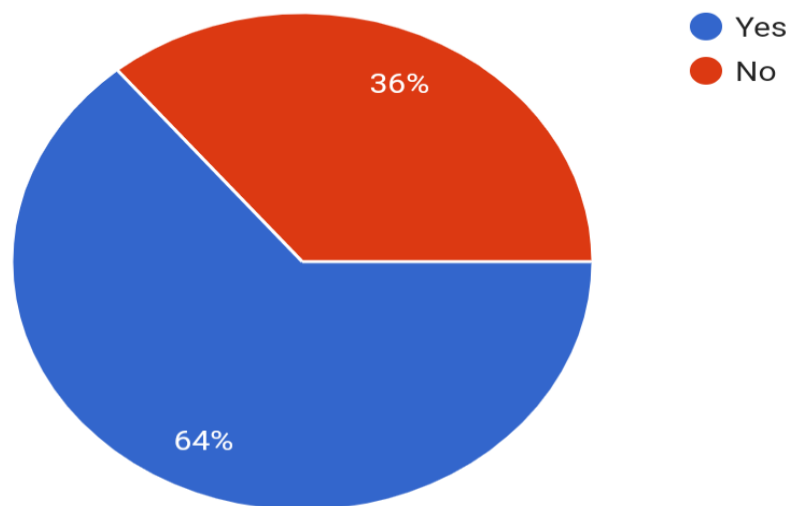
Interpretation:

Out of the 100 responses, 36% of the people loan interest is 4% to 6%, 24% of the people loan interest is 2% to 4%, 24% of the people loan amount is less than 2% and 16% of the people loan interest is more than 6% form different self help group

Question 12

12) Are you investing money in microfinance schemes?

100 responses



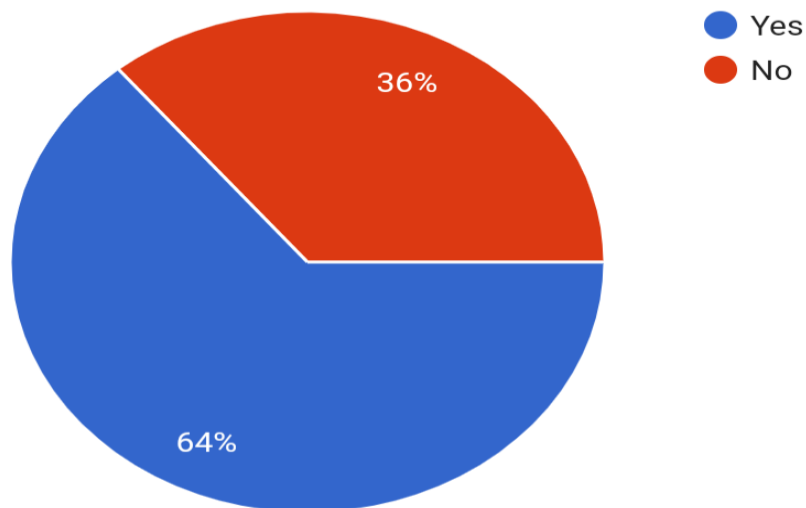
Interpretation:

Out of the 100 responses, 64% of the people are investing money in microfinance schemes and 36% of the people do not invest money in microfinance schemes.

Question 13

13) Microfinance provides the better service than traditional banking services?

