



## FINANCIAL INCLUSION OF THE WOMEN URBAN SLUM DWELLERS THROUGH SHGS IN TIRUCHIRAPPALLI CORPORATION

K. Radhika<sup>1</sup> and Dr. N. Prasanna<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Economics, Bharathidasan University, Tiruchirappalli.

<sup>2</sup>Assistant Professor, Department of Economics, Bharathidasan University, Tiruchirappalli.

### ABSTRACT :

According to the Slum Statistical Report (2011), slum population in India constituted 21.3 per cent of urban population in 1991, which rose up to 31.14 per cent in 2011. In this connection, as per 2011 Census<sup>1</sup>, about 13 per cent of urban households do not have access to any form of latrine facility and defecate in the open, also showed that about 37 per cent of urban households are connected with open drainage and another 18 per cent are not connected at all and less than 20 per cent of the roads are covered by storm water drains.



**KEYWORDS :** Slum Statistical Report , poor environmental and unhygienic conditions.

### INTRODUCTION AND STATEMENT OF THE PROBLEM

Due to the rapid growth of urban areas, the urban poor face more challenges in the competition for urban land. They are typically barred from formal access to land. The living conditions in slums are more pathetic than the non-slums in urban areas, the minimum basic necessities of the poor people in slums are insufficient. Due to their poor economic status they are forced to live in places lacking basic amenities and in poor environmental and unhygienic conditions. In terms of services, they pay more for less reliable and lower quality services, which makes the situation worse for the urban poor, especially slum dwellers. They often only have limited chances to address these conflicts as formal mechanisms to redress such grievances are inaccessible to them and the issue of corruption and leakages in the system prevent the poor from accessing benefits they are entitled to. Even the Government's welfare schemes for the poor people are inaccessible to the deprived sections like the slum dwellers. Then there is the problem of identification in case of targeted schemes (Bhatia Navin et.al, 2002).

One of the best ways to address the problems of slum dwellers is to uplift them economically. And one way of doing this is by providing institutional credit facilities as most of the slum dwellers depend on local money lenders who usually charge exorbitant interest rates. The banks provide credit facilities, but they are not accessible to the slum dwellers due to several reasons as observed earlier. One may not find fault with the banks, but as the extent of financial exclusion is more widespread in rural areas, the urban areas were largely ignored. However, it is widely known that there are pockets of poverty and exclusion in all urban areas, particularly among slum-dwellers, and only 35 per cent of households in the country were availing of banking services. While this proportion was 49.5 per cent in urban areas, it was only 30.1 per cent in rural areas in 2010. In recent years many people have opened bank accounts due to some pulling factors such as

economic factors and political factors. Still they face many problems like maintaining minimum bank balances in their own accounts and difficulty in following other rules of the Reserve Bank of India.

In this connection, the Self Help Group (SHG)–bank linkage programme is the largest micro finance programme in the world. As on 31 March 2016, the programme touched 101 million households through 7.9 million SHGs. They have deposits of around 13,691 crore and outstanding loans of nearly 57,119.2 crore (Mohapatra 2016). So, the present study is going to analyze the financial inclusion of the women urban slum dwellers through SHGs in Tiruchirappalli Corporation.

### EARLIER STUDIES

Leeladhar (2006) has stated that the financial inclusion refers to the delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups. Thorat (2006) pointed out a slightly broader definition, which is, financial inclusion refers to it as provision of affordable financial services. The access to the payments and remittance facilities, savings, loans and the insurance services provided by the formal financial system to those who tend to be excluded. In this connection Rangarajan (2008) has explained financial inclusion as the process of access to the financial services as being on timely and adequate credit facilities needed by vulnerable groups, which as weaker sections and low income groups are at an affordable cost. In the case of the urban poor, the reasons are different, there are lots of banks in the urban areas that are not very far away from the slums. Hence, the distance of the bank from the slums cannot be a factor for financial exclusion, financial inclusion in the urban slum areas would yield important clues to understanding the nature and extent of the problem this poor percentage in the heart of the financial capital of the nation and in areas surrounded by bank branches speaks of the poor state of financial inclusion. It highlights the pressing need to step up efforts towards including the excluded.

