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Potential Analysis of Self-Help Groups in Financial Independence and Self-Reliance in Vidarbha Region

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ABSTRACT: This study tries to understand how Self-Help Groups (SHGs) are helping people become financially independent and self-reliant in the Vidarbha region, especially in Akola district. In rural areas, SHGs are very useful because they encourage people to save money regularly, provide small loans when needed, and support members in starting small income activities. The study looks at how members manage their savings and loans, how they use digital tools like mobile banking and UPI, and what kind of problems they face while working together in a group.

The findings show that SHGs really help in improving the financial condition of members, especially women. They not only support financial inclusion but also increase confidence and help in overall rural development. However, there are still some challenges like lack of awareness, less knowledge about digital tools, and issues in managing group activities, which need to be improved for better results.

KEYWORDS: Self-Help Groups, Financial Independence, Financial Inclusion, Rural Development, Digital Payments, Vidarbha Region

I. INTRODUCTION

Self-Help Groups (SHGs) are small groups formed mainly in rural areas where members come together to save money and support each other financially. These groups usually consist of 10 to 20 members and promote regular saving habits along with easy access to small loans (NABARD, 2019). SHGs help members manage their financial needs without depending on moneylenders and encourage better use of limited resources.

SHGs also play an important role in developing confidence and self-reliance among members. By participating in group activities, members learn basic financial management and decision-making. Many members use SHG loans to start small income-generating activities, which helps improve their financial condition and standard of living (Seibel, 2016).

In India, SHGs gained importance after the 1990s through government initiatives like the National Rural Livelihood Mission (NRLM). These programs helped connect SHGs with banks and promoted financial inclusion in rural areas. As a result, more people got access to savings and credit facilities (Government of India, 2011).

In the Vidarbha region, especially in Akola district, SHGs are very important due to the economic conditions of rural families. Many households depend on agriculture and face problems like irregular income and financial instability. SHGs provide support by encouraging savings and offering small loans when needed, helping members manage such challenges (Gohil, 2024).

Overall, SHGs have become an effective tool for improving financial independence and promoting self-reliance. They support rural development by strengthening the financial condition of members and encouraging them to become more

independent (Basak, 2024). This study focuses on analyzing the potential of SHGs in Akola district to understand their role in financial and social development.

Objectives of the Study

- To understand how SHGs help members achieve financial independence and self-reliance
- To assess saving habits, credit access, and use of digital tools among members
- To identify effective group practices and challenges faced by SHGs
- To suggest improvements for better functioning of SHG
- To contribute to rural development and women empowerment policies

Scope of the Study

This study mainly focuses on rural households in Akola district, which is a part of the Vidarbha region. The research gives more attention to women who are active members of Self-Help Groups (SHGs), as they play an important role in managing group activities and improving their family's financial condition.

The study looks at important areas such as how members save money, how they take and use loans, the type of income-generating activities they are involved in, and how they take financial decisions in their daily lives. It tries to understand how SHGs are helping them become more independent and confident.

At the same time, the study is limited only to rural areas of Akola district. It does not include urban SHGs or groups from other districts, so that the research remains focused and gives a clear understanding of the local situation.

II. REVIEW OF LITERATURE

Several studies have examined the role of Self-Help Groups (SHGs) in improving the socio-economic conditions of rural communities. These studies highlight the importance of SHGs in promoting financial independence, self-reliance, and women empowerment.

Aggarwal and Shamsi (2022) studied the contribution of SHGs towards women empowerment and sustainable development. The study found that SHGs help women gain confidence, improve their decision-making ability, and actively participate in economic activities. It also emphasized that SHGs play a significant role in enhancing the overall social status of women.

Basak (2024) analyzed the impact of SHGs on socio-economic development and observed that SHGs support income generation by encouraging members to engage in small-scale businesses. The study concluded that SHGs contribute to improving the standard of living of rural households over time.

Gohil (2024) focused on financial inclusion and its effect on the social well-being of SHG members in rural Maharashtra. The findings indicated that access to banking services, credit facilities, and digital tools has a positive impact on both financial stability and quality of life of the members.

Seibel (2016) examined the growth and sustainability of the SHG sector in India. The study highlighted that SHGs have gradually moved towards self-reliance, but their long-term success depends on proper training, management, and institutional support.

A study published in All Research Journal (2015) focused on microfinance activities in Akola district. It revealed that SHGs promote regular savings and provide easy access to credit, thereby reducing the dependence on informal sources of finance such as moneylenders.

