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THE ROLE OF SHG IN ECONOMIC EMPOWERMENT OF RURAL WOMEN THROUGH FINANCIAL INCLUSION

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ABSTRACT

Importance of financial inclusion arises from the problem of financial exclusion of nearly 3-5 billion people from the formal financial services across the world. The lack of financial literacy is also one of the reasons of women dependency in rural areas. The SHG is one the effective instrument for providing financial services to the poor which has been successful not only in financial needs of the rural women but also socio economic development leading to their empowerment. Thus the paper focuses on SHG's and its impact on women empowerment through financial inclusion.

KEYWORDS: SHG, Financial Inclusion, empowerment, Inclusive growth.

INTRODUCTION:-

Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. Financial products and services are identified as basic banking services like deposits accounts, institutional loans, access to payment, remittance on facilities, insurance services. The following are the denotation & connotation of financial inclusion in India. Affordable credit, Savings bank account, Payments & Remittance, Financial advice, Credit/debit cards, Insurance facility.

An inclusive financial system facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital. An all-inclusive financial system enhances efficiency and welfare by providing avenues for secure and safe saving practices and by facilitating a whole range of efficient financial services like easy day-to-day management of finances, safe money transfer etc. The Government of India as well as the banking industry has recognized this imperative and has undergone certain fundamental changes over the last two decades. In fact, in

order to address the issues of financial inclusion, the Government of India constituted a "Committee on Financial Inclusion". Not only in India, but financial inclusion has become an issue of worldwide concern, relevant equally in economies of the underdeveloped, developing and developed nations. Building an inclusive financial sector has gained growing global recognition bringing to the fore the need for development strategies that touch all lives instead of a select few.

Financial Inclusion denotes delivery of financial services at



an affordable cost to the vast sections of the disadvantaged and low-income groups. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty. In India the basic concept of financial inclusion is having a saving or current account with any bank. In reality it includes loans, insurance services and much more..

In recent years empowerment of women has been recognized as a central issue in determining the status of women. Rural women form the most productive work force in the economy of majority of the developing nations including India. Banking industry with information technology driven initiatives has led to expansion of financial services giving birth to the concept of Financial Inclusion. Every nation wishes to ensure financial services to the poor and disadvantaged people. Especially for women and low income groups.

STATEMENT OF THE PROBLEM:

Financial exclusion referring to those processes that serve to prevent certain social groups and individuals from gaining access to the financial system. It may come about as a result of problems with access, conditions, prices, marketing or self exclusion in response to negative experiences or perceptions. The financially excluded sections largely comprise of Marginal farmers, Landless labourers, Self employed and unorganized sector enterprises, Urban slum dwellers, Migrants, Ethnic minorities and socially excluded groups, Senior citizens and women, etc., Large pockets of population in North East, Eastern, and central regions of India. Financial inclusion is a policy measure to address the issue of poverty which would ensure avenues for people. Access to various financial services enables the poor people to participate in the growth of the economy. Many banks are forced to adopt financial inclusion rather than their own interest. Only few banks are actively involved in financial inclusion to promote economic development. The banks have encountered various problems while adopting financial inclusion Viz. Improper repayment, the need for additional workforce, more time consumption, heavy work load, high cost etc. Hence, many banks are not fostering fully fledged financial inclusion plan to accelerate the growth of the country. consequences of financial exclusion are, it may lead to general decline in investment, difficulties in gaining access to credit or getting credit from informal sources at exorbitant rates, and increased unemployment, the small business may suffer due to loss of access to middle class and higher income consumers, higher cash handling costs, delays in remittances of money, according to certain researches, financial exclusion can lead to social exclusion. Self Help Group (SHG) The main objective of SHGs to empower women in their economic status.. The role of SHG has been significant and their linkage with banks has facilitated greater financial inclusion. This research project mainly focuses on Empowering Rural Women in their Economic Status through SHG with Financial Inclusion .