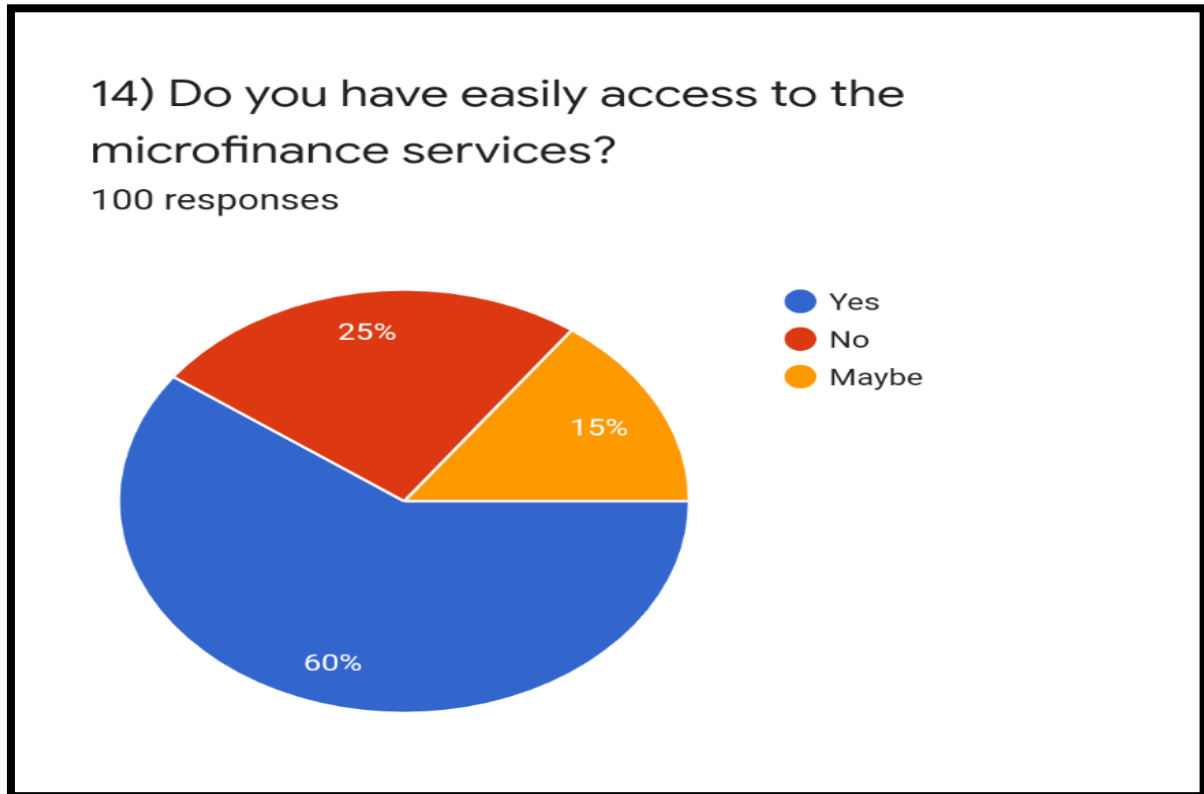
100 responses



Interpretation:

Out of the 100 responses, 64% of the people said microfinance provide better Services than traditional banking services and 36% of the people said microfinance do not provide better Services than traditional banking services.

