

Research Article**A STUDY ON ROLE OF SHGS IN FINANCIAL INCLUSION OF EXCLUDED SECTION OF THE SOCIETY****Dr. Somashekar. N**

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Self Help Group in financial sector reforms in India. It is disheartening to note that nearly half of the rural households even today do not have any access to any source of funds-institutional or otherwise. Hardly one-fourth of the rural households are assisted by banks. Hence the major task before banks is to bring most of those excluded, i.e. 75% of the rural households, under banking fold, But the task is not so easy sense they are illiterate, poor and unorganized, they are also spread far and wide. What is needed is to improve their living standards by initiating new /increased economic activities with the help of banks, NGOs the local developmental agencies. To start with, it is necessary to develop fair understanding of their profile. SHGs play vital role in involving the excluded population in financial inclusion. Keeping the above background this paper study the role of SHGs financial inclusion .Here Secondary data has been used for analyses purpose. Simple and random sampling method is used.

Keywords: Financial inclusion, SHGs ,excluded population ,unorganized sector.

INTRODUCTION:-**Self Help Group;**

The origin of self-help group can be traced is from Grameen bank of Bangladesh, which was founded by Mohamed Yunus. SGHs were started and formed in 1975. In India NABARD initiated in 1986-1987. Self-Help Group or in-short SHGs is now a well-known concept. . Mainly, members of the SHGs are women. It is now almost two-decade old. It is reported that the SHGs have a role in hastening country's economic development. SHGs have now evolved as movement. Mainly, members of the SHGs are women. It aims at increasing women's power in terms of their self-reliance and internal. Mainly, members of the SHGs are women. I strength to determine choices in life and to influence the direction of change. The empowerment of women through SHGs would lead benefits not only to the individual women but also for the family and community as a whole through collection action the development. . Self Help Groups (SHGs) is the brain child of Noble Peace Prize Winner Prof. Mohammed Yunus who started Grameen Bank of Bangladesh as early as in 1976.

Financial Inclusion

Financial inclusion is where individuals and businesses have access to useful and affordable financial products and services that meet their needs that are delivered in a responsible and sustainable way. Financial inclusion is defined as the availability and equality of opportunities to access financial services

An estimated 2 billion working-age adults – more than half of the world's total adult population – do not have an account at a formal financial institution. Financial inclusion efforts

seek to ensure that all households and businesses, regardless of income level, have access to and can effectively use the appropriate financial services they need to improve their lives. Currently, the world's poor live and work in what is known as the informal economy.

Financial Exclusion;

Financial exclusion can be defined as unavailability of banking service to people with low or non income. It is believed to be one factor preventing people leave out property. The term 'financial exclusion' is used in different ways, but is most often defined as a broad concept describing a lack of access to, and use of, a range of financial services.

The term financial exclusion was first coined in 1993 by geographers who were concerned about limited physical access to banking services as a result of bank branch closures (Leyshon and Thrift, 1993). Throughout the 1990s there was also a growing body of research relating to difficulties faced by some sections of societies in gaining access to modern payment instruments and other banking services, to consumer credit and to insurance.

Problems faced by SHG;

1. Ignorance of Members/Participants:

Even though the authorities take measures for creating awareness among the group members about the schemes beneficial to them, still majority of the group are unaware of the schemes of assistance offered to them.

2. Inadequate Training Facilities:

The training facilities given to the members of SHGs in the specific areas of product selection, quality of products, production techniques, managerial ability, packing, other technical knowledge ate are not adequate to compete with that of strong units.

3. Problems Related with Raw Materials:

Normally each SHG procures raw materials individually from the suppliers. They purchase raw materials in smaller quantities and hence they may not be able to enjoy the benefits of large scale purchase like discount, credit facilities etc.

4. Problems of Marketing:

Marketing is an important area of functioning of the SHGs. However they face different problems in the marketing of products produced by them.

