



FINANCIAL INCLUSION THROUGH SELF – HELP GROUPS IN NAGASAMUDRAM VILLAGE: A CASE STUDY

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Abstract

Financial inclusion is motivated nation-wide program of Government of India under the support of World Bank strives to cover every citizen under the ambit of banking & financial services. SHG was introduced with multiple aims like access to loan, enabling income generation, encouraging savings and eventually empowering the poor. This research aims to measure the penetration of financial inclusion through SHGBLP in the state of Andhra Pradesh in general, Anantapuramu district in particular. In this study, the researcher has selected some of variable like loan, mandays, income generating activities, and expenses etc. This is paper highlights that the financial inclusions through Self-help Groups with special reference to Nagasamudram village, C.K.Palli Mandal, Anantapuramu district of Andhra Pradesh.

Key words: *Financial inclusions, Self Help Groups, Loan, Expenditure, income generating activity, and man days.*

Introduction

Financial inclusion means that all people and businesses have access to - and are empowered to use- affordable, responsible financial services that meet their needs. These services include payments, savings, credit, and insurance.

Financial inclusion can be transformative for people and businesses. Historically, people with low incomes, women, and other socioeconomically marginalized groups have been underserved by financial institutions. Without access to formal services and the freedom and skills to use them, they have often relied on informal, unregulated financial tools. Compared to individuals and businesses with access to formal services, this limits their potential to capture economic opportunities and makes it harder to overcome shocks, such as unexpected health expenses or climate change-related weather events. An expanding body of research shows that financial inclusion has a measurable impact on poverty alleviation, resilience in times of crisis, and other measures of human progress.

The concept of financial inclusion grew out of the microcredit movement of the 1970s and became widely used in the early 2000s. Today, it is an important part of the global development agenda, with a wide range of actors recognizing it as an enabler of everything from agricultural development to education to humanitarian responses. It is a mainstream goal of many international standard-setting bodies and national governments, and is increasingly seen as a tool for achieving policy goals beyond the financial sector. Global development funders are also committed to financial inclusion. According to CGAP's Funder Survey, funders committed a record \$58 billion for financial inclusion in 2020. At the same time, private-sector companies ranging from large incumbent financial institutions to fintech startups are exploring innovative — often digital — ways of reaching underserved segments.



Significant progress has been made over the years toward universal financial inclusion. However, 1.4 billion adults are still unable to participate in the formal financial sector, and women remain less likely to have accounts than men. In addition to closing these gaps, it is important to “deepen” the impact of financial services by ensuring people and businesses can use the full range of financial services, while addressing the significant risks posed by the innovations underlying recent advances, including risks to consumers’ data protection and privacy.

The policy of financial inclusion assures boosting economic growth and reducing poverty and inequality remarkably, by mobilizing savings and providing households and firms with greater access to finance for consumption and investment. Financial inclusion can be defined as the “Process of ensuring access to financial services and timely availability of adequate credit needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost”[1]. Financial Inclusion is the novel exemplary model for economic growth which plays a pivotal role in mitigating poverty. The most important aim of financial inclusion is to broaden the ambit of financial activities and financial system to include the marginalized section of the society under formal banking channel [2]. One of the important measures adopted by Reserve Bank of India (RBI) to overcome the problem of financial exclusion is by introducing Self Help Group- Bank Linkage Programme (SHG-BLP).

The main aim of this programme is to augment the resources of deprived section by facilitating financial access through the formal financial channel. So far the Indian Government has initiated various programmes for supporting poor households [3]. Out of these initiatives SHG model is considered to be the most flourishing, beneficial and widely acknowledged model among the marginalized section in India. Today, in India, Self Help Groups represent a distinctive approach to financial intermediation. This gives access to low-cost financial services with a process of self-management and development of SHG members [4].

Review of literature

Bhumit Shah & Rajkumari Soni (2022) [5] taken up a study titled “A Study on role of NABARD and financial Initiatives taken in promoting Rural Finance in India” and the main theme of this paper to understand the role of NABARD in providing credit facilities in rural area, various initiatives and linkage programme for the development of rural areas in India. This paper highlighted the concept of rural finance, sources of rural finance, rural credit co-operatives, role of NABARD in rural economy, financial functions of NABARD, and problems of rural finance and identified various measures to improve credit flow to the primary sector in India. It is clearly concluded from this study that the development organisations or bodies should take innovative practices in the matters of farming and non-farming sectors especially in rural areas. The innovation in systems and business process which are related to extending credit facilities enable the rural poor to increase the income levels through various economic activities with supporting of the micro enterprises.