Bandhyopadhyay D et al. (2002), have explained that the SHGs interface with a large number of government and elected institutions at the grass roots level, particularly in the Panchayati Raj Institutions (PRIs). Bhatia, Navin and Arnav (2010) have observed as the extent of financial exclusion is more widespread in rural areas, the urban areas were largely ignored. However, it is widely known that there are pockets of poverty and exclusion in all urban areas, particularly among slum-dwellers.

To address this The Government of India and various State Governments have taken many initiatives to motivate the concept and functioning of SHGs in urban areas, especially slums. For example, Arokiyasamy observes that in Tamil Nadu, "the SHG approach was started in a small way in Dharmapuri District in the year 1989 and has seen steady growth particularly with the introduction of Mahalir Thittam from 1997-98. It has now become a very vibrant movement spread across all districts of the State encompassing in its fold the poor, underprivileged women living on the fringes of society." And the "multi-fold activities of SHGs have paved the way for improving rural and urban economy In Tamil Nadu." In another instance, India Brand Equity Foundation observes that "a slow revolution is creeping in the slums of the old city. With the help of NGOs, women in 125 slums are taking advantage of the changing scenario to bring cheer to their families. Out of the 800 odd notified slums in the city, women in 125 slums have formed around 225 self-help groups to extend credit facility to needy members. The members of these self-help groups are successful running credit societies for the past few years and their current membership stands at 4500. The result - happy homes, self employment and communal harmony."

### OBJECTIVES

1. To analyze the benefits of the SHGs in the study areas.
2. To analyze the loan receivers in the study areas

### METHODOLOGY

The present study is based on both primary and secondary data. Secondary data have been collected from Tamil Nadu Slum Clearance Board Chennai and Tiruchirappalli, Slum Statistical Report, Census of India and other government official data. The primary data have been collected through structured interview

schedule. Tiruchirappalli Corporation has been selected systematically, Tamil Nadu has 10 corporations and among the 10 Corporations Tiruchirappalli had registered high slum population out of the total urban population and the study areas selected based on the higher number households from all the four zones, among the total households 30 per cent were picked up to the present study. Systematic Random sampling method was adapted to pick the sample respondents such as lottery method.

### Analysis and Interpretations

**Table: 1 Membership of SHGs and Year - wise Details of Family Members**

| Members      | Years                    |                         |                           |                           | Total                      |
|--------------|--------------------------|-------------------------|---------------------------|---------------------------|----------------------------|
|              | Below 2 Years            | 2 Years                 | 3 and More than 3         | NA                        |                            |
| Yes          | 55<br>(16)               | 11<br>(3)               | 161<br>(46)               | 0<br>(0)                  | <b>227</b><br><b>(65)</b>  |
| No           | 0<br>(0)                 | 0<br>(0)                | 0<br>(0)                  | 121<br>(35)               | <b>121</b><br><b>(35)</b>  |
| <b>Total</b> | <b>56</b><br><b>(16)</b> | <b>11</b><br><b>(3)</b> | <b>161</b><br><b>(46)</b> | <b>120</b><br><b>(34)</b> | <b>348</b><br><b>(100)</b> |

Source: Computed from Primary Data

Note: (1) Figures within the Parenthesis indicate percentage to total, (2) NA denotes Not Applicable

SHGs play a vital role in the women empowerment in India. In Table 1 among the sample respondents' families 65 per cent of the respondents' families have members in the SHGs in the study areas. The remaining 35 per cent of the respondents' families were not in the SHGs. Among the SHG members, 46 per cent of them were members in SHGs for more than 3 to 10 years, 16 per cent of the respondents were members in SHGs below two years and only 3 per cent of them were members for the past two years in the SHGs. Few women were members in more than one SHG as they could get loans from different SHGs for their family expenses and in case of emergency situations.