Overall, these studies indicate that SHGs play a vital role in improving financial independence, generating income, and empowering women in rural areas. However, they also suggest that challenges such as lack of awareness, limited financial literacy, and need for better training should be addressed to enhance the effectiveness of SHGs.

III. RESEARCH METHODOLOGY

Research methodology simply means the way we carry out a study to understand a problem and find possible solutions. In this research, the aim is to understand how Self-Help Groups (SHGs) are helping people in the Vidarbha region to become financially independent and self-reliant.

a) Problem Identification:

1. Even after joining SHGs, many members still struggle with financial problems in their daily life.
2. Some members do not clearly understand how to manage their savings or use the group funds properly.
3. There is less awareness about using digital tools like mobile banking and UPI among members.
4. In many groups, proper records are not maintained, and meetings are not held regularly.
5. Members also face problems in selling their products due to lack of proper market opportunities.

b) Sampling:

- In this study, around **100 to 120 SHG members** from different rural areas of the Vidarbha region have been included.
- Most of the participants are **women**, as they are more actively involved in SHG activities.
- A **convenient sampling method** has been used because it was easier to approach the respondents and collect information within a limited time.

c) Limitations:

1. This study is limited only to the Vidarbha region, so the results may be different in other areas.
2. The information collected is based on the responses of members, which may sometimes be influenced by personal views.
3. Due to limited time and resources, it was not possible to cover a larger area or more respondents.
4. Changes in government rules or economic conditions in the future may affect the results of the study.

IV. MODELING AND ANALYSIS

Data Analysis and interpretation

1. I feel much more confident in handling and managing money.

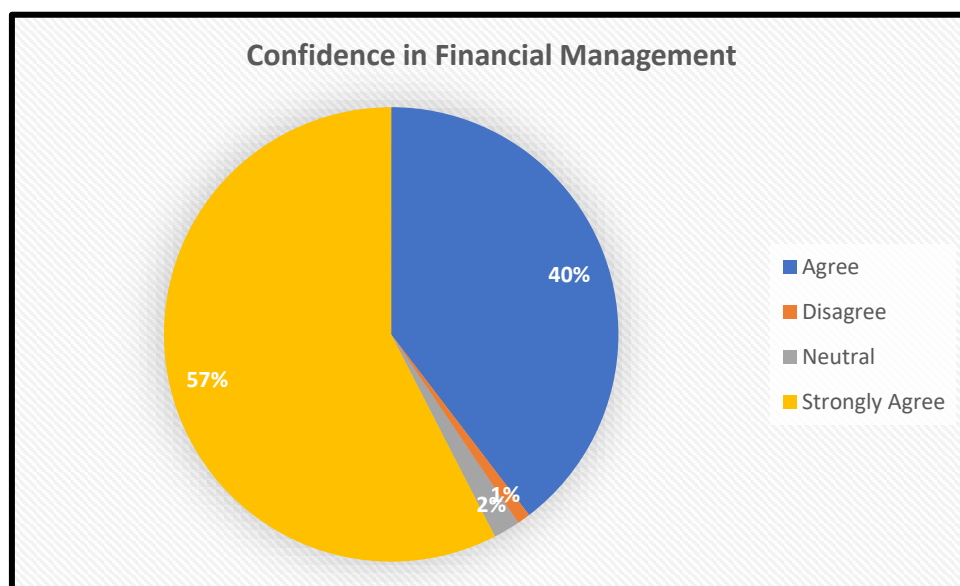


Chart No.1

Data Analysis and interpretation

The pie chart shows that most of the SHG members feel more confident in handling and managing money. About 57% of respondents strongly agree and 40% agree with the statement. Only 2% are neutral and 1% disagree. This indicates that the majority of members have gained confidence in managing their finances after joining SHGs.

