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Microfinance as a Tool for Financial Inclusion in Rural Areas of National Capital Region

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Abstract: *India tagged as a low income class country by World Bank and houses the second largest world population. Out of the total population which resides in India more than 50% of the population is still living in rural area and therefore need credit and financial services. Due to unavailable and improper reach of formal financial services, the rural low income population resort to money lenders for immediate availability of credit as money lenders have been viewed as a tool which provides immediate credit for essential needs. As money lenders give credit immediately, they charge exorbitant prices. This in turn could lead to a debt trap. In this context, Microfinance has emerged as a powerful effective mechanism tool for poverty alleviation, empowerment and financial inclusion in India. The present study is descriptive in nature and entirely based on primary and secondary data. It also dwells upon the role of microfinance as a tool for financial inclusion in rural areas and to identify the opportunities and challenges associated with the growth of microfinance sector in realising financial inclusion in rural areas of NCR. A number of microfinance models are currently operational in rural areas of NCR; however there are a number of issues which makes the system laggard. Recommendations at the end of this paper have been laid down with regard to how the problems of microfinance system can be resolved.*

Keywords: Financial inclusion, Microfinance, Rural Areas, NCR.

1. INTRODUCTION

1.1 Background

Microfinance is a group of monetary services for individuals and organizations that don't have any right to use the conservative banking services and their related services. Microfinance includes micro-credits, diminutive credit provision to deprived consumers; funds & control balance sheet; micro insurance as well as payment systems. Services of microfinance are proposed to reach excluded consumers, normally poorer segment of the population, probably communally or geologically marginalized, and help them to turn out to be independent. Microfinance can be defined as small savings, credit and insurance services which extended to poor in rural, semi urban and urban areas, in order to enable them to raise their income level and also improve their living standards (Nasir, S., 2013).

Microfinance advocates frequently argue that this right will aid the poor people to become out of deficiency, to include participant in the micro debt summit operation. For several people, micro loan is a means to endorse financial growth, job and development by the help of micro-entrepreneurs as well as by small businesses; for others, it is a method for the poor in managing their finances more efficiently and exploits economical opportunity by managing risk. Reviewers frequently stress that a few of the evils of microcredit who can generate indebtedness. Due to the different context in which microfinance works as well as the wide series of microfinance services, it's neither probable nor practical to have an overview of the impact that microfinance can generate. Lots of studies have tried to evaluate their impact.

How Micro financing Works?

Nobel Prize winner Muhammad Yunus initiates the microfinance to help financially marginalized by giving them with the resources they need to start a business and work towards fiscal independence. These loans are important as they are granted yet if the borrower has no guarantee. Though, for these microcredit's, the interest rates are frequently very high because of insolvency risk. The term microfinance includes micro-credits, micro savings and micro-insurance. MFIs (Microfinance institutions) grant small loans and other capital to entrepreneurs and help them to take off their business. Many of the beneficiaries are in rising nations and, or else, they could not get a customary loan. Micro-savings Accounts are also under the aegis of microfinance. With no minimum balance Micro-savings Accounts permit entrepreneurs to have a savings account as well as micro insurance offers these borrowers with insurance, at a lesser rate and with lower premiums.

Why Microfinance is significant?

Microfinance is a mode of granting loan, credits, insurance, & access to saving accounts and transfer of money to owners' of small business as well as entrepreneurs in underdeveloped regions such as rural areas of NCR in India. Microfinance is significant as it offers capital and access to resources to people with few financial resources, such as those who cannot obtain current accounts, credit lines or loans from traditional banks. These groups may have to choice to loans with advance on wages without microfinance or advance with tremendously high rate of interest or may borrow money from family and friends. Microfinance help them to spend in their business and, consequently, to spend in themselves.

1.2 Microfinance in India

The sector of microfinance has developed quickly in recent decades. In 1976, Nobel Prize winner Muhammad Yunus known as the founder of modernized MFIs with the establishment of the Grameen Bank located in Bangladesh. Nowadays it has become an energetic organization that exhibits a range of industry model.