LITERATURE REVIEW

Shri. Dr. PrakashBakshi, Chairman, NABARD Two decades of SHG-BLP has witnessed vast changes in the way information, knowledge and guidance is accessed by the SHG members; poor perceive urgency in taking up better livelihood activities, redefining the activity basket itself in the light of raising income levels & higher aspirations. There is a need to reorient programme goals and tools to internalise the changes in the environment so as to continue its relevance to poor. SHGs help the banks to generate new businesses like housing, pension schemes, insurance, etc. and hence the need for banks to help SHGs and its members to access banking services. Laxmimihar., (2014) under took a study on financial inclusion in India. The study aimed at analyzing the progress in banking sector reforms especially focusing on financial inclusion over the past three decades and analyse the new challenges that confront India's policy makers and financial regulators . It was identified that there was well established links between the size and scope of financial system and the rate of economic growth. The researcher concluded that that financial inclusion has picked up in India in the last few years with many innovations like mobile banking ultra small branches etc but still it is far from adequate.

ShyniV.K.andMavoothu D., (2014) under took a study on financial inclusion –the way for inclusive growth .It was observed financial inclusion acts as a means towards the inclusive growth of the vast excluded population It was revealed that inclusion is an important step towards inclusive growth. It helps in the overall

economic development of the disadvantaged poor. It was also observed that social exclusion leads to financial exclusion. Hence the way out for social exclusion is to financially include these weaker sections to the formal financial sector. The study concluded that the four pillars of inclusive growth are productivity, employment, infrastructure development and financial inclusion.

Pooja Sharma, and Shikasacdeva.,(2014) attempted to propose certain suggestions to meet the goal of Financial Inclusion more efficiently and effectively. The study revealed that the Government is taking various initiatives for eliminating financial exclusion in India. It was also observed that that the efforts taken by the Government as well as RBI have been particularly successful. The researchers concluded that the key lies in efficient implementation of the current policies as well as introducing innovative schemes to avail better financial services

Uma.H.RandPusphaNanaiah.k.,(2014)conducted a study on financial inclusion of Dalit women through SHG Bank Linkage Programme in Hunsur District. Number of financial institutions and banks are supporting women to start new enterprises. Six banks are advancing loans to more than 239.53 lakh people. Loans are provided for agriculture purpose, agarbathi manufacturing and papad making. The study revealed that there is a tremendous change in the educational level of the people. The author concluded that most of the beneficiaries are able to understand the significance of SHGs in improving their financial status

Nwankwo & Nwankwo (2014) To examine the sustainability of financial inclusion to rural dwellers in Nigeria. The study revealed that there is positive correlation between sustainability of financial inclusion and rural dweller. Sustainability of financial inclusion among rural dwellers remains the mainstream for economic growth in any country.

OBJECTIVES

- o To collect the demographic details of the residence of the selected areas in Ramanathapuram district.
- o To analyze the reasons which restrict the people to avail the banking services.
- o To find the impact of SHG in financial inclusion and suggest measures to reduce the barrier which restrict the people to use the banking services.

Sampling

Sample survey method will be used to collect primary data. Stratified random sampling will be adopted to draw the sample units. The proposed random sample size selected is 50 SHG in Paramakudand and Thiruvaadanai based on the count of registered groups

Data Collection

Primary data will be collected through a structured interview schedule. The secondary data will be gathered from books, journals, theses, annual reports and unpublished reports.

Tools to Be Used

Statistical tools like Oneway ANOVA 'f' and 't' test were used to identify the statistical significance of the data collected.

ANALYSIS AND INTERPRETATION

Factors affecting access to formal financial products and services

Table No.1: Mean Rank on Factors affecting accessing financial products and services of the Respondents

Factors	Mean	S.D	Rank
High transaction charges	26.60	6.29	I
Bank interest rate is high	28.07	4.67	IV
Lack of support / guidance to access	30.87	4.03	VIII
No friendly Bank personnel	27.26	5.45	II
Excessive legal procedures	54.81	5.58	XIII
No collateral / security / surety / guarantor	27.84	6.22	III
No knowledge about the Financial products & services	29.60	5.03	V
No Nearby Financial Institutions	35.10	16.88	XI
Lack of Trust	30.13	5.01	VI
No effective advertising	56.13	4.44	XIV
Very low rate of return	30.71	5.95	VII
Lack of ID / Address proof	31.69	4.97	IX
Very slow proceedings / Time consuming process	41.24	16.94	XII
Not user friendly	33.48	4.01	X

Source: Primary Data

Based on the mean score, the SHG members felt that transaction cost is very high, bank personnel are not very friendly and bank employees are not helpful in clearing the doubts occurred while availing banking services, the members are facing difficult while getting loan due to collateral / security / surety / guarantor.