### Benefits of SHGs

The SHGs help most of the weaker section of women in the society. Through the SHGs women get loans at low interest rate and they also deposit some amount per month in the SHGs as separate savings, later it helps them to withdraw from it. People have reported that some amount has been taken from the loan as Insurance by the SHGs' authorities for security purpose.

**Table: 2 Benefits of SHGs**

| <b>Benefits</b>                                       | <b>No. Of Respondents</b> | <b>Percentage</b> |
|-------------------------------------------------------|---------------------------|-------------------|
| Easy Credit                                           | 4                         | 1                 |
| Low Interest                                          | 9                         | 3                 |
| Loan Facilities                                       | 34                        | 10                |
| Savings                                               | 1                         | .3                |
| Easy Credit & Low Interest                            | 49                        | 14                |
| Easy Credit & Loan Facilities                         | 45                        | 13                |
| Easy Credit & Savings                                 | 6                         | 2                 |
| Low Interest & Loan Facilities                        | 18                        | 5                 |
| Loan Facilities & Savings                             | 8                         | 2                 |
| Easy Credit, Low Interest & Loan Facilities           | 47                        | 13                |
| Easy Credit, Low Interest & Savings                   | 2                         | .6                |
| Easy Credit, Loan Facilities & Savings                | 1                         | .3                |
| Easy Credit, Low Interest , Loan Facilities & Savings | 2                         | .6                |
| NA                                                    | 122                       | 35                |
| <b>Total</b>                                          | <b>348</b>                | <b>100</b>        |

Source: Computed from Primary Data

Note: NA denotes Not Applicable

It can be seen from the above table the usefulness of the SHGs to the respondents and their families. Among the 65 per cent of the SHG members 14 per cent reported easy credit availability and low interest rate, 13 per cent of the respondents reported that they approach the SHGs for both easy credit and loan facility, again 13 per cent of the respondents reported that easy credit, low interest and loan facilities, 10 per cent reported that the SHGs are more useful to get loan facilities easily. Only 0.3 per cent of the respondents reported that they saved some minimum amount. Through the SHGs, people could get loan facilities without any assurance and securities. So, people could get loan easily compared to other commercial banks and credit institutions and SHGs charged very low interest rate. Many poor women mainly depend on the SHGs for their major expenditures. Some of the higher income group women also received the loan even though they did not have any pressing need for money and used it for various other purposes. Due to low interest people got it and purchased jewels and at the time of repaying they kept the jewels in the banks or mortgaged in the shops and repaid the amount. In the slums, some of the male members were more addicted to alcohol and drugs, and in those families, women were leading their families with very limited source of income and struggled to meet their basic expenses. Thus, the women maintained their family through the credit facilities availed from SHGs.

**Table: 3. Commercial Activities of SHG Members**

| Commercial Activities | Types of Activities     |                        |                           | Total                      |
|-----------------------|-------------------------|------------------------|---------------------------|----------------------------|
|                       | Service Oriented        | Manufacturing Oriented | NA                        |                            |
| Yes                   | 24<br>(7)               | 9<br>(3)               | 0<br>(0)                  | <b>33</b><br><b>(10)</b>   |
| No                    | 0<br>(0)                | 0<br>(0)               | 194<br>(56)               | <b>194</b><br><b>(56)</b>  |
| NA                    | 0<br>(0)                | 0<br>(0)               | 121<br>(35)               | <b>121</b><br><b>(35)</b>  |
| <b>Total</b>          | <b>24</b><br><b>(7)</b> | <b>9</b><br><b>(3)</b> | <b>315</b><br><b>(90)</b> | <b>348</b><br><b>(100)</b> |