In India, Microfinance institutions (MFIs) survive like NGOs (listed as partnerships), Section 25, corporation & non-bank financial companies (NBFC). Commercial banks, regional rural banks (RRBs), cooperative societies and additional large credit institutions these companies are helping in providing MFI refinancing services. The Self-Help Group (SHG) used by the bank for offer straight credit to the group consumer. One of the greatest challenges before the Indian sub-continent which accommodates more than one-third of the population is still living under poverty and large number of people does not have an access to formal banking facilities. In this regard, the importance of microfinance cannot be undermined in India, as it has witnessed an unprecedented growth in the last few years and has firmly established itself as significant potential contributor in empowering people and realising financial inclusion by way of providing broad range of financial services and credit such as deposits, loans, payment services, money transfers, insurance to the poor and low income households that are not being served by mainstream financial services providers.

Microfinance Channels

Microfinance in India works through 2 ways:

i. SHG – Bank Linkage Programme (SBLP)

ii. Micro Finance Institutions (MFIs)

i) SHG- Bank Linkage Programme

This is the bank-run microfinance channel that NABARD started in 1992. According to the SHG model, participants generally encourage village women to create groups of around 10-15. Members make contributions occasionally with their group savings and small savings are made from these financial savings to members. In the following period, these SHGs obtain loans to bank in prevalent to generate income.

Group participants meet periodically when new financial savings arrive, loans are recovered from preceding individuals and new loans are also granted. This model has been very profitable in the early time and over time it is becoming increasingly more admired. The Self Help Groups are self-sufficient & once the team is established, it begins working only with the help of NGOs as well as institutions such as NABARD & SIDBI.

ii) Microfinance Institutions

The organizations which do microfinance as their fundamental process are acknowledged as microfinance organizations. Various companies of a number of sizes and official forms provide microfinance services. These organizations grant during the idea of Joint Responsibility Group (JLG). A JLG is a casual group of 5-10 character participants who arrive in concert to take advantage of bank loans, either alone or throughout the team process in opposition to a mutual assurance. The motive for the survival of dispersed organization, particularly the MFIs to provide microfinance, is as follows:

- High transaction costs: in general, microcredit's fall under the breakeven point of bank loans
- Absence of guarantees: the poor are commonly unable to provide guarantees to guarantee credit.
- Tenures of loans very short time.
- Increased occurrence of compensation of commissions & higher default rate.

1.3 Inclusive Finance

As per Reserve Bank of India (RBI), 'Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players (Lama et al., 2018).' In 2010 Aynsley discovers three main factors of the financial inclusion meaning: (i) use of financial services & products; (ii) financial potential (effective cash management, etc.); and (iii) financial education. Though, most explanations highlight access instead than other essentials. However, poverty is an intolerable to human circumstance that has to be at the midpoint of the discourse of financial inclusion; financial inclusion in itself does no longer suggest the intention to handle the problem of poverty. Consequently, if it is to be used as an improvement tool, it ought to accompany by a pure intention & policy to tackle vulnerability &poverty and help financial protection and fundamental livelihood. When we seem at worldwide definitions and recognize financial inclusion, issues factor to business creation and risk discount for negative micro-entrepreneurs, as well as for small medium businesses. It also emphasize on financial carrier providers, commonly MFIs, and on their increase and sustainability. A series of institutions and involvement for the provision of financial offerings to the bad have been promoted, ranging from cooperative models and resource-building strategies for

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poor households identified to loans through SHG. Specialized institutions such as the RRBs have prepared, but they have generally shifted away from constrained attention to poverty.

The widely defined financial inclusion means to common way in to a broad series of financial offerings at affordable costs. They consist of not only products of banking, however also different monetary services like products of insurance and share. The president of Committee for financial area reforms is Dr. Raghuram G. Rajan.