EMPOWERMENT AFTER JOINING SHG

Table No.2: Mean Rank on Empowerment after joining SHG of the Respondents

Variables	Mean	S.D	Rank
Membership in SHG increases Income capacity.	40.76	3.93	VII
Recognition in the family	34.31	3.58	V
Increase self confidence and self respect	30.55	5.43	II
Awareness about poverty eradication scheme.	62.62	5.52	IX
Decision regarding savings	32.17	3.64	III
Decision regarding purchase	38.88	4.75	VI
Ability to face problems	32.90	4.48	IV
Personality development	59.96	5.85	VIII
Freedom to attend social function	28.43	5.21	I

Source: Primary Data

Based on the mean score, the SHG members are empowered in attending social function after joined in SHGs because the standard of living is improved, the members self confident and self respect are improved after joined in SHGs and they can able to made decisions on savings and investment.

COMPARATIVE ANALYSIS

Age with respect to reasons for joining SHGs, bank literacy, factor affecting financial products and services and empowerment after joining SHGs

HYPOTHESIS: I

Ho: There is no significant difference among age groups of the respondents with respect to reasons for joining SHGs, bank literacy, factor affecting financial products and services and empowerment after joining SHGs

Table No.3: ANOVA for significant difference among age groups with respect to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

Factors	Age group of the respondents (in years)				F Value	P-Value
	20-30	31-40	41-50	Above 50		
Reasons for joining SHGs	32.76 ^a (3.16)	33.86 ^{ab} (3.30)	34.78 ^b (2.90)	33.05 ^a (2.42)	4.060	0.008**
Bank Literacy	26.48 ^a (5.98)	27.81 ^{ab} (5.25)	29.41 ^b (5.09)	29.00 ^{ab} (4.78)	2.791	0.042*
Factors affecting financial products and services	53.52 ^a (5.12)	54.67 ^a (5.70)	57.16 ^b (4.71)	55.90 ^{ab} (4.88)	4.554	0.004**
Empowerment after joining SHGs	27.26 ^a (6.78)	27.63 ^a (5.82)	30.59 ^b (5.75)	29.70 ^{ab} (6.23)	3.249	0.023*

Source: Computed Data

Note : 1. The value within bracket refers to SD

2. ** denotes significant at 1% level.

3. * denotes significant at 5% level.

4. Different alphabet among age group denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Table 10 shows that in public sector, since P value is less than 0.01, null hypothesis are rejected at 1% level with regard to the bank literacy and empowerment after joining in SHGs. Hence, there is a significant difference among age group of the respondents with relate to the bank literacy and empowerment after joining in SHGs. The women to increase their standard of living joined SHGs mostly at the mid age group

Since P value is less than 0.05, null hypothesis is rejected at 5 per cent level with regard to reasons for joining SHGs and factors affecting financial products and services. Hence, there is a significant difference among age group of the respondents with relate to the reasons for joining SHGs and factors affecting financial products and services.

Based on Duncan Multiple Range Test (DMRT), the age group 20-30 years and above 50 years are significantly differed with 31-40 years and 41-50 years at 5% level, but there is no significant difference between 20-30 years and above 50 years and also 31-40 years and 41-50 years in bank literacy and empowerment after joining SHGs. The age group up to 30 years and 31-35 years are significantly differed with 36-40 years and above 40 years at 5% level, but there is no significant difference between 20-30 years and 31-35 years and also 36-40 years and above 50 years in reasons for joining SHGs and factors affecting financial products and services.

Marital status with relate to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

HYPOTHESIS: II

Ho: There is no significant difference among marital status with respect to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs.

Table No.4: ANOVA for significant difference among marital status with respect to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

Factors	Marital Status of the Respondents			F Value	P-Value
	Married	Unmarried	Separated/ Widow		
Reasons for joining SHGs	41.30 ^b (3.82)	41.50 ^b (3.70)	40.07 ^b (3.79)	9.744	<0.001**
Bank Literacy	34.17 (3.60)	34.58 (3.90)	33.90 (3.34)	2.020	0.016*
Factors affecting financial products and services	62.93 ^b (5.20)	63.03 ^b (4.69)	61.33 ^{ab} (4.96)	5.031	0.002**
Empowerment after joining SHGs	31.08 ^b (5.27)	31.36 ^b (5.82)	28.73 ^a (4.74)	5.386	<0.001**

Source: Computed Data

Note : 1. The value within bracket refers to SD

2. ** denotes significant at 1% level.

