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**Financial Inclusion as an Instrument for Inclusive Growth,  
Study of SHGs in Haridwar  
*Consumers' Perspectives***

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***Abstract***

*Financial inclusion is becoming a representative of term Inclusion in contemporary times. It has more technical parlance, management meaning, and wider implications. Financial Inclusion is not merely a tool for inclusion of underprivileged into the mainstream of schemes BUT is synonymous with empowerment. The Reserve Bank of India Annual Policy 2005 brought financial inclusion to the notice of banks. Since then the definition has changed magnificently to give way forward to the idea of financial inclusion being not merely a tool for opening bank accounts but bringing in inclusive growth with equity. SBLP is a noteworthy scheme of Government of India, RBI, and NABARD, apex rural bank to unite the homogeneous poor, organizing meager savings via banks leading to credit, creating livelihood opportunities. This paper aims to evaluate financial inclusion initiatives for inclusive growth via SHGs in Haridwar district based on primary data of 150 members of 55 active groups through descriptive and factor analysis.*

*Keywords: Financial Inclusion, Inclusive growth, Self-Help Group-Bank Linkage Programme (SBLP), Factor Analysis, Haridwar*

## INTRODUCTION

“Financial inclusion matters not only because it promotes growth, but because it helps ensure prosperity is widely shared. Access to financial services plays a critical role in lifting people out of poverty, in empowering women, and in helping governments deliver services to their people.” Sri Mulyani Indrawati, Indonesian Economist.

Financial inclusion, in modern times, is becoming more symbolic of term Inclusion. The term has more technical parlance, management connotation, and wider inferences. Financial Inclusion is not merely a term used to define inclusion of underprivileged into the mainstream of systems BUT is now synonymous with the empowerment of the underprivileged segment of society. It's a contemporary world tool to “de-caste-size” the modern world divide, an innovative version of being independent and opening to the world of opportunities, to live a respectable life. Financial inclusion is not a choice anymore but is a medium to bring about Inclusion in every sphere of the world.

Inclusion in India where there is a diversity of terrain, caste, religion, language, color, and race is a tremendous task still it has been able to efficiently accommodate different components of society without letting them lose their distinctiveness. Government efforts have been therefore, aiming at an all-inclusive growth plan that can accomplish the dual cause of financial inclusion with equal and inclusive growth opportunities to the excluded underprivileged part of society. According to Brookings Financial and Digital Inclusion Report, (2017), India's overall score on the various financial inclusion initiatives is 72%.

Microcredit has been prevalent in India since old times, in the sense of small loans to the poor for meeting their day to day requirements. Merchants have conventionally been providing finance to the needy, usually at irrational rates of interest, leading to substantial hardship and illegal practices like bonded labor. The late 1980s saw the emergence of the Grameen Bank in Bangladesh under the astute leadership of Nobel-laureate Muhammad Yunus, which drew attention to the role of ‘Microcredit’, as

a source of finance for poor Micro-entrepreneurs. Since the last twenty-five years or so the idea of Microcredit as a solution for poverty has lost ground to a more holistic notion of Microfinance, which includes a variety of financial services being provided to the poor under a single roof. Microfinance aims at inclusive growth and broadly includes Micro-savings, Micro-credit, Micro-remittance, and Micro-insurance, so that it can adapt to the needs of the financially excluded class, to bring them under the ambit of Financial Inclusion.

RBI's nodal department - Financial Inclusion and Development Department (FIDD) is responsible for the execution of the financial inclusion agenda. Financial inclusion plan (FIPs) was initiated in 2010 as corporate social responsibility (CSR) strategy for Scheduled Commercial Bank (SCB), to reach unbanked. RBI Ex-Governor D. Subbarao (2011) encouraged by stating, “Banks should look upon financial inclusion not as an obligation but as an opportunity to build fortune at the bottom of the pyramid”. The two phases (2010-13 and 2013-16) of FIPs have been accomplished and presently, the third phase (2016-19) is on with an objective of more granular inspection of the development made by SCBs at the district level.