Source: Computed from Primary Data

Note: 1) Figures within the Parenthesis indicate percentage to total

2) NA denotes Not Applicable

The Table 3 shows the commercial activities of the SHG members in the respondents' families. It was found that 10 per cent of the SHG members started business activities through the SHGs' loans. The business activities have been classified into two categories, which is service oriented and manufacture oriented. Service oriented businesses include petty shops, idly shops, laundry shops, fruits shops, footwear shops, vegetables sales, tailoring shops, and garment shops. The manufacture oriented businesses include milk sales and producing musical instruments. Among the 10 per cent of the respondents availing credit for business purposes, 7 per cent started service oriented businesses and the remaining 3 per cent started manufacture oriented businesses. The respondents chose service oriented businesses due to the low investment and ease of maintenance. Only few of the respondents started manufacture oriented businesses. Due to the large investments required, they didn't want to take much risk. Also their poor economic condition prevented them from taking risks. The SHGs provided a maximum amount of Rs. 50,000 per person as loan.

**Table:4 Details of Successful Business Activities of the SHGs Members**

| Type of Activities | Successful              |                         |                           | Total                      |
|--------------------|-------------------------|-------------------------|---------------------------|----------------------------|
|                    | Yes                     | No                      | NA                        |                            |
| Service Oriented   | 19<br>(6)               | 5<br>(1)                | 0<br>(0)                  | 24<br>(7)                  |
| Manufacturing      | 2<br>(1)                | 7<br>(2)                | 0<br>(0)                  | 9<br>(3)                   |
| NA                 | 0<br>(0)                | 0<br>(0)                | 315<br>(90)               | 315<br>(90)                |
| <b>Total</b>       | <b>21</b><br><b>(7)</b> | <b>12</b><br><b>(3)</b> | <b>315</b><br><b>(90)</b> | <b>348</b><br><b>(100)</b> |

Source: Computed from Primary Data

Note: Figures within the Parenthesis indicate percentage to total

Among the 10 per cent of the respondents who started businesses, 7 per cent were successfully running their businesses and the remaining 3 per cent failed in their businesses. Among the 7 per cent of successful entrepreneurs, 6 per cent belonged to the service oriented businesses and only 1 per cent

belonged to manufacture oriented business. Among the 90 per cent of the Not Applicable category, 55 per cent of the respondents' family members did not start any business activities. Remaining 35 per cent of the respondents were not members in SHGs. Very few women who were successful in their business, expressed that they wanted to overcome their poor economic condition. The women who failed in their businesses, revealed that they had started the business for the name-sake or for record purpose only, as they got loan from the SHGs.

**Table: 5 Factors of Successful Business Entrepreneurs of SHGs Members**

| Successful   | Family Support         | Reason for Success      |                          |                                      |                                           | NA                        | Total                      |
|--------------|------------------------|-------------------------|--------------------------|--------------------------------------|-------------------------------------------|---------------------------|----------------------------|
|              |                        | Help of SHG Members     | Got Enough Loan Facility | Family Support & Help of SHG Members | Family Support & Got Enough Loan Facility |                           |                            |
| Yes          | 5<br>(1)               | 3<br>(1)                | 6<br>(2)                 | 1<br>(.3)                            | 6<br>(2)                                  | 0<br>(0)                  | <b>21</b><br><b>(7)</b>    |
| No           | 0<br>(0)               | 0<br>(0)                | 0<br>(0)                 | 0<br>(0)                             | 0<br>(0)                                  | 13<br>(4)                 | <b>13</b><br><b>(4)</b>    |
| NA           | 0<br>(0)               | 0<br>(0)                | 0<br>(0)                 | 0<br>(0)                             | 0<br>(0)                                  | 313<br>(90)               | <b>313</b><br><b>(90)</b>  |
| <b>Total</b> | <b>5</b><br><b>(1)</b> | <b>3</b><br><b>(.9)</b> | <b>6</b><br><b>(2)</b>   | <b>1</b><br><b>(.3)</b>              | <b>6</b><br><b>(2)</b>                    | <b>326</b><br><b>(94)</b> | <b>348</b><br><b>(100)</b> |