2. SHG membership has made me financially independent.

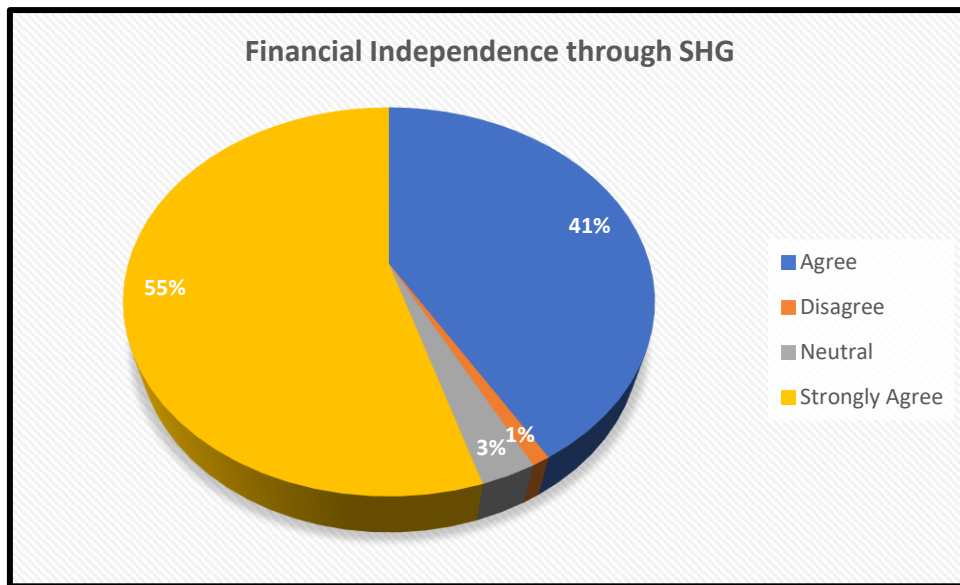


Chart No.2

Data Analysis and interpretation

The pie chart shows that most of the SHG members believe that SHG membership has made them financially independent. About 55% of respondents strongly agree and 41% agree with the statement. Only 3% are neutral and 1% disagree. This indicates that the majority of members feel financially independent after joining SHGs.

3. I save money more regularly now through the SHG.

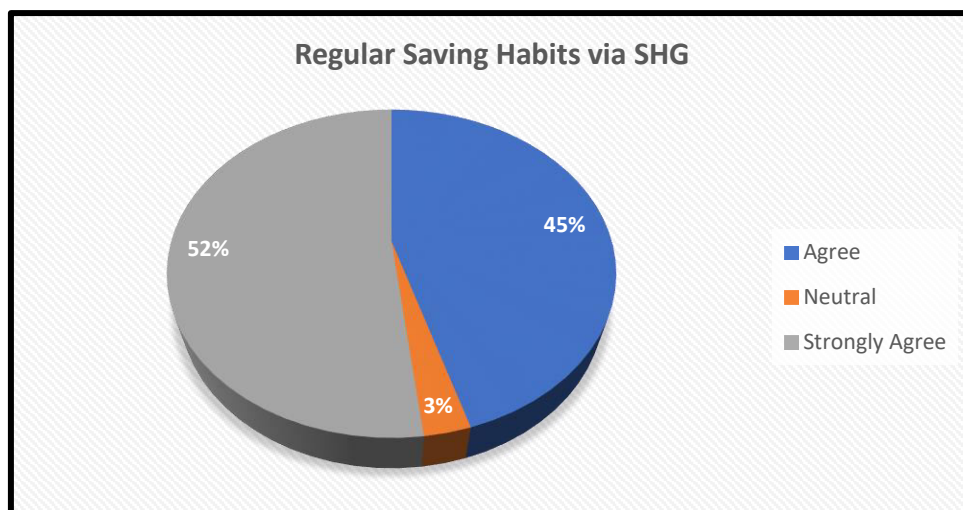


Chart No.3

Data Analysis and interpretation

The pie chart shows that most of the SHG members save money more regularly through the SHG. About 52% of respondents strongly agree and 45% agree with the statement, while only 3% are neutral. This indicates that the majority of members have developed a regular saving habit after joining SHGs.