Vani Hundekar (2019) [6] presents a paper on “An empirical study on financial inclusion through Self Help Groups Bank Linkage Programmes –An Economic Catalyst to transform Rural India. The researcher has found that 85.77 lakhs of SHG was formed during 2016-17 period, and saving amount is found Rs. 16,144 crores and average saving amount per group is Rs. 1,87,874. The amount of Rs. 6570.39 crore was disbursed in 2006-07 to the 11.06 lakhs SHG and it is found that positive growths were noticed in 2008-09 financial year. In case of 2016-17 number of SHG was formed 18.98 lakhs and



loan amount was reached to 38781.16 crore. Finally the researcher has concluded that the financial inclusions are very low level.

Sarma, M. (2008) [7], presented a paper on Index of Financial Inclusion. The states in the Southern and Northern regions of the country are the ones that are better financially included than others. A common measure of financial inclusion is the percentage of the population having bank accounts or a number of bank branches per 10,000 populations. But these measures are found out to be less effective. To overcome this problem, a multidimensional measure which includes diffusion, widening and deepening which can be used to compare the level of financial inclusion across economies over time. The results showed that a large number of progressing economies also have shown a low level of financial inclusion in terms of penetration and availability of financial services.

Objectives

- To study the concept of financial inclusions.
- To analyse the financial inclusion through SHG on credit, employment and expenditure of SHG women in rural areas.
- To draw the conclusions.

Methodology

Sample Design

The present study focusses on micro study in C.K. Palli Mandal, i.e., Nagasamudram village, and the researcher has selected 150 sample SHG women by using simple random sampling total SHG.

Data Collection

The data were collected from both sources, i.e., primary and secondary data. Primary data was collected through personal interview and observation and also secondary data were collected from journals, books and diaries.

Tools used

The analysis of the present study some statistical tools were used such as Percentages, Mean, Chi-square test and also used some Graphs for easy understanding of the readers.

Results and Discussions

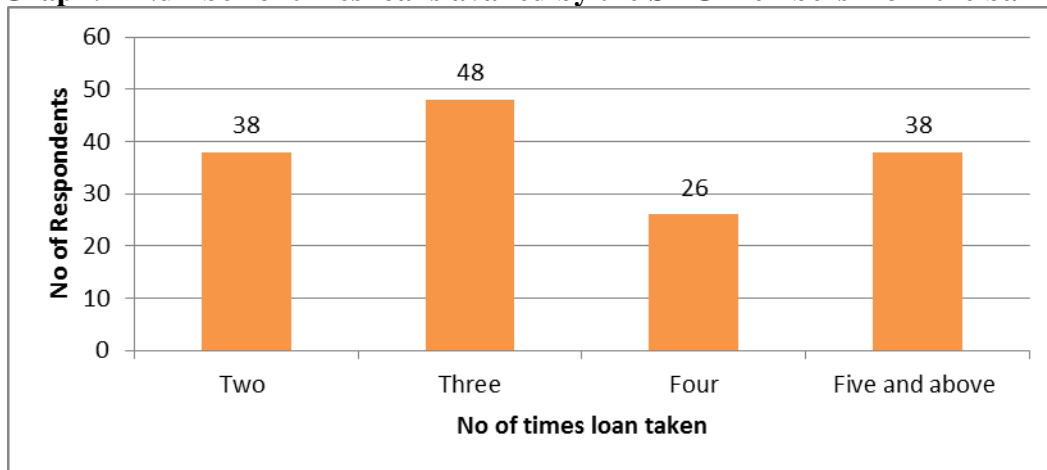
Table: 1, Details of number of times loan taken by the select sample respondents

S. No	No. of Times	No. of respondents	Percentage
1	Two	38	25.33
2	Three	48	32.00
3	Four	26	17.34
4	Five and above	38	25.33
	Total	150	100.00

Source: Field Survey



Graph: 1 Number of times loans availed by the SHG members from the banks



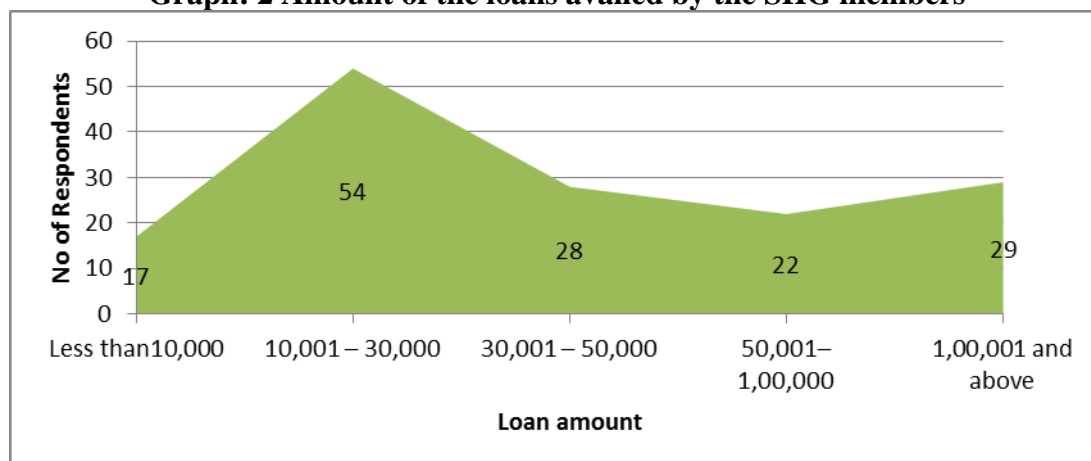
The table-1 discloses that number of times loan taken from the banks in the study area. It can be noticed that 32 per cent of the respondents have taken three times loans followed by two to five and above times by 25.33 per cent of the SHG women in the study.