The RBI's Report on Trend and Progress of Banking in India (2018-19) provides details of progress made by SCBs under the FIPs as on 31st March 2019. As per the Table I, Rural location banking outlets increased from 67,694 in March 2010 to 5,97,155 in March 2019. Similarly, the total number of Kisan Credit Cards (KCC) increased from 24 million amounting to ₹1,240 Billion to 49.1 million amounting to ₹6,680 billion in March 2019. The General Credit Card (GCC) also increased from 1 million amounting to ₹35 billion in March 2010 to 12 million amounting to ₹1745 million in March 2019. Thereby, it's observed that there has been a tremendous rise in the financial inclusion in rural areas as a part of CSR under Financial inclusion plans by the commercial banks. The government initiatives partnered with Reserve Bank of India are endless to make every citizen avail of finance facilities with equitable opportunities to grow.

**Table 1: Progress under Financial Inclusion Plans – All SCBs (including RRBs)**

Particulars	Year ended (Mar'18)	Year ended (Mar'19)
Banking Outlets in Rural Location-Branches	50,805	52,489
Banking Outlets in Rural Location-Branchless mode	518,742	544,666
Banking Outlets in Rural Locations Total	569,547	597,155
KCC-Total (No. in Lakh)	464	491
KCC-Total (Amt in Crore)	609,587	668,044
GCC-Total (No. in Lakh)	118	120
GCC-Total (Amt in Crore)	149,792	174,514

Source: Report on Trend and Progress of Banking in India 2018-19, RBI

National Bank for Agricultural and Rural Development (NABARD), top rural bank under the guidance of RBI has been a key player in encouraging rural economy with its continuous initiatives for financial inclusion bringing focus on self-reliance via educating weaker sections on how to mobilize small savings to bring them into the mainstream of banking and empower them with credit. The concept originated from Credit Management Groups in Andhra Pradesh among rural women in the eighties for mutual savings and credit. NABARD found SHG linked to the bank as a practicable approach to provide formal banking services to the so-called 'unbankable' people. Self Help Group (SHG) by definition is a small, economically homogeneous, voluntarily formed group of rural poor, who save and mutually agree to contribute to a common fund to be lent to its members as per group decision.

The Self Help Group Bank Linkage Programme (SBLP) initiated as a pilot project with 500 SHGs linked to banks in 1992, at present is the world's largest microfinance program (NABARD, 2018-19), empowering around 120 million households via more than 10 million SHGs with deposits of over ₹230 billion and annual loan off-take of more than ₹580 billion-plus loan outstanding of over ₹870 billion, engaging more than 100 Scheduled Commercial Banks, 300 District Central Cooperative Banks (DCCB), 27 State Rural

livelihood Missions and over 5000 Non-Governmental Organizations(NGO).

NABARD's Status of Microfinance in India (2018-19) reports an addition of 1.27 million SBLP (14.5% - increase) in 2018-19 with a savings of ₹37.32 billion and an additional credit of ₹111.3 billion was disbursed. The loan outstanding augmented by 15.21% to ₹870.98 billion as of March 2019 as against ₹755.98 billion with Non-Performing Assets (NPAs) reducing from 6.21% (2018) to 5.19% (2019), indicating a decrease in absolute terms.

The stakeholders are working on policy transformation and focusing on utilizing the current potential of the community based successful scheme to bring an overall advancement in various aspects of savings and credit utilization to bring in sustainable income-generating sources to the weaker sections through training. This paper aims to evaluate the financial inclusion initiatives based on primary data collected through a structured questionnaire of 150 SBLP members of 55 active groups, for inclusive growth via Self-help groups linked to a bank in the district of Haridwar- 'Gateway to Gods' as per devotees. It is the largest district among one of the thirteen districts of Uttarakhand, 27th State formed on November 9th, 2000, carved out of Northern Uttar Pradesh. It holds importance as an industrial center to one of the biggest industrial clusters of Uttarakhand- State Industrial Development Corporation of Uttarakhand (SIDCUL). The official census 2011, reports that the total population of the district is 1,890,422, making it the most populous amongst thirteen, of which male and female are 1,005,295 and 885,127 respectively.