3. * denotes significant at 5% level.

4. Different alphabet among marital status denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Since P value is less than 0.01, null hypothesis is rejected at 1 per cent level with regard to reasons for joining SHGs, factors affecting financial products and services and empowerment after joining SHGs. Hence, there is a significant difference among marital status with relate to reasons for joining SHGs, factor affecting financial products and services and empowerment after joining SHGs.

Since P value is less than 0.05, null hypothesis is rejected at 5 per cent level with regard to bank literacy. Hence, there is a significant difference among marital status of the respondents with relate to the bank literacy.

Based on Duncan Multiple Range Test (DMRT), married, unmarried and separated/widow are significantly differed in reasons for joining in SHGs, bank literacy, factors affecting financial products and services and empowerment after joining in SHGs.

Occupation with respect to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs.

HYPOTHESIS: III

Ho: There is no significant difference among occupation with relate to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

Table No.5 : ANOVA for significant difference among occupation with respect to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

Factors	Occupation of the respondents				F Value	P-Value
	Agriculture	Handicraft	Food Product Manufacturing	Trading		
Reasons for joining SHGs	37.29 ^{ab} (5.53)	40.13 ^{ab} (3.35)	41.88 ^b (4.56)	39.53 ^a (4.37)	3.546	0.012**
Bank Literacy	32.14 ^a (5.86)	33.39 ^{ab} (3.34)	35.67 ^b (3.52)	33.82 ^{ab} (3.11)	3.449	0.018*
Factors affecting financial products and services	59.29 (6.32)	61.29 (5.43)	63.36 (5.53)	62.76 (5.72)	1.633	0.013**
Empowerment after joining SHGs	26.64 (5.51)	29.82 (4.93)	31.29 (6.24)	30.59 (4.76)	3.175	0.026*

Source: Computed Data

Note : 1. The value within bracket refers to SD

2. ** denotes significant at 1% level.
3. * denotes significant at 5% level.
4. Different alphabet among occupation denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Since P value is less than 0.01, null hypothesis is rejected at 1 per cent level with regard to reasons for joining SHGs and factors affecting financial products and services. Hence, there is a significant difference among occupation of the respondents with relate to the reasons for joining SHGs and factors affecting financial products and services.

Since P value is less than 0.05, null hypothesis is rejected at 5 per cent level with regard to bank literacy and empowerment after joining SHGs. Hence, there is significant difference among occupation of the respondents with relate to the bank literacy and empowerment after joining SHGs.

Based on Duncan Multiple Range Test (DMRT), occupation of the respondents that is agriculture, handicraft, food products manufacturing and trading is less than one category.

Monthly income with relate to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

HYPOTHESIS: IV

Ho: There is no significant difference among monthly income with relate to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs.

Table No.6: ANOVA for significant difference among monthly income with respect to reasons for joining SHGs, Bank Literacy, Factor affecting financial products and services and empowerment after joining SHGs

Factors	Monthly income of the respondents (in Rs.)				F Value	P-Value
	Upto 5000	5001-10000	10001-15000	Above 15000		
Reasons for joining SHGs	31.68 ^a (3.91)	32.95 ^{ab} (3.39)	34.55 ^c (2.62)	34.23 ^{bc} (2.68)	6.028	0.001**
Bank Literacy	24.86 ^a (6.88)	27.14 ^{ab} (6.05)	29.43 ^b (4.62)	28.55 ^b (4.72)	4.216	0.007**
Factors affecting financial products and services	52.64 (6.39)	54.58 (6.01)	55.89 (4.32)	55.79 (4.95)	2.469	0.054*
Empowerment after joining SHGs	25.86 (7.41)	28.23 (6.63)	29.68 (5.70)	28.89 (5.86)	1.963	0.021*

Source: Computed Data

- Note :
1. The value within bracket refers to SD
 2. ** denotes significant at 1% level.
 3. * denotes significant at 5% level.
 4. Different alphabet among monthly income denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Since P value is less than 0.01, null hypothesis is rejected at 1 per cent level with regard to reasons for joining SHGs and bank literacy. Hence, there is a significant difference among monthly income of the respondents with relate to the reasons for joining SHGs and bank literacy

Since P value is less than 0.05, null hypothesis is rejected at 5 per cent level with regard to the factors affecting financial products and services and empowerment after joining SHGs. Hence, there is a significant difference among monthly income of the respondents with relate to the factors affecting financial products and services and empowerment after joining SHGs.