Following are the major problems relating to marketing.

- a) Lack of sufficient orders.
- b) Lack of linkage with the marketing agencies.
- c) Lack of adequate sales promotion measures.
- d) Lack of permanent market for the products of SHGs.
- e) Absence of proper brand name.
- f) Poor/unattractive packing system.

5. Lack of Stability and Unity Especially among women SHGs:

In the case of SHGs dominated by women, it is found that there is no stability of the units as, many married women are not in a position to associate with the group due to the shift of their place of residence. Moreover, there is no unity among women members owing to personal reasons.

6. Exploitation by Strong Members:

It is also observed that in the case of many SHGs, strong members try to earn a lion's share of the profit of the group, by exploiting the ignorance and illiterate members.

7. Weak Financial Management:

It is also found that in certain units the return from the business is not properly invested further in the units, and the funds diverted for other personal and domestic purposes like marriage, construction of house etc.

8. Low Return:

The return on investment is not attractive in certain groups due to inefficient management, high cost of production, absence of quality consciousness etc.

9. Inadequate Financial Assistance:

It is found that in most of the SHGs, the financial assistance provided to them by the agencies concerned is not adequate to meet their actual requirements. The financial authorities are not giving adequate subsidy to meet even the labour cost requirements.

10. Non-co-operative Attitude of the Financial Institutions:

The Financial Institutions do not consider SHGs seriously while providing finance and other help.

Literature review;

Mrs. Mallika A Shetty : The study was conducted on relationship between house hold variables like income, assets positions, savings, consumption, employment, literacy and migration. The study concluded with the positive impact on the increase in income, assets position, savings and literacy and in the reduction of migration of rural households. Weak evidence of significant impact of the group-based microfinance on the distribution of household income and assets was found. The participation of women in the self-help group was strongly determined by household income, employment, migration, saving and literacy positions.

Audil khaki: SHG members enable them to undertake income generating micro enterprises on a viable and sustainable basis. That aims at examine empirically determinants of empowerment of SHGs as micro finance clients to micro enterprise investors and problems faced by them in this transition as well as in under taking micro enterprises on a viable and sustainable basis.

K.Somasekhar: SHGs emerge as an important strategy for empowering women and to decreasing poverty. India's SHGs movement as emerged as the world's largest and most successful network of community-based organizations(CBOs). However, quality is the major challenge that the SHG movement is confronted with at this point of time in the country.

Objectives of the study:

1. To study the role of SGGs for financial inclusion of excluded section.
2. To study the SHG factor including the financial inclusion of excluded society.

Scope of the study;

The study is giving importance for analysig the role of SHGs in financial inclusion of excluded section society .

Limitations of the study;

1. You may lack the perspective to properly understand the nature of your issues.
2. You may lack the knowledge of how to fix your issues.
3. You may lack the motivation or will-power to stick to a self-help plan.

Source of data;

Secondary Data:-It refers to data that was collected by someone other than the user common source of secondary data for social science include senses ,information collected by government departments ,organizational records and data that was originally collected for other research purpose.Sample size Five Self Help Groups 1.Swasahaya 2.Siri, 3.Samrudh ,4.Shree Shakti,

Suggestions:

1. Still lot of persons are excluded from financial inclusion. For inclusion of excluded person, the SHG can able to do a lot of activities. So that Govt should introduce beneficial programmes through SHG, then the Govt can cope up with all persons who are excluded from financial inclusions
2. Govt, should give awareness programmes through SHG for giving importance of financial inclusion who are still excluded.

Conclusion:

SHGs contribute to solving the problems of inadequate housing and urban service as an internal part of poverty alleviation programs. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrower without imposing and unbearably high cost of monitoring its use upon the lenders. A promising solution is to provide multipurpose loan or composite credit for income generation, housing improvement and consumption support. Here we can conclude that SHGs help in financial inclusion of rural mass. They also help in including the excluded section of the society.

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