1.31 Schemes for Financial Inclusion in India

For financial enclosure purposes, the Indian government has introduced numerous exclusive schemes. These schemes are intended to offer social safety to the fewer lucky sectors of culture. After so much of preparation and investigation by numerous financial advisors and policy makers, the administration has initiated programs that take into account financial inclusion. These schemes have been launched for several years. Here is a list of financial inclusion proposal in the nation:

- ✓ Pradhan Mantri suraksha Bima Yojana (PMJDY)
- ✓ Jeevan Suraksha Bandhan Yojana
- ✓ Pradhan Mantri Vaya Vandana Yojana
- ✓ Stand Up India Scheme
- ✓ Pradhan Mantri Mudra Yojana
- ✓ Sukanya smiridhi Yojana
- ✓ Pradhan Mantri Jan Dhan Yojana (PMJDY)
- ✓ Atal pension Yojana
- ✓ Credit Enhancement Guarantee Scheme (CEGS) for Scheduled Castes (SCs)
- ✓ Venture Capital Fund for Scheduled Castes under the Social Sector Initiatives
- ✓ Varishtha Pension Bima Yojana (VPBY)

1.32 Requirement for financial Inclusion

Financial inclusion improves the country's financial system which completely strengthens the availability of economic resources. The most important thing is that it strengthens the savings concept amongst poor people living in city and villages. In this manner, it gives the economic development in a coherent way. Lot of poor people tends to be deceived and at a times broken by wealthy landowners and unlicensed lenders because of vulnerable status of poor people. This serious and dangerous situation can be changed with the assistance of financial inclusion. Financial inclusion involves the poor citizen's inclusion of in the formal banking sector with the purpose to ensure their minimum funds for the purpose of future. There are several houses with persons who do farming or artisans don't have adequate facility to keep the money save they have earned after so much of hard work.

1.4 Financial Inclusion in India through Digitization of Monetary Transaction

By the support of the "Unified Payment Interface" (UPI), the immediate payment service (IMPS), electronic transfer of national funds (NEFT), Aadhar Pay, debit cards, the banking methods of complementary non-structured services (USSD), BHIM and credit cards, the Indian government aims to take out millions of digital financial transactions for the current & the next few years. In addition, the government wants it to be mandatory for fertilizer depots, block offices, petro pumps, road transport offices, universities, etc. to make preparations to accept costs for services and products throughout digital payment systems. It makes logic, particularly when regulars have to make high value payments at these offices. The administration aims to get this to issue permission to these institutions.

Furthermore, the administration also desires to make it compulsory that all government receiving is provided completely by any digital form. Currently, the digitally performed government operations through consumers get payment receipts in digital form. Though, this has not been fully effectual in all regions of the country. The government is doing everything to manipulate more and more users for digital payment methods so it can to eliminate or reduce charges for services that companies charge for electronic transactions. These digital financial applications will support to eliminate corruption as well as achieve financial inclusion. These applications have purpose to achieve financial inclusion by giving attractive bonuses to both users and merchants. The cashless payments used by the Consumers can take advantage of bonus schemes on recommendation as well as for the meantime, merchants will receive reward and reimbursement point when they permit consumers to carry out through these cashless systems. With own payment applications of government, there are a number of personal mobile electronic wallet systems (electronic wallets) formed by banks and private companies. Mostly, these applications permit transfers of bank funds. All these electronic wallets allow users to conveniently make digital payments. Individuals will not be blocked anywhere, even if they have no money available. If people have money in their e-wallet, they are protected & can make monetary payments effectively without depend on others for money. On Android and is smart phones, most of these applications are available.

One of the best and popular wallets in India is paytm which tagline is paytm karo. paytm can run in Android, Blackberry, IOS, Ovi, Windows, etc. there are different types of e-wallet are like Free charge, MobiKwik, Itigen Cash, Airtel Money, Jio Money, HDFC, SBI Buddy, Vodafone M-Pesa, PayMate, PayUmoney, Citi Master Pass, Ola Money, Mswipe, PayZapp M-Rupee ICICI Pockets etc.

1.5 'Financial Inclusion Programmes' Organized by the RBI

The Reserve Bank of India plays on limited programs & strategy to have a financial inclusion in the effective country. Apply a plan directed by the bank to get financial inclusion without problems. The central bank of India also has organization policies that must have to follow by all banks. The RBI also offers capable assistance to all banks in the country to achieve their financial inclusion goals.