A total of 63.34 % population lives in rural areas of villages i.e. 1,197,328 of which 633,784 are males and 563,544 females. The average literacy rate is 81.91 % of which males vs. females are 87.05 % and 75.98 % literates respectively. The rural literacy rate is 68.29 % with a gender-wise gap of 77.36 for males and 58.11 % for females. As per numbers, 682,616 individuals are found to be literate of which males vs. females are 409,053 and 273,563 respectively. Regarding the Sex Ratio, the district stood at 880 females per 1000 male which is

below the Indian average national sex ratio of 940 females.

District Credit Plan-Uttarakhand Bank's State Annual Credit Plan (2018-19) reports the banking sector in the district as a total of 275 banks of which 206 commercial banks, 16 regional rural banks, 21 co-operative banks, and 32 other private commercial banks. The lead bank in the district is Punjab National Bank (PNB). The State report suggests growth prospects in the district among the following areas Tourism, Agro-based Industries, Fabrication, Engineering workshop, Fisheries, Floriculture, and Beekeeping.

## REVIEW OF LITERATURE

The literature reviewed included various esteemed papers and government reports, which assisted in identifying the research gap to formulate this paper. Lal (2018) study suggests inclusive growth to be a subset of a bigger set of inclusive development, meaning benefits must reach all, especially women and children, tremendously poor and individuals pushed below the poverty line by natural and human-made disasters. It also emphasizes the importance of cooperative banks as a set up at the grass root level which is mobilizing small savings as well as providing credit as a social responsibility. There is a need by the financial institutions to focus on the priority sector with innovative technologies. Tamanni & Besar (2019) analyze 7,200 data of Islamic microfinance institutions (IMFs) from Microfinance Exchange Market finding no change in microfinance with increasing acceptance of banking performance indicators. It also highlights that the smaller IMFs genuinely serve the poor leading to poverty alleviation. Saxena & Mishra (2016) points out that various initiatives like the introduction of Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2015 have significantly impacted the financial inclusion in rural India. Branchless banking like the Business Correspondents model is facilitating banking at a very low cost and can reach the unreached. Sharma, Bhattacharya & Thukra (2018) findings show that there is a need for infrastructure development, especially roads for financial inclusion. Indian economy calls for innovative initiatives like PMJDY to keep the

general population within the inclusive development boundaries.

Inoue (2018) explains seeing the positive impacts of financial inclusion on poverty diminution, the study implies that promoting the breadth and depth of public sector banks could have a synergistic effect on poverty reduction in India. Ajide (2020) examines thirteen African countries between 2005 and 2016 using entrepreneurs' data from World Bank Development Indicators, IMF's International Financial Statistics, World Bank Entrepreneurship Survey suggesting a significant positive relationship between the growth of entrepreneurship and financial inclusion leading to inclusive growth.

Sehrawat & Giri (2016) states that the Autoregressive distributed lag (ARDL) test reveals a strong relationship between increased financial inclusion and reduction in poverty, leading to inclusive growth in an emerging economy like India in both short and long run. Yadav & Sharma (2016) conclude that merely a bank account is not equal to financial inclusion. The study tries to develop a single index using TOPSIS to measure multi-dimensional concepts with different parameters like dispersion, accessibility, and usage of banking services. Bhatia & Singh, (2019) uses data of 737 urban slum women with Pradhan Mantri Jan Dhan Yojana (PMJDY) account indicating that bringing these women under the ambit of the formal banking system has empowered them significantly.

Devi & D (2016) finds out that SBLP has considerably enhanced the admission of rural poor to the formal financial sector concerning savings as well as credit. Financial access to rural women through the SHG model is leading to empowerment with the desired objective of inclusion financially. There is a need for policymakers to accentuate the feature of financial services so people participation increases, reaching remote poverty through lowering costs to both customers plus the financial service provider. Bhatia & Singh (2019) recognizes the need for the expansion of formal financial structure leading to enhanced financial inclusion Chauhan (2018) states SHG's model signifies a paradigm transition from improvement on the way to empowerment. The NGOs through SHGs have been

successfully implementing training programs to enhance the skills of members and linking them to banking institutions, to provide credit facilities for empowerment. Thereby, banking facilities are improving rural women's circumstances of defining, demanding, and overcoming obstacles in a woman's life during which she enhances her ability to sketch out her life and surroundings. There is a requirement of a vigorous, multidimensional expansion, which should assist women to be grateful for their filled uniqueness and right in every subject of life. Joshi (2019) applies a logit regression model to formulate an empowerment index trying to assess the SHGs effect on empowerment especially women suggesting the index increased significantly after they became part of SHGs, highlighting the relevance of group activities.

