

# A PERSPECTIVE STUDY ON COMMUNITY DEVELOPMENT THROUGH THE IMPLEMENTATION OF MICRO FINANCE PROGRAMMES AND FINANCIAL INCLUSION

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## Abstract

Generally, Indian society consists of heterogeneous groups with wider different culture, religion, pattern and lifestyle. Community development programmes were initiated since from the days of independence. The main aim of implementing CD programme is to reduce interpersonal and intrapersonal disparities and also reducing inequalities of income distribution. Prominent CD Programmes in India have so far been initiated at various zones in various states. But at the same time the desired results were not been achieved. Poverty reductions as well as eradication of illiteracy, creation of social assets, social infrastructure, dimensions of development and overall improvement are the important notions of CD Programmes. The Panchayat Raj system especially Amendment 73rd clearly envisages giving more autonomy to local bodies in achieving community development. The existence of growth pockets as well as depressed pockets consumes larger plan allocations in India. Since, the command area project achieved the overall economic growth and societal development. This paper clearly reveals the way in which of attaining inclusive growth with the main aim of quicker accessibility of credit and overall rural development. Most of the programmes under the instruction of Niti Ayog sustainable rural development and creating of social infrastructure in the rural areas are the main thrust as well as priority oriented schemes. A deliberate attempt was made by the researchers to focus the main theme of rural development with suitable financial inclusion strategies.

**Keywords:** Community Development – MFI Programmes – Process and Pattern – Banking and NGOs role – Recent developments.

## INTRODUCTION

India lives in her villages if you want to improve the whole part of India our attention must simply goes to improve the rural areas because 65% of the people living in the rural as well as far flung rural areas. Most of the planners and policy makers strongly advocated the policy of SDGs with clear cut rural oriented programmes to improve the social infrastructure as well as financial inclusion of the underprivileged and uncared poor. Voice of

the voiceless marginalized people's economic conditions has improved only by the overall rural oriented developmental programmes. Micro finance in India played a dominant role in satisfying the financial needs of rural marginalized poor. Inclusive growth is a process in which all the sectors of the people without any barriers must be developed in all spheres. In achieving inclusive growth through MFI is definitely an inductive factor for the uncared poor in India. Hence, to address the problems and voice of the poor many more

poverty alleviation and self employment programmes have been implemented for the welfare of the above sections in a tremendous manner. The Govt. was unable to achieve the desired growth rate even after the attainment of Independence of more than 75 years because of many more lapses and shortcomings involved under the implementation process. Financial literacy programme largely help these sections of the people through inclusive growth in all sectors.

Community development is seeking to give power to the individuals and groups of people with the talents they want to change effectively among their communal people. These talents are frequently created through forming social groups those work on a general schedule. Community developers must understand both how to work with individuals and how to affect their communities' positions inside the perspective of larger social institutions.

Developing India's Gross Domestic Product (GDP) growth rates have covered quickly increasing comparative and supreme inequalities, foremost to two faces of India. A "shining India", which is challenging globally and assisting from the powers of globalization, technological alteration and economies of extent, has grasped the concentration of the media and the world. In distinction, a "suffering India", not additionally exposed but even more important, has unbelievably wide swatches of its population who are poor and helpless. These both faces of India are both a bonfire of hope and a sign of anguish. Integrating these two faces will be the development confront over the next generation for the district.

## **THEORETICAL FOUNDATIONS AND PROBLEM SETTING**

The International Association for Community Development (IACD) defines as "a perform based work and an educational authority that promotes participative democracy, sustainable development among the rural elites, rights to the rural poor, impartiality and social integrity for them, through the organizations such as

NGOs, offering good educational facility and proper empowerment to the people within their communities, whether these may be of locality, identity or interest, in urban and rural settings".

Inclusive growth refers in cooperation with the speed and pattern of growth, which is considered, interleaved and therefore indigent to be addressed collectively. The thought that both the pace and pattern of growth are important for achieving a wide, sustainable growth witness, in addition to poverty eradication, is dependable with the findings in the Growth Report: Strategies for Sustained Growth and Inclusive Development by the Commission on Growth and Development in the year 2008. The commission comments that inclusiveness a perception that includes impartiality, equality of prospect and protection in the market and employment evolutions is a necessary element of any victorious growth approach. Here we highlight the idea of equality of opportunity in terms of way to markets, resources, and unfavoritism dogmatic environment for companies and individuals. The Commission on Growth and Development believes methodical inequality of opportunity "toxic" as it will disrupt the growth process through political channels or divergence. The accomplishment out of all local area level projects lies in the dynamic support among individuals. Local area and association are hypothetical and performed (Farhana, 2009). Cooperation might be portrayed at a typical stage as the act of counseling and including individuals from the local area in the program setting, direction and strategy making exercises of associations or establishments in control for strategy improvement (Gene, 2004).