There are some of the programs listed below introduce by the RBI to attain its aims:

- The RBI has mandated all banks to have basic savings bank deposit accounts (BDSDs) for the financially weaker sections of the company. This account owner can take out money at any ATM machine or at the any branch of bank. They should know how to operate digital payment channels to receive & transfer money.
- RBI has also requested from banks to have straightforward regulations: to recognize their consumer (KYC) for the fewer privileged citizens of the company. Here are lots of people in city that are unable to open bank accounts because of stringent of KYC rules. Therefore, the RBI has simplified the regulations of KYC, in particular if a person earning less income is interested in opening a bank account with an amount not more than Rs.50,000 and wants minimum KYC standards if this is allowed, do not go beyond Rs. One lakh for 1 year. Currently, banks accept the Aadhaar card as proof of individuality, address.

The RBI told to all banking organization to create different branches in villages in the country to provide good banking services to people as there is a shortage of branches of bank in rural areas.

With the shortage of banks and good transport services, it gets very hard for people of those areas to move to other branch of bank to take advantage of banking services. Therefore, with the obligatory regulation of RBI banks are allocating the percentage of banks in towns to get a balance.

Opportunities to Rural Areas and Banking Sector

i. By the help of the concept of monetary inclusion, saving small amounts finally, poor people can arrange financial support for the lump-sum investment required in business such as the purchase of equipment or the purchase of commodities at a wholesale price.
ii. By promoting financial inclusion and persuading saving habits, funds can also be given to look for more productive employment sources by offering access to easy financial & banking services also in rural areas.
iii. Electronic Benefit Transfer (EBT): by the help of EBT and details and communication technology, the bank can electronically transmit social advantages to the beneficiary's bank account and can provide public advantages to the beneficiary's door, reducing thus dependence on liquidity and reduction of transaction costs.
iv. To obtain a universally sustainable access from a commercial point of view, the banking systems will be modernized to innovative technologies such as EBT to assure the accessibility of financial services to all sections at a diminished price and improved advantages, such as a convenient banking system, which guarantees that transactions can be made near where they stay and employed and ensure the faith of people who are investing their money into business that seems to care about them and believe they are there for them when they need it most.
v. Monetary inclusion offers opportunity to banking sector to pass through many stages of society, area, sex and revenue and encourages the civic to adopt the banking habits. The RBI interfered for the attainment of monetary inclusion through the introduction of various promulgations, monetary education campaigns, the use of technology, etc.
vi. I saw financial inclusion covers the method for development and growth to make sure timely and rapid accessibility among the sectors in need.
vii. monetary enclosure will not only provide safe savings, but will also provide various other related facilities such as insurance coverage, commercial loans, payment and facilities to settle, etc.
viii. With increased opportunities to business, our national income of country will also grow, which in turns to translates into an increase in GDP.
ix. By the help of KYC standards and the UID financial inclusion procedure, the banking procedure is accelerated, reducing cash and non-cash costs for both banks and consumers.
x. Monetary access will also attract market players globally in our nation, which will increase commercial and opportunities of employment.
xi. Financial inclusion will help the poor to meet different requirements with the support of a broad series of affordable financial services. Financial services will give tools that will help provide financing structures in many sectors, such as investments in micro-enterprises in new production technologies, helping farmers to buy inputs that improve productivity, such as fertilizers, job search opportunities for workers work or early childhood education and to mitigate people's disclosure to adults. Life cycle proceedings or random risks.

Therefore, financial inclusion provides many opportunities for development and growth in India.