Source: Computed from Primary Data

Note:1) Figures within the Parenthesis indicate percentage to total

2) NA denotes Not Applicable

Without any support it is impossible to run any business. The Table 5 shows the supporting factors of successful entrepreneurs among the SHG members. Among the 10 per cent of the SHG women entrepreneurs, 2 per cent reported that they get enough loan facilities to run their business, 2 per cent reported that they get loan facilities and also their family support. They reported that without family support it is difficult to take care of their family as well as business. So, for surviving as women entrepreneurs, their parents or their husbands supported. Only 1 per cent of them reported that only their family supported and 0.9 per cent of them reported that the SHG members supported them to be successful. Sometimes the SHG members gave the total loan amount to one particular member or groups to start and develop their business activities or who urgently needed it for an emergency.

**Table:6. Reason for the Failure of the Entrepreneurs in SHGs**

| Failure      | Reason For Failure      |                        |                                        |                           | Total                      |
|--------------|-------------------------|------------------------|----------------------------------------|---------------------------|----------------------------|
|              | Scarcity of Loan        | Loss                   | Non-Supportiveness/<br>Less Confidence | NA                        |                            |
| Yes          | 2<br>(.6)               | 7<br>(2)               | 3<br>(1)                               | 0<br>(0)                  | <b>12</b><br><b>(3)</b>    |
| No           | 0<br>(0)                | 0<br>(0)               | 0<br>(0)                               | 21<br>(6)                 | <b>21</b><br><b>(7)</b>    |
| NA           | 0<br>(0)                | 0<br>(0)               | 0<br>(0)                               | 315<br>(90)               | <b>315</b><br><b>(90)</b>  |
| <b>Total</b> | <b>2</b><br><b>(.6)</b> | <b>7</b><br><b>(3)</b> | <b>3</b><br><b>(1)</b>                 | <b>336</b><br><b>(97)</b> | <b>348</b><br><b>(100)</b> |

Source: Computed from Primary Data

Note: 1) Figures within the Parenthesis indicate percentage to total

2) NA denotes Not Applicable

The above table explains the reasons for the failure of the business started with the help of SHGs. From the table, it can be seen that 3 per cent of the SHG women entrepreneurs reported that they failed in their business due to various reasons. Among them, 2 per cent reported that they couldn't continue their business due to the heavy loss and 1 per cent of them reported less confidence and no proper support to help them to run their business. Some of the banks were ready to give the loans to the SHG members to start business, but people did not come forward to start business. Few of the women were more interested to start business, but they felt that they could not manage both the family and business.

## CONCLUSION

SHGs are portrayed to play a major role in contributing to women empowerment in general. This is evident from the fact that many women are very much interested to become members in SHGs. The SHGs provide an opportunity to women for getting credit facilities to fulfil their wants, it may be higher level wants like becoming an entrepreneur or regular day-to-day wants or some emergency wants. From this study it is clear that only a few of the members of the SHGs actually availed the credit facilities and started some small businesses, while rest of the members spent their credit for fulfilling their day-to-day wants. And out of those who started businesses like petty shops, idly shops and other small activities through credit facilities from SHGs, some closed their businesses within two to three years. Now, this was due to several factors like, (i) actual loss or not being able to manage the business and the house, (ii) inability to face the market competitiveness and lower confidence levels, and (iii) pretence of entrepreneurship or availing credit for other needs proxying it for entrepreneurship. So, only the provision of credit does not make someone inclusive in the process of development, there are other non-financial aspects which have to be built or created so that to enable these deprived people to get-up in life and live a life of dignity. One such aspect would be of skill development through various non-formal programmes and support mechanisms to address problems at the right time and place. There is no argument in appreciating the SHG movement for its successes in the provision of credit front, but at the same time, the challenges should also be addressed. It should be recognised that women have been and still are subject not only to financial non-inclusion, but also non-financial discrimination. So, for the SHG movement to rope in women to become really empowered in large numbers requires a more comprehensive approach than providing credit facilities alone.

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**K. Radhika****Research Scholar, Department of Economics, Bharathidasan University, Trichirappalli.**