## **NEED FOR INCLUSIVE GROWTH**

In dealing this challenge, inclusive growth in achieving rural development with its spotlight on generating economic opportunities and making certain identical access to them will play an essential responsibility. Many more countries are implementing inclusive growth as the goal of improvement policy. India, which had poverty eradication as the vital focus of its

improvement approach for over the last 50 years, has lately changed to a new policy focusing on two major objectives: increasing economic growth and building growth further inclusive. Inclusive growth as a development perception is also being clinched by many development associates of developing countries including mutual and multilateral support agencies, worldwide organizations, NGOs, and common society.

#### SIGNIFICANCE OF THE RESEARCH

The job of Community Development Program with regards to the rustic local area can't be refuted. The program is instrumental in increasing the expectation of living of the ruralites and in recreating the country India. Prof. Carl Taylor properly sees that the program means dynamic collaboration and contribution of the ruralites in figuring out and executing their own arrangements and projects. The outcome is social change, financial turn of events and rise of new neighborhood initiative at the town level.

The inclusive growth technique takes an extended term viewpoint as the spotlight is on creative employment somewhat than on direct income reallocation, as a means of growing incomes for expelled groups. In the short sprint, governments could employ income distribution methods to satisfy pessimistic impacts on the poor of policies aimed to fly start growth, but removal of schemes cannot be a counter in the long run and can be challenging also in the short run. In poor countries such methods can enforce considerable burdens on previously elongated budgets and it is hypothetically unattainable to decrease poverty through redistribution in countries where their average income drops under US\$ 700 per year. According to a latest OECD study, even in developed nations, redistribution schemes cannot be the only answer to increasing poverty rates in certain fragments of the population. Under this context inclusive growth is the need of the hour today to improve the economic conditions of the people through the implementation of many more MFI programmes.

#### STATEMENT OF THE PROBLEM AND SCOPE

Quick and continued poverty reduction involves inclusive growth that permits people to contribute to and get advantage from economic growth. Rapid speed of growth is unquestionably compulsory for substantial poverty reduction, but for this development to be sustainable in the extended run, it should be broad based across sectors and comprehensive of the large part of the country's work force. This description of inclusive growth involves a direct link between the macro and micro factors of growth. The micro element confines the importance of structural renovation for economic diversification and competition, including imaginative obliteration of employments and firms. The present paper mainly focuses on "A PERSPECTIVE STUDY ON COMMUNITY DEVELOPMENT THROUGH THE IMPLEMENTATION OF MICRO FINANCE PROGRAMMES AND FINANCIAL INCLUSION" in a wider angle.

#### OBJECTIVES

The major objectives of this paper are listed out as follows.

- ☐ To study the process and pattern of implementing Community Development Programmes in India.
- ☐ To access the impact of ongoing Community Development Programme and overall sustainable growth strategies.
- ☐ To throw light the significance and consequences of CD Programmes on the living conditions of rural poor.
- ☐ To foresee the overall rural development by the CD Programmes with the help of MFI.
- ☐ To analyse the various problems and challenges involved in achieving Community Development by MFI Programmes.
- ☐ To find out the new avenues of increasing the economic conditions of people by the ongoing CD Programme in India.

## METHODOLOGY

The required primary and secondary data have generated from the records of the Ministry of Rural Development and Panchayat Raj, GoI for particular period of time. Hence, the usages of secondary data pertaining to the implementation pattern, process and evaluation of the programmes have been gathered from the records of the Ministry of Statistics and Programme Implementation, GoI. During the study years what are the various CD programmes implemented for improving the economic conditions of poor and vulnerable sections in this area. A critical analysis was made by the researchers to identify the various problems and suggest certain remedial measures to improve its performance.

## ANALYSIS AND DISCUSSION

Community Development Programme displays a few qualities. They are as per the following:

It advances fearlessness among the country elites. It creates confidence in the individual and drive in the town local area. The community development programme impacts change at the mental level of the ruralites. It tries to make new regulatory apparatus fit to the complex necessities of the town. It is pre-prominently individuals arranged. Local area thinking and aggregate activity are energized through individuals' establishments like the Panchayats, co-operative social orders, Vikas mandals, and so on.

□ In the inclusive growth strategy, there are many hurdles and problems/drawbacks are faced by many micro finance institutions in India.

□ Even though a close nexus between SHG and commercial banks are unable to meet the entire financial needs of the member.

□ To meet their emergency financial needs, they have to wait for more than 20-30 days even for processing of the loan application.

□ Some M.F.I (Equitas MFI) is following very strict and coercive measures in collecting

over dues. Sometimes creditors of SHG members are taking very extreme step and it would create bad image among the public and the name and fame of the M.F.I is ruined.

□ For agricultural development loan sanctioned by M.F.I are following unscrupulous method of collecting loans. During the time of harvest they are engaging in collecting the due amount indiscriminately.

□ Similarly in the case of Industrial loans sanctioned by MFI are also facing severe criticism among the entrepreneurs Most of MSME are facing the closure because of the uncertain market trend. It would force them to grill their production for some time. At that time M.F.I may allow them to repay the due amount in later, but in real condition, they followed coercive measures.