1.6 Challenges to Financial Inclusion

In India, where almost 1/4 of the population is uneducated & under the scarcity limit, ensures monetary inclusion is a test. The two signs scarcity and illiteracy differ largely amongst the exclusive states of India. There is incensement in rural poverty by 30% of the population in state such as Assam, Bihar, MP, and Chhattisgarh, UP, Orissa, Jharkhand and Manipur. Country poverty can be credited to the reduction of agricultural income, the shortage of sustainable livelihoods, shortage of skills, low employment and unemployment. Therefore, to ensure deposits transactions in these accounts is a challenge. Some of these challenges are as follows:

- Fraud due to illiteracy
- Making Accounts Operational
- Moneylender's influence

1.7 Key Issues in Microfinance Sector of India

- **Outreach in India is low:** The outreach of microfinance sector in rural India is only 8%. It has been observed that the program is focused on primarily on rural women. It has been argued that women are reliable clients as they have better saving potential and their repayment performance is also better than men. This has inclined the Microfinance institutions (MFI) towards women. However since not many rural India women apply for loans the overall outreach of the program is reduced (Sarumathi, S. and Mohan K., 2011).
- **High Rate of Interest:** The interest rate charged by MFIs is very high which the poor are unable to payback. Since most the MFIs in the country are privatized and do not receive and subsidized credit, in order to recover their cost they pass their burden to back to borrowers (Thorat, Y.S.P., 2006).
- **Poor Population in Urban Areas is neglected by MFIs:** There are currently 800 MFIs in the country out of which only 6 MFIs are paying attention to the needs of urban poor which is a very low percentage. The rate of urbanization is increasing day by day which will also lead to rapid rise in percentage of urban poor (Thorat, Y.S.P.,, 2006).
- **Low Client Retention:** The client retention rate is also only 28% in India. Low client retention is due to lack of information and proper education about the services available to the poor (Thorat, Y.S.P., 2006).
- **Geographic Barriers:** Nearly 50% of the India resides in villages and around 60% of MFIs functioning in the country are unable to reach and communicate with secluded area which in turn also affects the outreach of these services (Thorat, Y.S.P., 2006).
- **Different types of options for microfinance in rural areas:** Microfinance is a dynamic field in country and therefore a number of models have been developed which provide financial services. The five main delivery models in microfinance in India which exist today are (Bharti, N., 2007).
- **Self Help Groups:** SHGs have evolved from the NGOs, and help in providing networking and education facilities to rural women in India. 90% of these groups are able to provide their services to rural women as they are breadwinners in most rural households. SHG is a small group of 20 people, who voluntarily work towards a common goal.
- **Federated Self Help Groups:** Since SHGs are smaller in size, they can provide only limited resources. Based on a similar model FSHGs were developed, which include 1000 members

and has a three tier working structure. While at the base level there is a SHG, then at middle level there is a cluster and at the top level there is a apex body. Some of the FSHGs currently operational in the country are; PRADAN, SEWA and Chaitanya.

- **Grameen Bank:** This model was first introduced in Bangladesh, and received immense success. Since then, several initiatives were launched based on the model of Grameen Bank. There are a number of advantages of this model like low transaction cost, no collateral, loan repayment schemes are easier, loans are sanctioned quickly without any formalities and with little paper work.
- **Co-operative Bank:** This model is owned by the members who are using its services. The members can come from different sectors of the society, and therefore the locals operate and control the functioning of this institution with little or no interference from other parties. Sahavikasa, founded in 1975 is among the leading co-operative in India.
- **Microfinance Institutions:** These institutions area developed by GOI to provide financial services to the poor in India. They work on the concept of Joint Liability Group (JLG), wherein 5-10 people avail loans through mutual guarantee. There are four categories of MFIs i.e. NGOs, Non-Profit companies, Mutual Benefit MFIs and Non-Banking Financial Companies.

Table 1.1: A comparative list of features new and old "Financial Inclusion" Programmes

Few essentials of the New monetary inclusion programme	**Some elements of the old monetary inclusion programme**
Village-based method for that villages where population is more than 2,000	The main objective to cover up households in all villages
Only Rural	Both city and villages
Focus on opening of Deposits Accounts	opening of Deposits Account, meeting with different subsidy schemes and Micro Insurance, RuPay Debit Card, Kisan Credit Card, also Focus on financial literacy
Observe by banks	Observing Mechanism is at Centre, State, and District level. Active contribution of state and district highlight.
There is separate server for Operations of Accounts offline	Accounts online on Core Banking Solution of banks. Provision of RuPay Card to each account owner, offering autonomy to work anyplace.