4. I am comfortable using digital payments (UPI/Mobile Banking) for SHG work.

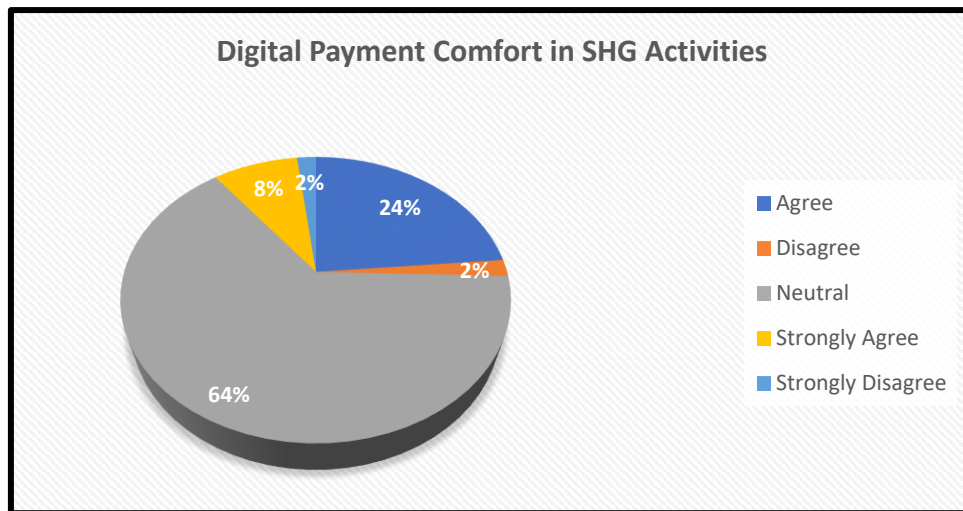


Chart No.4

Data Analysis and interpretation

The pie chart shows that SHG members have mixed opinions about using digital payments for SHG work. About 64% of respondents are neutral, 24% agree, and 8% strongly agree with the statement. A small number of respondents 2% disagree and 2% strongly disagree. This indicates that many members are still not fully confident in using digital tools, and there is a need to improve awareness and training in this area.

5. I believe my SHG has the potential to grow into a larger business/cooperative.

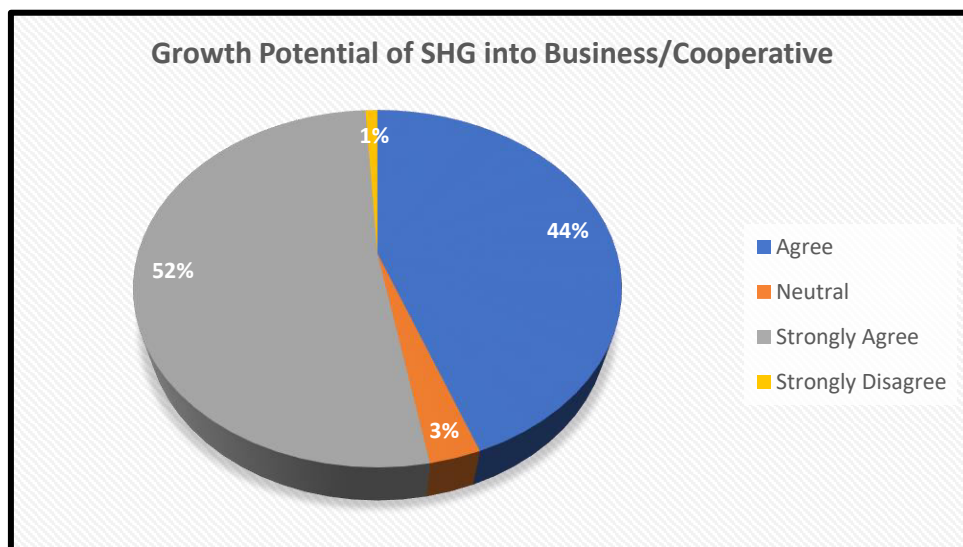


Chart No.5

Data Analysis and interpretation

The pie chart shows that most of the SHG members believe that their group has the potential to grow into a larger business or cooperative. About 52% of respondents strongly agree and 44% agree with the statement. Only 3% are neutral and 1% disagree. This indicates that the majority of members have a positive attitude and strong confidence in the future growth of their SHG.

V. RESULTS AND DISCUSSION

Most SHG members feel that they have become more financially independent after joining the group. Their saving habits have improved, which helps them manage daily needs and handle emergency expenses more easily. Members have also gained confidence in managing money, showing better self-reliance. Many believe that their SHG has the potential to grow into a larger business or cooperative in the future. However, the use of digital tools like UPI and mobile banking is still limited, as many members are not fully comfortable using them. Overall, SHGs are making a positive difference in members' financial lives.

VI. CONCLUSION

The analysis shows that Self-Help Groups are helping members in the Vidarbha region become more financially independent and self-reliant. Most members have developed regular saving habits and feel more confident in managing money. They also believe in the future growth of their groups. However, the use of digital tools is still limited. Overall, SHGs are playing an important role in improving the financial condition and independence of members.

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