



THE IMPACT OF SELF-HELP GROUPS (DWCRA) ON FINANCIAL SERVICES' AWARENESS

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Introduction

In economies like India, where savings often exceed expenditures and women typically manage household budgets effectively through both lean and prosperous periods, there remains a notable gender disparity. Financial inclusion ranks as a top priority on India's national agenda, crucial for fostering inclusive economic growth by extending formal banking services to the most underserved segments of society. India stands out globally for its efficient financial markets characterized by advanced technology, robust regulatory frameworks, and sophisticated systems. The country also boasts one of the highest savings rates globally. Despite these strengths, India continues to face significant challenges as one of the world's poorer nations. The disparity lies not in the amount saved, but rather in the deployment of these savings, prompting a critical need to transform a nation of savers into a nation of investors.

Financial literacy is widely recognized as the foundational step towards achieving comprehensive financial inclusion, fostering financial development, and ultimately ensuring financial stability. Particularly since 2002, its significance has grown markedly as financial markets have become increasingly intricate, posing challenges for the average individual to make well-informed financial decisions. In contemporary society, financial literacy is viewed as a vital skill set, enabling respondents to grasp the importance of savings and effectively navigate modern financial landscapes. The approach to achieving this transformation may vary across countries, necessitating tailored strategies. However, concerted efforts are underway globally to promote financial inclusion, recognizing its potential to markedly improve the financial situations and living standards of the impoverished and marginalized (Garima Kohli and Amisha Gupta, 2018).

According to the Reserve Bank of India (RBI), financial literacy encompasses providing respondents with a thorough understanding of financial market products, including their rewards and risks, to enable informed decision-making. Similarly, the Organization for Economic Co-operation and Development (OECD) defines financial education as a process through which consumers and investors enhance their comprehension of financial products, concepts, and risks. This education equips them with the skills and

confidence to identify financial opportunities, manage risks, seek assistance when needed, and take actions to improve their financial well-being (Tapasya Julka Malhotra and Shravasti Jain, 2017).

In the contemporary digital era, Indian financial institutions have significantly advanced their operations through information technology. Digitalization has become imperative for their survival and growth, leveraging the internet as a pivotal tool for rapid data exchange and communication. Information technology not only drives business operations but also enhances competitiveness by facilitating digital financial services (DFS). These services utilize innovative technologies such as mobile phones and electronic money models to deliver essential financial services efficiently to underserved populations.

Self-Help Groups

India's Self Help Group (SHG) movement stands as a global exemplar of community-driven poverty alleviation and empowerment, particularly notable for its emphasis on women's participation. Originating from India's own innovation, the SHG bank linkage program (SBLP) has emerged as one of the most effective microfinance initiatives worldwide. Over its three-decade history, microfinance has significantly improved livelihoods for nearly a hundred million rural households by facilitating access to enhanced incomes. Guided by regulatory frameworks and policy interventions, the sector witnessed growth and stabilization in fiscal year 2022-23, marking a recovery from the disruptions caused by the COVID-19 pandemic.

As of March 31, 2023, the SHG-BLP covered 16.19 crore rural households, with 134.03 lakh SHGs linked to the banking sector. These SHGs collectively saved Rs. 58,892.67 crore, indicating a 13 per cent and 25 per cent growth in savings compared to the previous year. Notably, women-led SHGs accounted for 112.92 lakh groups and Rs. 52,455.48 crore in savings, constituting 84 percent and 89 percent of the total respectively. However, despite the substantial savings, 69.57 lakh SHGs had outstanding credit of Rs. 1,88,078.80 crore by the end of March 2023, reflecting a credit gap increase from 43.33 percent in FY 2022-23 to 48.09 per cent in FY 2023-24.

Recognizing the saturation of microfinance in southern states, future growth hinges on deepening credit accessibility, necessitating capacity building among SHGs and Joint Liability Groups (JLGs). NABARD has been pivotal in this endeavor, implementing initiatives such as skill development programs and enterprise support. As of March 31, 2023, NABARD had trained 5.85 lakh SHG members through Management and Entrepreneurship Development Programs (MEDPs) and 2.67 lakh members through Livelihood Enterprise Development Programs (LEDPs), supported by grants totaling Rs. 52.39 crore and Rs. 106.10 crore respectively. To further enhance opportunities, NABARD launched schemes aimed at enabling SHGs, JLGs, and micro entrepreneurs to leverage e-commerce platforms, facilitating direct market access and improving income prospects through digital channels (NABARD, 2023).