1.8 Financial Inclusion through Microfinance

Microfinance is a effectual way to offer resources to financially disadvantaged sectors of society. Microfinance means to the granting of microcredit's or microcredit's to less fortunate entrepreneurs and small businesses. This form to finance has greatly helped India to achieve monetary inclusion profitably. It has had an impact on the life of the deprived citizens in the country. It consists of the stipulation of loans, funds tool and additional monetary tool to earn more money and save it competently for many objectives. There are lots of deprived citizen's in our nation who do not aware of financial resources and they have not knowledge how to get rid of the anxious monetary circumstances. By the help of basic microfinance, they will get the opportunity to begin type of company or get a better job and can improved their lifestyle. They are not aware of options of traditional banking and, therefore, microfinance is of vast help, as it offers them the opportunity to have a loan, use it for profit and pay it comfortably for a certain time period. They will also gain knowledge to manage their money earned from that effort.

2. LITERATURE REVIEW

Early researchers in the field of microfinance like Bansal (2003) and Weiss (2005) found out that microfinance can be a very useful tool to reduce the poverty and provide the people with an opportunity to earn higher income. It is broadly known that microfinance is an efficient tool for channeling limited capital for the profit of the poor and an essential tool for rapid inclusive development (Shetty et al., 2019). Activities of Microfinance often have a straight relationship with women's empowerment, particularly through time-tested models, such as the self-help assembly - Bank Linkage Program (SHG-BLP). Country like India, where 70% of its population lives in rustic region and 60% rely on farming (according to the World Bank report), and "microfinance" can play an essential position in present monetary facilities to the deprived people (Mohd, S., 2018). Microfinance is considered a useful instrument for socio-economic improvement in developing countries like India. The study also revealed that the amount of MFIs that used bank loans in the 2015-2016 and 2016-17 periods increased from 9.8% to 257.6%. In 2016-17, total loans to MFIs by banks reduced by 7.2% as compared to the years before. The outstanding loan to MFIs has improved every succeeding year. In India, microfinance institutions performance increased by 13.7 percent and 14.3 percent between 2015-16 and 2016-17 in the keywords: microfinance, MFI, growth of microfinance, poverty (PDF). It has also been discovered that the business models of MFIs in India are becoming central to the city, as indicated by the fact that the proportion of rural customers in different states (Mohd, S., 2018).

India, is fastest rising financial system in the globe, is still struggling with poverty. Indians in rural areas rely on random farm incomes whereas Indians of urban areas depend on jobs that, at best, are limited. A study by Kumra et al., (2018) attempts to critically analyze the role of microfinance as a instrument to ease scarcity. Where, on the one hand, microfinance has become a new form of institutional credit to bridge the gap in access to lines of credit for sectors excluded from people, on the other hand its poverty reduction impact remains a doubt. The study also signified that the microfinance regime offers a broad series of monetary facilities to people who have small or not anything in terms of customary guarantees (Kumra et al., 2018). The outcomes of a study recommended that microfinance interference should not be restricted to credit distribution; quite, they should focus on group configuration, savings, and sponsorship of livelihoods, business expansion and product marketing. The document brings to a close that microfinance performs a significant function in socio-economic development (Parwez et al., 2018). A study by Singla and Mahajan, (2018) revealed that microfinance plays a significant function in attain monetary inclusion in India through its two programs, the SHG-Bank Linking Program and the MFI-Bank Linking Program. These programs have been winning in provide financial services to a huge number of poor citizens.

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However, the beneficiaries of microfinance programs must be self-sustainable to have a long-term effect on their well-being and on society in general. According to Kumar and Sharma (2011) microfinance has an emerging role in the process of inclusive growth in India by way of innovative financial inclusion approaches in India. Saritha (2013) clearly suggests that microfinance does not imply ongoing access to financial services, as it is found in a number of cases that access is temporary as member's drop-outs due to migration and marriage which could also reduce overall resource costs of providing microfinance services.