Table: 2, Particulars of loan amount

S.No.	Amount	No. of respondents	Percentage
1	Less than10,000	17	11.33
2	10,001 – 30,000	54	36.00
3	30,001 – 50,000	28	18.67
4	50,001– 1,00,000	22	14.67
5	1,00,001 and above	29	19.33
	Total	150	100.00

Source: Field Survey

Graph: 2 Amount of the loans availed by the SHG members



The present study was demonstrated that loan amount availed by the SHG women in rural areas in Anantapuramu district. As many as 36 per cent of the respondents have taken loan amount ranges from Rs 10,001 – Rs 30,000, 19.33 per cent of the respondents have taken more than one lakh rupees and 18.67 per cent of SHG members have taken from Rs 30,001 – Rs 50,000 loan amount in the study area.

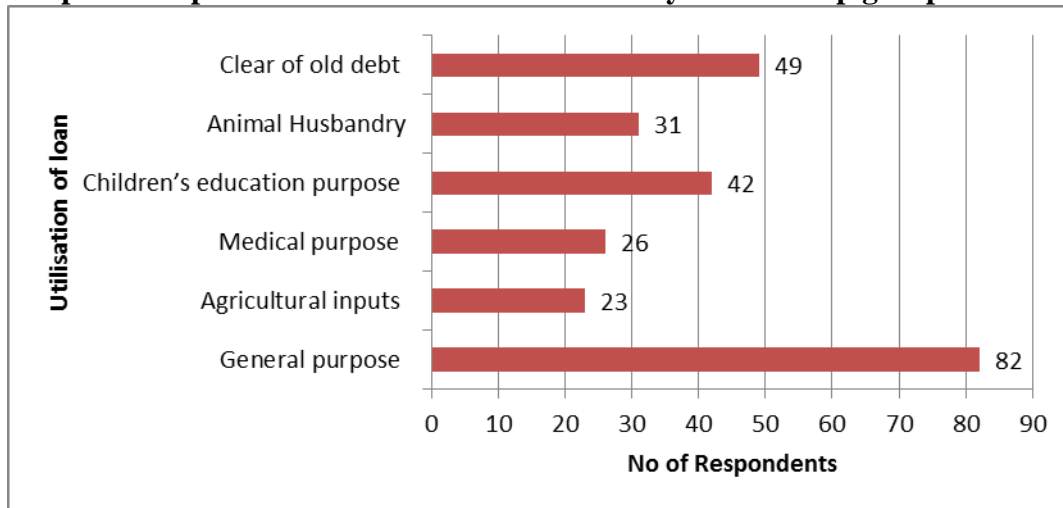


Table: 3, Particulars of loan amount disbursed by the SHG households N=150

S. No	Purpose	No. of respondents	Percentage
1	General purpose	82	54.66
2	Agricultural inputs	23	15.33
3	Medical purpose	26	17.33
4	Children’s education purpose	42	28.00
5	Animal Husbandry	31	20.66
6	Clear of old debt	49	32.00

Source: Field Survey

Graph: 3 Purpose-wise details of loans utilized by the self help group members



The table-3 reveals that the classification of SHG respondents according to utilization of loan amount in Anantapuramu district. It is found that more than half of the women respondents have stated that they have allotted loan amount to general expenditure at home, next purpose is taken a place, i.e. and clearing of old debts. It is further noticed that some of them have utilized other purpose like children education, animal husbandry, medical purpose, and agricultural purpose.