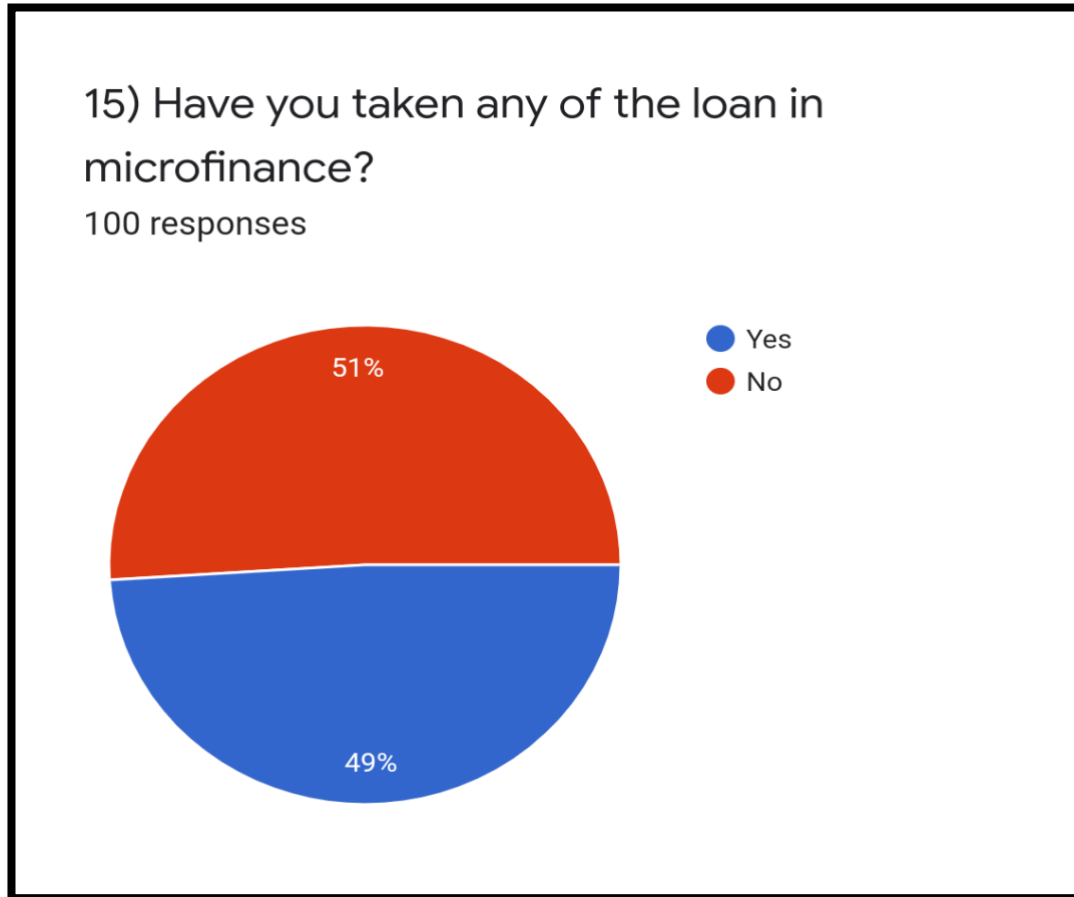
Question 14



Interpretation:

Out of the 100 responses, 60% of the people easily access microfinance services, 25% of the people do not access microfinance services and 15% of the people May not be access microfinance services.

Question 15



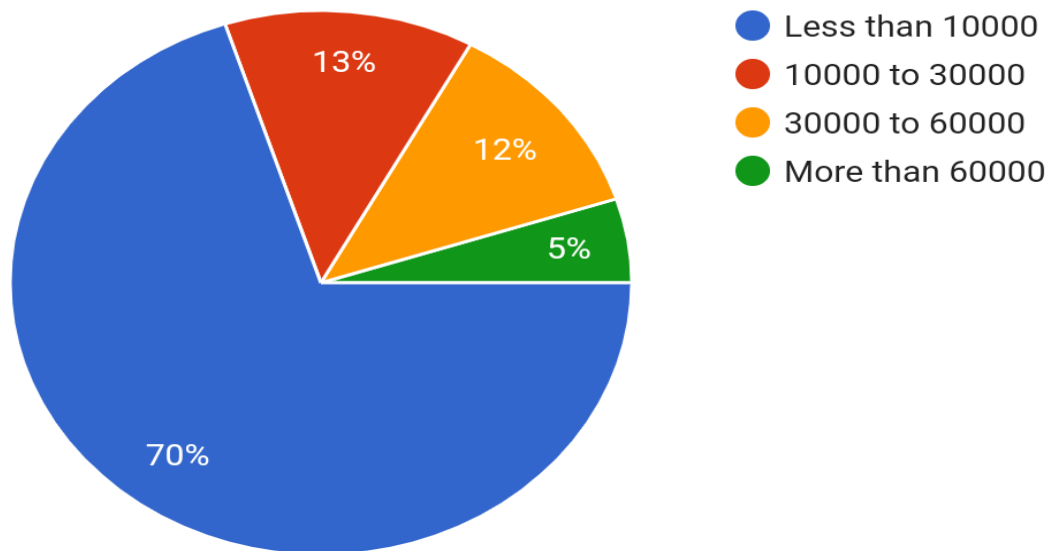
Interpretation:

Out of the 100 responses, 49% of people of the taken loan from micro finance and 51% of people don't taken any of the loan from microfinance.

Question 16

16) If yes, What should be your loan amount?

