

ROLE OF RURAL CREDIT DELIVERY SYSTEM FOR INCLUSIVE GROWTH: A CASE STUDY OF SHGs IN RAJASTHAN

CA Anshul Purohit*

ABSTRACT

Inclusive growth is very much required to include the masses into the area of development. Social and economic justice can be provided only with the inclusion of hitherto excluded deprived section of people. Several measures have been undertaken by the Government of India and Reserve bank of India together to mitigate the problem of financial exclusion and led to inclusive growth. To achieve this multi-model approach has been adapted. Service Area approach, priority sector lending, differential rate of interest, Lead Bank Scheme, issue of General credit card and Kisan credit card and so on help to overcome financial hassle to get credit from formal institutions. In this direction emergence of Self Help Groups (SHGs) and then SHG-Bank Linkage Programme help extensively to strengthen the poor, socially and economically weaker sections of the society, especially women folks. SHGs play a vital role to improve the socio-economic condition of women folk by developing thrift habit and providing micro finance in times of need and also encouraging micro entrepreneurs. To achieve the objective of inclusive growth, the government has directed its policy towards giving rural credit to disadvantaged borrowers in the rural areas at a lower interest rate. The vehicles of providing rural credit are regional rural banks, cooperatives, and of late micro credit. This study highlights the role of SHGs in financial inclusion for inclusive growth. The primary data was collected through random sampling method and it reflects the positive relationship between SHGs membership and financial inclusion. The study shows, the membership to SHGs have led to enormous increase in the number of bank accounts by members to the extent of 82.7 percent from 17.3 percent before membership. With that, the credit availed by the members and annual repayment of the loan also shows positive trend. Thus SHGs help the deprived section of people to enter into formal financial sector and through that social and economic empowerment.

KEYWORDS: *Inclusive Growth, Financial Inclusion, Self Help Groups (SHGs), Rural Credit.*

Introduction

Now a day there is plenty of work undertaken in area of Rural Credit for Inclusive Growth, therefore, I have chosen the topic entitled "Role of Rural Credit Delivery System for Inclusive Growth-Case study of SHGS in Rajasthan" for in depth analysis of the problem. The main objective of this research paper is to explain the role and importance of rural credit and SHGS in inclusive growth. To achieve the objectives of the study both primary and secondary data is used which were collected from various sources i.e. Annual Reports of NABARD, publications from Ministry of Commerce, Asian Development Bank's Reports, Reserve Bank of India bulletins, Economic and Social Survey of Asia and the Pacific, Time series data, economic surveys, several books of different authors, Journals and the relevant data have been collected for the period 2014 to 2017. Simple statistical and mathematical techniques were used for analysis and interpretation of data.

* Research Scholar, Department of EAFM, University of Rajasthan, Jaipur, Rajasthan.