Kavidayal & Kandpal (2016) analyses of the reasons for opening a bank account and the usage among the rural inhabitants of the hills of Kumaon region in Uttarakhand showed major unawareness about the financial instruments and banking services citing a general fear to go to a bank, leading to alternate credit alternatives like money lenders who charge elevated rate of interest. There is a requirement of financial literacy among the local folks who are demanding to bring about a radical change in the state concerning financial inclusion. Goel & Madan, (2019) also highlights the lack of awareness about the financial inclusion schemes in the state of Uttarakhand among the females soliciting that schemes are not reaching the unreached due to poor internet access, lack of education and usage of bank facilities. The study also suggests to various stakeholders that financial inclusion with regards to entrepreneurship should be made uniquely in a hill state with more customer participation so that a successful income-generating business flourishes.

## OBJECTIVES AND METHODOLOGY

### Research Gap

The various available literature associated with the subject reveals the need to assess the existing capability of SHGs as a medium of financial inclusion with inclusive growth, evolving an approach for linking them to banks so that various

government benefits can reach the unreached and equal growth prospects can be provided to the remotest hilly regions, still untouched.

### Objectives of the Study

- The objectives of this study based on the literature reviewed are summarized as under: -
- To assess the group dynamics and profile of SHGs.
- To evaluate the various financial inclusion initiatives taken by financial institutions
- To study the effect of financial inclusion through SBLP in inclusive growth.

### Research Methodology

The subsequent research methodology is applied to assess the group dynamics of the SHG's and evaluate the various financial inclusion initiatives being undertaken by the financial institutions via SBLP for equality of opportunities to grow in the holy district of Uttarakhand, Haridwar. The data was collected comprehensively in June -July 2018 through a structured questionnaire.

### Data Collection

The data has been gathered through primary and secondary sources. Primary data is collected via a structured questionnaire from SBLP members whereas secondary data is inferred from published NABARD annual reports, RBI reports, reputed journals, and government websites.

### Sample Design

The sampling unit is an individual SHG member linked to banks. The random sampling method is applied to gather the sample. The sample has been identified from the three blocks (Bhagwanpur, Narsanand Laksar) randomly selected out of the total six blocks (viz Bahadradabad, Bhagwanpur, Roorkee, Narsan, Laksar, Khanpur) of Haridwar district, from the list of members registered in Self Help Group Bank Linkage Programme received from NABARD for the study. The total sample size was 180 members from 55 active groups, of which

150 questionnaires were found to be filled and valid, for further analysis.

### Analysis and Results

The Data of the filled questionnaire so collected of 150 SBLP members from the 55 groups of the district was analyzed and interpreted as below through descriptive analysis and factor analysis using SPSS 20 version.

### Reliability Test

The questionnaire was tested for internal consistency using Cronbach's alpha ( $\alpha$ ) that was found as 0.701 (Table II) for the combined variables and responses, which is an acceptable range for further analysis.

**Table 2: Reliability Statistics**

<i>Cronbach's Alpha</i>	<i>N of Items</i>
.701	19

### Descriptive Statistics

**Table 3: Age**

	<i>Frequency</i>	<i>Percent</i>
<=20	5	3.33
21-30	40	26.7
31-40	52	34.7
41-50	40	26.7
51-60	13	8.67
>61	0	0

**Table 4: Ration Card**

	<i>Frequency</i>	<i>Percent</i>
APL	77	51.33
BPL	65	43.33
Antyodaya	6	4

96% of the members of the SHG were women, within the age group of 21-60 years depicting participation of all ages of women in the social change process. The 92% of respondents were married of which 60% of the members fell in the age group of 31-50, settled with children, searching for various opportunities to grow to supplement their incomes and supporting families. Out of the total, 92.6% were literate and 32% were secondary

or higher educated. The Know Your Customer (KYC) documents -Voter card, Aadhar card, Ration card was possessed by all members, to avail government benefits. As per ration card, 51% were Above Poverty Line (APL) and 43% Below Poverty Line (BPL) card suggesting that the above poverty line population is also eagerly participating in the social transformation along with BPL.