Self-Help Groups (SHGs) have emerged as grassroots initiatives aimed at addressing these challenges by providing community-based platforms for economic support and empowerment. While SHGs have shown promise in enhancing financial access and awareness, the extent to which they effectively educate and empower their members with essential financial knowledge remains

under explored. The findings of this study are expected to contribute valuable insights to policymakers, development practitioners, and researchers interested in enhancing financial inclusion strategies through community-based approaches like SHGs. Understanding the impact of SHGs on financial awareness can inform targeted interventions and initiatives aimed at further empowering marginalized communities and fostering sustainable economic development.

Review of Literature

Gaonkar Gopalkrishna M. (2014) highlighted in their study that Self-Help Groups (SHGs) originally aimed to address financial challenges among marginalized communities. Today, these groups continue to prioritize financial inclusion, playing a crucial role in boosting economic participation. The study revealed that SHG members experience empowerment not only through microfinance but also through various allied initiatives. It demonstrated that joining SHGs enhances financial awareness and steadily improves the socio economic status of Members within their families and communities. Thus, SHGs serve as a robust instrument for integrating weaker and neglected sections of society into the mainstream.

Das and Patnaik (2016) analyzed the impact of micro finance on women in West Bengal using NABARD data from 2009-10 to 2014. They found that women demonstrated high loan repayment rates and benefited households. Microfinance was recognized as empowering women with awareness and confidence to combat poverty, though significant outstanding loan amounts persisted despite substantial disbursements through SHGs and various banks.

Devarapalli Kondala Rao and Guntaka Jyothi (2014) examined the SHG-Bank Linkage programme in India, focusing on its nationwide spread.

Tamilazhaki and Awasthi (2018) found that joining Self-Help Groups significantly boosted economic indicators such as expenditure (113 percent to 350 percent), annual income (128 per cent to 382 per cent), and savings (425 per cent to 892 per cent). This increased women's participation in household decisions and economic empowerment. Access to credit, asset building, and mobility were top-ranked dimensions of socio-economic empowerment, while challenges related to economic issues hindered SHG effectiveness across different activities.

Jamaluddeen and Serene Alam (2022) explored the impact of Micro finance Institutions (MFIs) and micro-credit (MC) on poverty reduction and women's empowerment in rural Alipurduar, West Bengal. Their study of 336 Self-Help Group (SHG) members highlighted significant correlations between socioeconomic status, women's societal roles, and financial benefits from SHGs. These findings underscore the potential of MFIs to enhance policies that empower women and alleviate poverty.

Bhatnagar and Yadav (2023) examined factors influencing loan repayment in self-help groups (SHGs), finding that SHG maturity significantly affects repayment performance. They identified causes of high delinquency rates such as business failures, natural disasters, and medical expenses. Successful repayment was attributed to profits from agriculture and enterprises among members.

Objectives of the Study

The objectives of the study are to assess the initial access to formal banking services among participants before joining Self-Help Groups (SHGs); To examine the level of awareness among SHG members regarding the usage of ATM cards following their enrollment in SHGs. To investigate the knowledge and familiarity of SHG members with internet banking and Unified Payments Interface (UPI) apps post-enrollment; To evaluate the awareness among SHG members regarding the range of financial services available through SHGs; To understand the awareness of the importance of savings among SHG members after joining the groups; To assess the awareness of understanding of financial planning practices among SHG members post-enrollment.

Methodology

This study employs a descriptive research design to investigate the impact of Self-Help Groups (SHGs) on creating awareness about financial services among women members in Guntur district, Andhra Pradesh. Descriptive research allows for the systematic collection, organization, and analysis of data to describe the current state of affairs and phenomena under study. The study focuses on 120 women who have been members of SHGs for more than five years. The study area is Guntur district, specifically targeting two mandals: Mangalagiri and Tenali. From each mandal, 60 respondents are selected randomly, resulting in a total sample size of 120 respondents. Random sampling ensures representation and minimizes bias, providing a snapshot of the target population's perceptions and experiences. Primary data is collected using structured interview schedules administered face-to-face with the selected respondents. The interview schedules are designed to gather information on various aspects of financial awareness, including access to bank accounts, familiarity with ATM cards, knowledge of internet banking and UPI apps, awareness of available financial services, understanding of the importance of savings, and knowledge of financial planning practices. Frequency tables are utilized to organize and analyze the data collected from the interviews. Frequency tables will be used to present the distribution of responses for each variable of interest, providing a clear and concise overview of the level of awareness and understanding among SHG members regarding financial services.