3. RESEARCH METHODOLOGY

Objectives of the Study

- To inspect the enlargement of Microfinance segment in rural areas of NCR.
- To analyze the challenges in providing microcredit to underprivileged and below poverty line families.
- To identify the barriers to inclusive financing.
- To analyze the policy of monetary inclusion in India.
- To identify the challenges in evaluating impact of Microfinance programs.

Research Method

Descriptive research design was used in this study. "Descriptive research" is described as an investigation method that explains the individuality of the populace that is being deliberate. This tactic focuses more on the efficacy of microfinance programs in nurturing inclusive financing.

Samping Technique and Size

Sampling design is the framework that serves as the basic for the selection a sample from the population.

Sample Size

A "research population" is usually a large collection of individuals or objects that is at the center of a scientific consultation. In this research project study of people included men and women of age group 18 to 40 who are residing in small region of Delhi and Rajasthan.

Research Area : Delhi and Rajasthan
Age Group : 18-40
Income Group : Low income earners
Customers : Rickshaw pullers, Roadside artisans, Vegetable vendors
Sample size : 100

Sampling Technique

The technique incorporated used is convenience sampling (Non profitability sampling). A number of NBFCs and small finance banks are included.

Data Collection

Primary Data: is the information obtained from direct experience with the study subject. It is collected from microfinance provider's employees at different levels. Personal Interview & Questionnaire methods were used for gathering information. A "questionnaire" is the general technique of data compilation. The procedure may seem very easy because after having a sample or a focus group, we simply ask the questions and record the answers. The main benefit of this data collection technique is that we can obtain plenty of information.

Personal Interview: interview is the key to judge a capability of person. In the confronting each between the interviewer & interviewee, it is potential to record more than verbal reply which are often superficial.

Micro financers included: AU small finance bank, Punjab national housing finance limited, Sriram Finance Limited.

Secondary Data: Minor information is the analysis and synthesis of primary research that has been previously compiled. Minor information was attaining from market research data, magazine, old reports or any different sources where relevant information was stored.

Tools for Analysis

Since the descriptive research design adopted to assess the aims and objectives of the present study, the tabulation, graphical analysis, correlation, etc., was used to assess the role of "Microfinance as a tool for financial inclusion in rural areas of NCR.

Statistical Analysis

All data were collected in a data collection form and then transferred to an Excel sheet. The data was used for qualitative and quantitative analyses using statistical formulae such as mean, standard deviation, frequency tables etc. The objectives of the study were assessed by performing applicable correlation and t-tests. Statistical analysis was done using IBM SPSS Statistics version 22.

Hypothesis

Hypothesis: 1

- H0: There is no significant policy of monetary inclusion in India.
- H1: There is significant policy of monetary inclusion in our nation.

Hypothesis: 2

- H0: There are no challenges in providing microcredit to underprivileged and below poverty line families.
- H1: There are challenges in providing microcredit to underprivileged and below poverty line families.

4. FINDINGS AND RECOMMENDATIONS

4.1 Findings

The study presented the following significant research findings: According to study, there are 100 respondents in which 69% are male while other are female who have helped in our research work in which some are rickshaw pullers, farmers, vegetable vendor, roadside artisans etc. There is not so much of awareness regarding programmes and financial products to make low income groups involved in development projects which has been launched or issued by private companies and Reserve Bank of India while there is a level of awareness regarding programs and financial products issued by the Indian Government. According to data, most of the respondents i.e., 68% do not have bank accounts too which is not a good sign for the Indian economy. If some have, they mostly prefer saving bank accounts and some use accounts for time deposits and recurring deposits which is beneficial for them also.