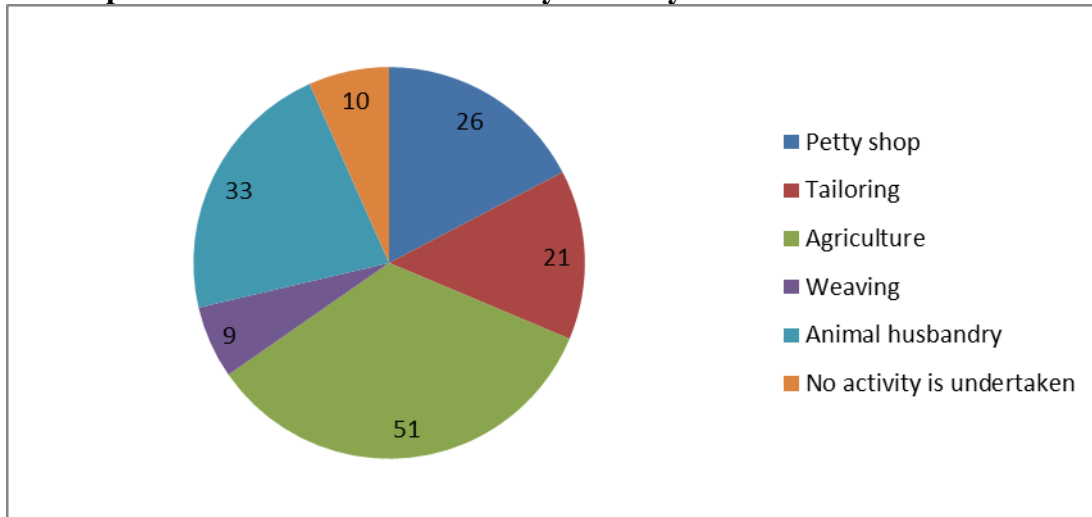
Table: 4, Details of economic activity taken by the selected SGH members

S No	Economic activity	No. of respondents	Percentage
1	Petty shop	26	17.33
2	Tailoring	21	14.00
3	Agriculture	51	34.00
4	Weaving	09	06.00
5	Animal husbandry	33	22.00
6	No activity is undertaken	10	06.67
	Total	150	100.00

Source: Field Survey



Graph: 4 Details of economic activity taken by the selected SGH members



The study was identifying the economic activity were taken by the sample respondents in rural areas. It is found that 34 per cent have depended on agriculture, 22 per cent have taken up animal husbandry, 17.83 per cent have been running general stores, and 14 per cent have been running general stores, and 14 per cent have been Tailoring activities in the study area.

Table: 5, No. of Man days before and after joining the SHG

S No	Man Days	Before	Percentage	After	Percentage
1	Less than 100 days	51	34.00	16	10.66
2	101 to 200	78	52.00	74	49.34
3	201 days and above	21	14.00	60	40.00
	Total	150	100.00	150	100.00

Source: Field Survey

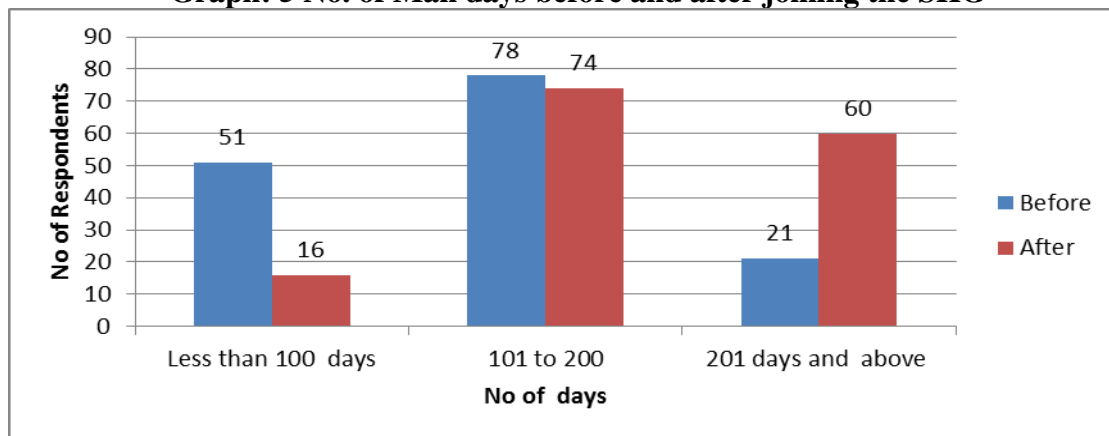
Chi-square value : 37.1666

P-Value : 0.00001

Significant level : 0.05

Degrees of Freedom : 5

Graph: 5 No. of Man days before and after joining the SHG





The table-5 shows that number of man days was compare before and after SHG in the study. It is explicit that before SHG, 34 per cent of SHG women have 100 man days 52 per cent of them between 100-199 man days and finally 14 per cent have 200 and more man days. While compare after SHG, 26 per cent of the SHG women man days were income i.e., from 14 per cent to 40 per cent respectively.

Conclusion

The SHG were used by the Government, NGOs and others worldwide empower women, and to give lives to poor families. SHGs have clearly shows the evidence to helping the rural women in the matters of financial assistance, income generating programs, increasing saving attitude and increasing man days. Among the above all their poverty has eradicate in the rural areas. The researcher has suggested that the Government will provide loans to SHG with less percentage, again they will be empower/strengthen their life.

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