**Table 5: Category**

	<i>Frequency</i>	<i>Percent</i>
Gen	53	35.33
SC	60	40
ST	31	20.67
OBC	6	4

SHGs were concentrated equally among the Scheduled Caste (SC) and General category, with 40% and 35.33% respectively. The share of Scheduled Tribe (ST) and Other Backward Classes was found to be 20.67% and 4% respectively. Identical caste groups were found to function better as they are under similar situation – cohesiveness of caste, income standards, and their society but contrary 69% were mix caste groups citing the reason for heterogeneous groups as to complete minimum number formality of SHG or to include a better eligible member with literacy.

The promoting agency of the SHGs was 100% through NABARD via a Non-government organization (NGO). The role of NGO is immensely appreciated in the district as they play an important role in assembling and educating these rural populations about the benefits of the model of SHG and banking accounts leading to financial inclusion which has an impact on their growth opportunities.

**Table 6: Group Mem. Category**

	<i>Frequency</i>	<i>Percent</i>
Mix	38	69.09
Same	17	30.91

**Table 7: SHG Bank**

	<i>Frequency</i>	<i>Percent</i>
UGB	55	36.67
PNB	40	26.67
SBI	34	22.67
Others	21	14

All the SHGs had a savings account in the Bank, clearly demonstrating a good reach of the financial institutions and their efforts for financial inclusion. Uttarakhand Gramin Bank (UGB), State Bank of India (SBI) subsidiary regional rural bank took a lead with 36.67% of the bank accounts, followed by the lead bank Punjab National Bank (PNB) with 22.67% share. State bank of India (SBI) India’s largest bank was present with 22.67% accounts while 14% were with other banks including Bank of Baroda, District cooperative bank, Indian Overseas Bank, etc. Private Bank participation was found absent in the district. The members saved an amount varying between ₹100-₹200 every month. The majority of 88.42% of members met every month, despite the norms of weekly SHG meetings. All the applicable books and registers are maintained by the SHG, a maximum of 40% by the member. Out of the total, 46.67% were found to be incomplete, despite the literacy rate being high. The 50% of the group members discussed social issues among themselves to find solutions to them like health concerns, immunization, education, nutrition, women’s rights, and legal protection among others.

**Factor Analysis**

Factor analysis identifies indispensable variables, or factors, which explain correlations patterns contained in a set of observed variables by data diminution to recognize a lesser number of factors that explain the utmost of the variance observed in a larger number of noticeable variables. It describes a large number of variables in a few by extracting maximum common variance from all variables summing it to a common score. The factor analysis has been divided into A. Financial Inclusion Analysis and B. Group Cohesiveness and Capacity Building to study and evaluate the effect of various initiatives of financial institutions for SBLP members towards inclusive growth.

**A. Financial Inclusion Analysis**

**Table A1: KMO and Bartlett's Test**

<i>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</i>		.587
<i>Bartlett's Test of Sphericity</i>	Approx. Chi-Square	587.034
	df	36
	Sig.	.000

The sample adequacy is measured through Kaiser Meyer Olkin Index (KMO Test) which is found to be 0.587. which is an acceptable range worldwide. The lower the proportion, the more suited data is to Factor Analysis ranging between 0 to 1. The validity and correctness of the responses collected to the research question addressed through the study are calculated with Bartlett’s Test of Sphericity which is found to be significant (< 0.05) as Chi-square of 587.034 with df-36 (p=000).

Principal component analysis (PCA) is the most common method used to dig out the maximum variance bringing it into the first factor. Subsequently, it removes the variance explained by the first factors and starts extracting maximum variance for the second factor following the process until the last factor.

**Table A2: Commonalities**

	<i>Initial</i>	<i>Extraction</i>
Is the mobile banking used frequently as ICT	1.000	.708
Is the Branch banking used frequently as ICT	1.000	.173
Is the ATM used frequently as ICT	1.000	.702
Is the Credit card used frequently as ICT	1.000	.695
Is the CBS/anywhere used frequently as ICT	1.000	.506
satisfied with Services being provided with regards to ICT	1.000	.730
I am satisfied with the location of the ICT services provided	1.000	.786
accuracy of charges	1.000	.861
Are you aware of the charges on the ICT	1.000	.891
Extraction Method: Principal Component Analysis.		