□ In achieving inclusive growth and creating employment opportunities to the women and youth, more skill development centers have been set up by the N.G.O's. These voluntary bodies have conducted orientation/making programme to the public. But no patronage support will be received from the government.

□ Even District Industries Center (D.I.C), Tamil Nadu Industrial Investment Corporation (TIIC) may not consider the loan applications submitted by unemployed youth in setting up mini-industrial establishments. For an example to start a hotel or wayside providers are not eligible to get a loan. Sometimes they are urged to provide surety with heavy amount.

□ TAHDCO loans from the commercial banks to economically backward Adi Dravida community people are not able to get the loan, because of so many formalities and other instructions. Hence they are unable to get a loan and enjoy the benefit of subsidy.

□ In the urban / RuRBAN centers most of the S.H.G are engaging in maintaining public convenience (pay and use method) are facing serious threats from the local anti-social elements.

□ NGOs and voluntary organizations have also provided a distinct opportunity to

undergo the courses and then acquiring some skillful employment chances. But these chances are not enough to meet the entire need.

## SUGGESTIONS

More noteworthy pressure is called for expanding horticultural creation both quantitatively and subjectively to address the issues of the nation's quick duplicating country populace. The Community Development Projects should lay most extreme pressure upon the arrangement of issues curious to the territory. Just those authorities having mastery in rustic brain research ought to be named. Both male and female laborers ought to be chosen or delegated from among the actual locals. They ought to go through broad preparation in friendly work. Endeavors ought to be made to spur them to work in the towns with preacher energy and a feeling of administration. Endeavors ought to be made to present for the ruralites that the Community Development Program isn't situated to a particular gathering rather it is for the whole town. Local area advancement work ought to be organized to the point that participation of all ranks, classes and gatherings opens up.

□ Linkage between SHG with Banks may sometimes leads to unnecessary procedural wrangles. In disbursing loans a separate board must be setup to deal the matters of MFI in future.

□ Quicker accessibly of credit from M.F.I is also uncertain. Leading MFIs must come forward to make speedy arrangements.

□ To reduce regional disparities, the banks or even RRB's may come forward to extend SSA schemes (Sub Service Areas) may be covered in all parts of the district.

□ Some leading MFIs like Equitas have not given much importance to agricultural loans.

□ The tendency of the MFI personnel must be changed. Poor and ill treatment towards creditors may lead to unnecessary happenings.

□ Strict and coercive measures should not be followed in collecting over dues. The agents of M.F.I behaving in an indecent manner should be curbed.

□ In achieving inclusive growth through M.F.I, priority was assigned only to short term loans. Medium/long term loans have not been granted. More specifically poverty alleviation schemes, agricultural development/social services have not get adequate importance. Equal importance must be given to all sectors in all regions.

□ Similarly MFI loans to construct percolation ponds/minor irrigation/sprinkler / Drip water scheme under agricultural loan may be increased.

□ To avoid drinking water problems in rural area "Jalsakthi" a central government sponsored programme to provide water connections to the households in rural areas may be widened.

□ More allocation must be made to cover the neglected areas also.

□ Only active women's SHG can alone engaging in the rural development programme like skill development programme for women.

□ Priority must be given to implement financial inclusion programme and bringing under the stream of inclusive growth.

□ Awareness camp may be conducted in rural parts of the district, where there is lack of infra structural facilities and higher allocation of loans to these areas.

□ Periodical assessment and auditing must be done through Governments officials especially from the panelists for upgrading the economic viability.

□ Quicker means of the accessibly of credit must be identified and thus inordinate delay in disbursing loans may be avoided.

## CONCLUSION

The procedure of community development programme is basically worldwide, focusing on

a uniform example of staffing and arranging all around the country. No endeavor has been made to relate the block advancement plans to local issues and needs. The spatial part of the provincial improvement plan has generally been ignored. Rural sociologists and planners strongly favoured the idea of establishing separate cell in the Ministry of Rural Development and Panchayat Raj to cater the financial needs of the marginalized people. Since from the days of independence many more rural development programmes have been launched but the Govt. was unable to achieve the desired results because of many loop holes and difficulties. From the above discussion one can easily conclude that the role of MFI Programmes are need of the hour today to achieve faster rural development and the tempo of rural industrialization must get a new momentum and speed. From the foregoing discussion on the role of M.F.I in achieving inclusive growth in the rural areas either by linkage of Bank credit with SHG or any other sources like through district central co-op banks with voluntary quicker accessibly of credit can alone improve their economic conditions. From this study the researchers find out some difficulties and challenges encountered in recovering loans. Effective and coercive methods must be followed to oversee the activities of SHG's. To avoid these difficulties the researchers recommended certain specific suggestive measures to improve the quality and operational performance of M.F.I's. If the above mentioned suggestions are properly implemented by the Government, definitely rural areas of India will emerge as the forerunner of the scheme. There is no doubt that financial inclusion measures would definitely improve the conditions of the rural people and betterment of their life.

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