Chapter 14

Financial Inclusion Through Microenterprises of Rural SHGs: An Empirical Study in South Rajasthan

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ABSTRACT

The elementary aim of microenterprises and Self Help Groups (SHGs) is to empower the impoverished populace, particularly of the rural areas, and furthermore provide financial sustainability so as to improve livelihoods. The pervasive twin threats of unemployment and exclusion from the financial framework in the rural areas are the major challenges to the economic and social development of India. A self-help group is a potent means to remove poverty in the same vein microenterprises contribute significantly to economic development and social stability by affording employment opportunities, thereby emerging as a vehicle through which low-income people can escape poverty. SHGs and microenterprises are a significant means for socio-economic transformation through financial inclusion. The objective of the chapter is to study and analyze the impact of microenterprises and SHGs on the financial inclusion of people in rural areas of Tribal South Rajasthan.

INTRODUCTION

The growing Commercialization of Indian Rural Economy in the context of increasing dependence of agriculture on external inputs, mobilization of savings towards consumerism and an progressively literate population have opened up altogether unknown vistas for the Micro-Enterprise development in the rural areas.

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Micro Enterprises in the study area, as elsewhere, are undergoing a significant transformation. While certain traditional industries are being carried out with low technology, using low quality raw material and catering to the low-income groups of the customers, many others are facing urgent need to enhance their capital base for productivity improvement, cost reduction and innovating for effective marketing.

A Self Help group (SHG) is a self-governed, peer-controlled small and informal association of the people, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are collected through regular savings deposited by all of its members on a weekly or fortnightly basis. In the meetings generally the discussion is focused on common village problems and planning for solution, sharing information to make efforts to improve health and literacy skills.


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