Based on Duncan Multiple Range Test (DMRT), respondents earning monthly income of upto Rs.5000 is significantly differed from other group of income categorisation of ₹ 5001-10000, ₹ 10001-15000 and above ₹ 15000 in reasons for joining SHGs and bank literacy, respondents earning up to ₹5000, ₹5001-10000, ₹10001-

15000 and above ₹15000 are significantly differed from each group of income categorisation in factors affecting financial products and services and empowerment after joining SHGs.

Income generated through SHGs with relate to empowerment after joining SHGs

HYPOTHESIS: V

Ho: There is no significant difference among income generated through SHGs with relate to empowerment after joining SHGs.

Table No.7: ANOVA for significant difference among income generated through SHGs with relate to empowerment after joining SHGs

Factors	Income generated through SHGs (in Rs.)				F Value	P-Value
	Upto 1500	1501-3000	3001-4500	Above 4500		
Empowerment after joining SHGs	29.71 ^a (4.65)	31.61 ^b (3.23)	33.07 ^b (3.95)	31.76 ^b (4.07)	4.559	0.004**

Source: Computed Data

Note: 1. The value within bracket refers to SD

2. ** denotes significant at 1% level.

3. Different alphabet among income generated through SHGs denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Since P value is less than 0.01, null hypothesis is rejected at 1 per cent level with regard to the respondents' empowerment after joining SHGs. Hence, there is a significant difference among income generated through SHGs with relate to empowerment after joining SHGs.

Based on Duncan Multiple Range Test (DMRT), the respondents generating income through SHGs up to Rs.1500 is different from respondents earning income of Rs. 1501-3000, 3001-4500 and above Rs.4500

SUGGESTIONS

Based on the findings of the study, the following suggestions are recommended.

- o The challan/forms in the banks should be in regional language.
- o The banks should motivate and teach the rural women customer's to use basic technology based services like ATMs, using Debit Card in PoS and mobile banking.
- o Making Available basic banking "no frills" account either with 'nil' or very low minimum balance.
- o Constitution of financial inclusion fund and financial inclusion technology fund to strengthen the institutional and technological infrastructure for greater financial inclusion.
- o Financial Literacy Centers should be created in their place of livelihood. It gives them more comfort in understanding the banking services easily.
- o Financial education and financial literacy programs for women are a critical investment in women's financial inclusion.
- o NGOs should help the SHGs members to invest in performing their business using latest technology.
- o The SHGs should try to convert their traditional business into digital business to earn more and attract customers throughout the world
- o There is a need for capacity building of government functionaries for sufficient training for SHG staff and members on SHG concept.
- o The government should check on corruption/commission while sanctioning and upgrading the loan. The commission and corruption at grass root level leads to selection of wrong people for loan, higher defaults, miss utilisation of loans (like revolving loan for money lending, luxurious consumption).
- o Banks should maintain transparency in maintenance of records, with the help of NABARD, should evolve a common checklist for all SHGs with very simple record keeping.

o The present challenge is identification of income/employment generating activities to induce SHGs and their members to graduate into matured levels of enterprise, factor in livelihood diversification. Separate counter in each bank branch to be established to address this aspect. The banks should conduct a demo about the financial products and services to their customer's especially to rural women customers

CONCLUSION

SHGs are a potential source of empowerment of women both economically and socially. This, in fact will benefit not only the individuals but also their families and community on a whole through collective action. The mantra behind this concept is 'For the women ,by the women and of the women' .Thus in this current scenario of global meltdown and economical crunch, SHGs have a vital role to play in poverty alleviation and upliftment of women, especially in rural areas. Thus it is certain that SHSs are here to stay and are to grow stronger and stronger.

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