The measure of how much of the variance of the observed variables is explained by the factor is Eigenvalue, which is greater than or equal to one explains more variance than a single observed variable. The less value of variance is in general rejected.

**Table A 3: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.870	31.886	31.886	2.870	31.886	31.886	2.770	30.782	30.782
2	1.844	20.484	52.370	1.844	20.484	52.370	1.931	21.451	52.233
3	1.338	14.868	67.238	1.338	14.868	67.238	1.350	15.005	67.238

Extraction Method: Principal Component Analysis.

The total variance extracted and rotated component matrices are given in the above table. The result of factor analysis indicates that a total of 3 components were found which account for 67.238% total variance explained. These three are further identified as three factors for further analysis.

**Table A 4: Factor identified: Financial Inclusion**

S. No.	Factor	Variables
1.	Financial Inclusion instruments	Is the mobile banking used frequently as ICT
		Is the Branch banking used frequently as ICT
		Is the ATM used frequently as ICT
		Is the CBS/anywhere used frequently as ICT
		Is the Credit card used frequently as ICT
2.	Service Satisfaction	Satisfied with Services being provided with regards to ICT
		I am satisfied with the location of the ICT services provided
3.	Knowledge about charges	Accuracy of charges
		Are you aware of the charges on the ICT

The number of factors that will be analyzed depends on the Rotated Component Matrix which also depicts the relationship between factors. The rotation minimizes low item loadings and maximizes high item loadings, thus generating more interpretable and simple results.

**Table A 5: Rotated Component Matrix**

	Component		
	1	2	3
Is The ATM Used Frequently As ICT	.822		
Is The CBS/Anywhere Used Frequently As ICT	.708		
Is The Mobile Banking Used Frequently As ICT	.823		
Is The Credit Card Used Frequently As ICT	.814		
Is The Branch Banking Used Frequently As ICT	.406		
I Am Satisfied With The Location Of The ICT Services Provided		.884	
Satisfied With Services Being Provided With Regards To ICT		.848	
Are You Aware Of The Charges On The ICT			.936
Accuracy Of Charges			.915

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

The above table depicts the rotated component matrix amongst the SHG group members with regards to financial inclusion usage, charges awareness, and service satisfaction of Haridwar. The variables are further segregated into three factors for further analysis. The first factor with a loading of 31.886%, named Financial Inclusion Instruments comprises of Is the mobile banking used frequently as ICT (Information Communication Technology), Is the Branch banking used frequently as ICT, Is the ATM (Automated Teller Machine) used frequently as ICT, Is the Phone banking used frequently as ICT, Is the Credit card used frequently as ICT, Is the Internet banking used frequently as ICT, Is the CBS/anywhere used frequently as ICT. The second factor with a loading of 20.484%, named Service Satisfaction includes satisfaction with Services being provided with regards to ICT, I am satisfied with the location of the ICT services provided. The third factor explains awareness about the charges on financial inclusion instruments of SHG group members which include Accuracy of charges, are you aware of the charges on the ICT with the loading of 14.868% and named Knowledge about charges.

**B. Group Cohesiveness and Capacity Building**

Correspondingly, factor analysis was performed on various parameters related to group cohesiveness



with capacity building for the members of the SBLP. The KMO value showed 0.573, depicting adequacy of the sample for factor analysis Bartlett’s test for sphericity signifies the Chi-square of 773.531 with df=21(p=000).

**Table B I Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.622	37.452	37.452	2.622	37.452	37.452	2.132	30.464	30.464
2	1.633	23.332	60.784	1.633	23.332	60.784	2.094	29.909	60.373
3	1.328	18.974	79.758	1.328	18.974	79.758	1.357	19.385	79.758

**Extraction Method: Principal Component Analysis**

In further analysis, the Communalities table indicates that a total of three components extracted account for 79.758 % of total variance explained. Thereby, based on the Eigenvalues these components are segregated as (1) Group behavior, (2) Social cohesiveness, and (3) Capacity building.