100 responses



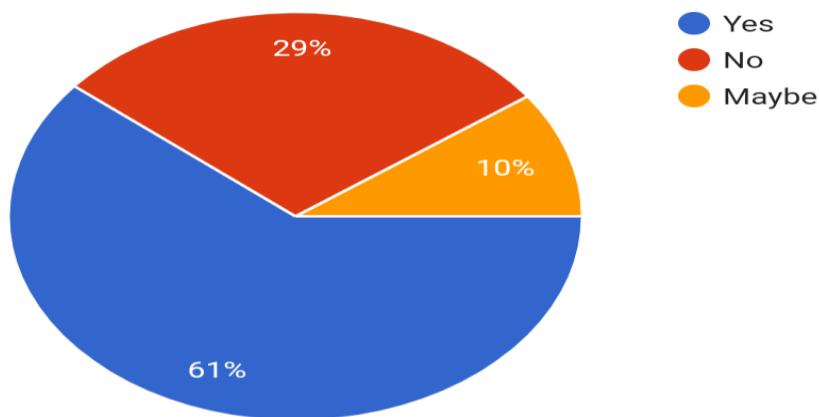
Interpretation

Out of the 100 responses, 70% of the people loan amount is less than 10000, 13% of the people loan amount should be 10000 to 30000, 12% of the people loan amount should be 30000 to 60000 and 5% of the people loan amount should be more than 60000.

Question 17

17) Do you feel that you become more self depended after taking th...n thought microfinance?

100 responses



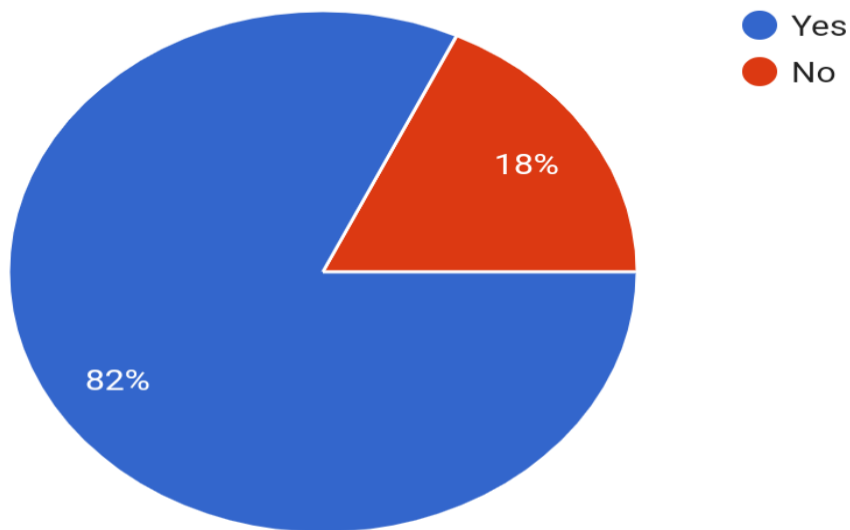
Interpretation

Out of the 100 responses, 61% of the people feel become more self depended after taking loan through microfinance, 29% of the people don't fell become more self depended after taking loan through microfinance and 10% of the people May be fell become more self depended after taking loan through microfinance.

Question 18

18) Do you want to increase microfinance companies in rural areas?

100 responses



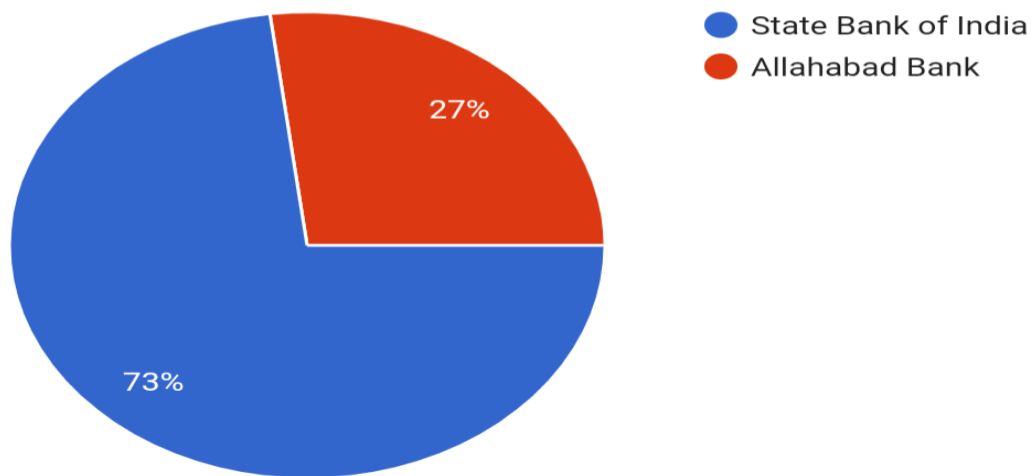
Interpretation

Out of the 100 responses, 82% of the people wants to increase microfinance companies in rural areas and 18% of the people do not want to increase microfinance companies in rural areas.