Mostly half of the respondents take credit for their formal use while some for informal. As per gathered information from survey, 28% of the respondents are dissatisfied from the benefit of Micro credit products provided by Micro-finance organization and on the other side 22% respondents are fulfilled while 40% of the people are very pleased with the benefits of Micro savings and micro finance training goods provided by Micro-finance organization which means both are the best products of microfinance institutions but for micro insurance products, generally respondents have neutral standing on it. Microfinance institutes are giving optimistic crash on the scarcity, schooling, women empowerment, fitness benefits and on communal wellbeing also because as per collected information, the study found that mostly respondents are have the same opinion and strongly agree with that which shows that institutes are empowering women, providing health benefits, improving the education system as well as working to decrease scarcity and also believes that Microfinance organization are the best method for scarcity decrease.

60% of the respondents believe that offering credit to rustic areas instead of city give results in reduce in scarcity. According to the research, financial inclusion is important nowadays because it helps to make daily payments, helps to access credit and also helps people to save their cash but there should be knowledge and awareness about all these as fraud due to illiteracy for financial inclusion can be the biggest challenges in moving towards inclusive growth. According to independent sample t-test and correlation test, tables the study found that p value showed the significant results and null hypothesis are rejected for the study.

4.2 Recommendations

Based on previous results, the private company, the RBI and the Indian government should campaign and establish public relations to publicize their programs and products launched or issued to make the rickshaw shooters attentive to the sellers of vegetables. Low-income families often don't aware to a bank account and spend time and capital on numerous appointments to take advantage of banking facilities, opening a deposit account or taking out a credit. Therefore, the public without banks is largely isolated from banking products /facilities. It is an effort by the government and banks to give basic banking services for all non-bankers.

The requirement to improve the living standards of poor or illiterate people by starting new larger financial activities with the help of banks, NGOs and restricted growth agencies. To get started, you need to develop a good understanding of your profile. Furthermore, your perception of the bank and its services must be understood. Therefore, the formal financial system needs to analyze the increase in financial education and financial advice to focus on financial inclusion and hardship among farmers, rickshaw shooters, etc. Indian banks and financial market actors should actively consider promoting these programs as part of their corporate communal liability and banks should carry out full-day curriculum for their customers, including harvester and all respondents selected for the survey Advise small borrowers to understand the insinuation of the loan, how return is calculated, etc., so that they are fully conscious of its characteristics.

5. CONCLUSION

In lower income countries with inadequate institutional infrastructure, microfinance is an important development tool and also a good avenue for extending financial services to the poor. On the basis of previous research, it is found that the level of awareness of financial programs and products is low among low-income groups to cope with the bazaar failure to give monetary facilities to low salaried consumer; our nation has a vast chance. It is new in the past decade; monetary enclosure is at the center of the political list of items and has expanded to comprise investments, loan, assurance and pensions. Machinery gradually more offers the chance to get better delivery; In particular, there is machinery that allows improved objective and transmit of monetary fund's to families. Today India has several strategic assets that offer favorable conditions for leveraging the technology of change. Microfinance organization is a central part of monetary inclusion and is essential in giving "last mile connectivity". NGOs also play a laudable function in encourage SHG that connect them with banks. A comprehensive monetary organization makes easy the efficient share of industrious capital and therefore can potentially decrease the price of funds. An inclusive monetary system improves effectiveness and well-being by providing pathways for safe savings practices and facilitating a full range of efficient monetary facilities, such as easy daily administration of finances, secure transfer of money, etc. and also empower women who belong to low-income groups to increase "financial awareness" among them. The Indian government and the banking sector have documented this very important and have undergone fundamental changes over the past 2 decades.

The new architecture of inclusion reflects the failure of the traditional formal sector and the need to adopt modern methods of serving the poor. In this context, regulation plays a key role in ensuring that market-oriented solutions for poverty reduction coexist with other social initiatives. India's agenda on financial inclusion has seen a positive change from the stress on credit to a global approach. Monetary enclosure will only successful when women, petite and unimportant harvester and landless workers have unimpeded access to monetary facilities such as savings, loan, micro insurance and payment services. The study has explored the different opportunities and challenges of microfinance in rural areas of NCR, the results of the study suggest microfinance as a tool for financial inclusion in rural areas of NCR.

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