**Table B 2: Rotated Component Matrix<sup>a</sup>**

Rotated Component Matrix <sup>a</sup>	Component		
	1	2	3
Number Of Meetings Held During The Last Year	.870		
Number Of Meetings Not Attended By Field Officer During The Last	.754		
Frequency Of Meeting	-.830		
Has The Shg Taken Up Any Type Of Intervention/Social Action Programs?		.956	
We Discuss Social Issues Amongst Ourselves		.966	
Kind Of Training			.669
Did The Training Bring Any Change In Your Current Income			-.842
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax With Kaiser Normalization.			
A. Rotation Converged In 5 Iterations.			

The Table B II depicts the rotated component matrix of how the group behaves amongst themselves, social cohesiveness with issues discussed to uplift themselves, capacity building through training and various rules of the group

behavior in Haridwar. The first factor with a loading of 37.452%, named Group behavior includes Frequency of meeting, Number of meetings held during the last one year, Number of meetings not attended by Field officer during the last one year. The second factor explains cohesiveness among the group members which includes We discuss social issues amongst ourselves, Has the SHG taken up any type of intervention / social action programs/activities/awareness with the loading of 23.332 % and named Social cohesiveness. The third factor with a loading of 18.974%, named Capacity Building comprises were you satisfied with the training, did the training bring any change in your current Income and Kind of training.

**Discussion and Practical implications**

The objective of the paper was to evaluate the basic profile of the SBLP with regards to cohesiveness as well as capacity building and assess the financial inclusion initiatives being undertaken by the financial institutions among the SHGs for inclusive growth in the largest district of Uttarakhand, Haridwar. The results show that the rural apex bank NABARD through NGOs has been working immensely towards the basic objective of financial inclusion through SHGs for inclusive growth. The bank accounts have been opened and are functional in the district but the need for credit flow as well as proper utilization for income generation via suitable pieces of training is the need of the hour for providing equitable opportunities to grow with Self Help Group-Bank Linkage Programme.

The factors identified through factor analysis for financial inclusion were classified into knowledge about financial inclusion instruments, service satisfaction, and knowledge about charges collectively explaining 67% of Haridwar with regards to financial inclusion initiatives among SHGs. Similarly, factors identified for group cohesiveness and capacity building were classified as group behavior, social cohesiveness, capacity building explaining 80% of the district. This illustrates that financial inclusion is reaching the unreached and groups are behaving in unification to the common goal of growth for all. The credit as well as training is being provided to the members but the

conversion to profitable income-generating activities is still a herculean task for the stakeholders.

There is a need to work on more profitable models that can increase the penetration of financial inclusion benefits among the underprivileged so that they can stand on their feet, helping others as entrepreneurs for a social and economic transformation. The focus is required to convert the efficiency of the groups for capacity building so that equal opportunities to every individual member of the population can be delivered. The agencies need to work cohesively so that the policy initiatives can reach the targeted set of population and every individual of the district moves out of the vicious circle of financial exclusion.

In the end, we can say lots have been accomplished but still more has to be done before we can reach the unreached.

### Managerial and Research Implications

The managerial implications of the study are to various stakeholders i.e. NABARD, NGOs, Government as well as financial institutions who need to focus on different factors to encourage community-based initiative-SBLP for providing credit incentives and encouraging them to participate in income-generating activities with training via policy alteration. The research implies a direct impact of financial inclusion initiatives on the empowerment of the underprivileged for inclusive growth collaborating diverse variables using a wide range of data analysis tools –Mean, KMO, Chi-square test, PCA, etc to bring in suitable results.

### Limitation of The Study

Time and resources were sufficient only to cover the sample, which is a limitation for this research study. Secondly, the data may not be representative of the entire SHG members of the district as the assessment is based on the facts stated by the members of the SBLP, hence may be partial.

### Scope for Further Research

This study focuses on how SBLP as an instrument for financial inclusion is leading to inclusive growth in the Haridwar district of Uttarakhand.

There is ample scope in the field for future research, incorporating other financial inclusion drives and poverty reduction initiatives among other states, leading to an equal opportunity for all. The SHGs also can be explored on different schemes and states among varied periods associated with inclusive growth.

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