Question 19

19) Which bank is best according to you in rural areas?

100 responses



Interpretation

Out of the 100 responses, 73% of the people said State Bank of India is the best bank in rural areas and 27% of the people said Allahabad bank is the best bank in rural areas.

CHAPTER No. 6**CONCLUSION**

The study was intended to establish the determinants of financial inclusion by reviewing the empirical literature. The study reviewed eighteen empirical studies on the factors that determine financial inclusion. The paper found that there are a number of factors that determine financial inclusion. The factors that determine financial inclusion are both demand related factors and others are supply related factors. The demand related factors include; income of individuals or households, education, collateral, being in employment guarantee scheme, income inequality, age, financial literacy, savings and gender. The supply related factors that determine financial inclusion includes high interest rates (affordable credit), innovation (agent banking and mobile banking), ICT, bank branches, urbanization, sensitization of financial products, advice on

money management and debt counselling. The other factors include; urbanization and enabling environment.

Microfinance almost all significant impacts, the magnitude of impact is positively related to the length of time that clients have been in the programme. Poor people, with access to savings, credit, insurance, and other financial services, are more resilient and better able to cope with the everyday crises they face. Even the most rigorous econometric studies have proven that microfinance can smooth consumption levels and significantly reduce the need to sell assets to meet basic needs. With access to micro insurance, poor people can cope with sudden increased expenses associated with death, serious illness, and loss of assets. Proponents of microfinance often claim that such access will help poor people out of poverty, including participants in the Microcredit Summit Campaign. For many, microfinance is a way to promote economic development, employment and growth through the support of micro entrepreneurs and small businesses; for others it is a way for the poor to manage their finances more effectively and take advantage of economic opportunities while managing the risks.

SUGGESTIONS



Here are some suggestions of my project:

- Facilitate the use of innovative technologies and entry of technology-driven, non-traditional institutions.
- Expand agent-based banking and other cost-effective delivery channels.
- Invest in supervision and leverage technology to optimize limited resources.
- Protect consumers by establishing rules for disclosure, fair treatment, and recourses.

- Micro finance provides high interest rates where it is huge drawback for People.
- I think people should be made more aware about microfinance and SHG.
- As our country is developing young minds that need to be trained and Upgraded.
- Micro finance helps the business at the time of emergency.
- Micro finance is very useful for small scale farmers and individuals.
- It should be encouraged in India for the welfare of the farmers.
- Microfinance has not increase business but has increased the indebttness and provides high interest rates.
- Government of India and RBI decided to start small finance banks as the part Of financial inclusion to ensure better banking services to every section of the Society.
- SFBs have to follow low-cost operations System based on the latest technological tools.

ANNEXURE

Survey Questions:

Name:- _____

Gender:- _____

Age :- _____

- 1) Have you heard about self help group?
 - Yes
 - No
- 2) Are you member of self help group?
 - Yes
 - No
- 3) Number of members working on Self Help Group?
 - Less than 5
 - 5 to 10
 - 10 to 15
 - 15 to 20
 - More than 20
- 4) Basic purpose of starting self help group?
 - Self employment
 - Group Business
 - Any other
- 5) Education status of Self Help Group Members?
 - Illustrate
 - Primary
 - Secondary
 - Higher secondary
 - Graduate
 - Post Graduate

- 6) Income per annum of Self Help Group Members?
 - Below 10000
 - 10000 to 20000
 - 20000 to 30000
 - 30000 to 40000
 - More than 40000
- 7) Self Help Group receive any government grant/rights
 - Yes
 - No
 - May be
- 8) Have you started any small scale business in your Self Help Group?
 - Yes
 - No
- 9) Have you taken any of the loan from Self Help Financial Group?
 - Yes
 - No
- 10) Average of amount of loan borrowed by the SHG members?
 - Less than 5000
 - 5000 to 10000
 - 10000 to 15000
 - 15000 to 20000
 - More than 20000
- 11) Interest rate on the SHG loan to the members?
 - Less than 2%
 - 2% to 4%
 - 4% to 6%
 - More than 6%
- 12) Are you investing money in microfinance schemes?
 - Yes
 - No
- 13) Microfinance provides the better service than traditional banking services?
 - Yes
 - No

- 14) Do you have easily access to the microfinance services?
- Yes
 - No
 - May be
- 15) Have you taken any of the loan in microfinance?
- Yes
 - No
- 16) If yes, What should be your loan amount?
- Less than 10000
 - 10000 to 30000
 - 30000 to 60000
 - More than 60000
- 17) Do you feel that you become more self depended after taking the loan thought microfinance?
- Yes
 - No
 - Maybe
- 18) Do you want to increase microfinance companies in rural areas?
- Yes
 - No
- 19) Which bank is best according to you in rural areas?
- Allahabad Bank
 - State Bank of India

Measure taken by the RBI and the Government:-

Year	RBI	Purpose	Outcome
2006	No-frill Account initiative taken. (Basic Saving Bank Deposit Account (BSBDA))	All banks were advised in November 2005 to make available a basic banking no-frill account either with nil or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population.	The number of no-frill account users increased from 0.5 million to 139 million during March 2006 to March 2012. Nearly 117 million BSBDA's were opened through BCs until March 31, 2014.
	General Credit Card (GCC) issued to rural and semi-urban areas	Focus on providing credit to banks' customers depending upon the assessment of cash flow without any insistence on security, purpose or end use of the credit.	As on March 31, 2016, the amount outstanding for GCC under the Financial Inclusion Fund was Rs. 1,493 billion.
2008	Project Financial Literacy	Focus on educating the common people on financial matters.	As on March 31, 2016, 1,384 FLCs were operational in the country and a total of 87,710 financial literacy activities were conducted by FLCs.
	Financial Inclusion Technology Fund (FITF)	Focus on meeting the cost of technology adoption.	In July 2015, GOI merged FITF into FIF. The total balance in the fund was Rs. 2,452.74 crore, as on March 31, 2016.
	Know Your Customer Norms	Preventing banks from being used by criminal elements for laundering of money or terrorist financing activities. Further, it also enables bank to understand the customers and their financial dealings in a better way to help them manage their risks prudently.	KYC guidelines were revised in April 2014, and physical presence of a customer categorized as Low Risk was not mandatory at the time of KYC updation. Banks were advised on November 26, 2015 to be in readiness to share the KYC data with the Central KYC Records Registry once it is notified by the Government.

SELF HELP GROUP & MICRO FINANCE

			KYC Direction 2016 were issued on February 24, 2016, thus consolidating all relevant instructions issued by different departments of the RBI.
2014	The National Pension System (NPS)	Pension plans aimed at providing financial security and stability during old age.	Assets under management which includes returns on the corpus under NPS was Rs. 1,07,802 crore as on December 31, 2015.
	Pradhan Mantri JanDhan Yojana (PMJDY)	The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy and access to credit and insurance.	PMJDY was launched on August 28, 2014. There are 27.55 crore Jan Dhan accounts opened and of these 24.40 percent were zero balance accounts as on February 8, 2017. There are 28.52 crore Jan Dhan accounts as on May 3, 2017.
2015	Pradhan Mantri Suraksha Bima Yojana	Focus on accidental death and permanent total disability coverage.	As on January 1, 2016, cumulative gross enrolment by banks under the PMSBY was over 9.28 crore.
	Pradhan Mantri Jeevan Jyoti Bima Yojana	Focus on one year life coverage of subscribers.	As on January 1, 2016, cumulative gross enrolment by banks under the PMJJBY was over 2.93 crore.
2015	Atal Pension Yojana	A defined pension scheme in which the central government is a co-contributor.	Till December 31, 2015 a total of 112.82 lakh members / subscribers, inclusive of the APY, had been enrolled under the NPS.
	Pradhan Mantri Mudra Yojana	Focus on providing formal bank credit and refinance last-mile financiers and to support micro finance institutions.	The total amount disbursed under the PMMY up to mid-January 2016 stood at Rs. 84,672.36 crore, of which Rs. 38,057.33 has been disbursed under Shishu, Rs. 28,359.87 under Kishor and Rs. 18,255.16 under Tarun. In all, 2.19 crore borrowers have benefited so far, of which 1.62 crore are women, 77.12 lakh are new

SELF HELP GROUP & MICRO FINANCE

			entrepreneurs and 1.10 crore belong to the scheduled caste/scheduled tribe/other backward classes category.
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