Results and discussion

Bank account before joining SHGs

Table- 1 presents data on the presence of bank accounts among participants before joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, only 4 respondents (3.30 per cent) reported having a bank account prior to joining SHGs, while the majority, 116 respondents (96.70 percent), did not have a bank account. This indicates a significant lack of access to formal banking services among the respondents before their involvement with SHGs. This data underscores the potential role of SHGs in promoting financial inclusion by providing members with access to banking services. By joining SHGs, respondents who previously did not have bank accounts are introduced to financial services, which can lead to improved financial management, savings, and access to credit opportunities. The low initial presence of bank accounts highlights the initial barriers to financial access that SHGs aim to address through their programs.

Table-1
BANK ACCOUNT BEFORE JOINING SELF-HELP GROUPS

	Frequency	Percentage
Yes	04	3.30
No	116	96.70
Total	120	100.00

Source: Computed from the Primary Data

Awareness about using ATM card

Table - 2 presents data on the awareness of using ATM cards among participants after joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, 85 respondents (70.80 per cent) reported being aware of how to use an ATM card following their involvement with SHGs, while 35 respondents (29.20 per cent) indicated they were not aware. This data indicates that SHGs play a significant role in enhancing awareness about modern banking facilities such as ATM cards among their members. The high percentage of awareness post-joining suggests that SHGs are effective in educating their members about practical financial tools that can improve convenience and access to financial services. Increased awareness about ATM card usage can lead to several benefits for SHG members, including easier access to their savings, reduced dependence on cash transactions, and enhanced financial independence. It also reflects positively on the educational and awareness-building initiatives undertaken by SHGs to empower their members economically.

Table-2

AWARENESS ABOUT USING ATM CARD AFTER JOINING SELF-HELP GROUPS

	Frequency	Percentage
Aware	85	70.80
Not aware	35	29.20
Total	120	100.00

Source: Computed from the Primary Data

Awareness about internet banking

Table - 3 presents data on the awareness of internet banking among participants after joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, only 15 respondents (12.50 per cent) reported being aware of internet banking following their involvement with SHGs, while 105 respondents (87.50 per cent) indicated they were not aware. Internet banking offers numerous benefits such as convenience in fund transfers, bill payments, and accessing account information remotely. Improving awareness and understanding of these services could empower SHG members further by enhancing their financial management capabilities and access to banking facilities.

Table-3

AWARENESS ABOUT INTERNET BANKING AFTER JOINING SELF-HELP GROUPS

	Frequency	Percentage
Aware	15	12.50
Not aware	105	87.50
Total	120	100.00

Source: Computed from the Primary Data

Awareness about using upi apps for making payments

Table-4 presents data on the awareness of using UPI(Unified Payments Interface)apps for making payments among participants after joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, 65 respondents (54.20percent) reported being aware of how to use UPI apps following their involvement with SHGs, while 55 respondents(45.80per cent) indicated they were not aware. This data indicates a moderate level of awareness about UPI apps among SHG members. UPI apps have gained popularity in India for their convenience in making digital payments directly from bank accounts. Increased awareness about UPI app scan contribute significantly to financial inclusion by enabling secure and efficient digital transactions. SHG members who are aware of UPI apps can benefit from faster and more convenient payment processes, reducing dependency on cash and promoting financial independence.

Table-4

AWARENESS ABOUT USING UPI APPs FOR MAKING PAYMENTS AFTER JOINING SELF-HELP GROUPS

	Frequency	Percentage
Aware	65	54.20
Not aware	55	45.80
Total	120	100.00

Source: Computed from the Primary Data

Awareness about financial services available

Table - 5 presents data on the awareness of financial services available among participants after joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, 96 respondents(80.00percent)reportedbeingawareofthefinancialservicesavailablefollowing their involvement with SHGs, while 24 respondents (20.00 per cent) indicated they were not aware. This data indicates a high level of awareness about available financial services among SHG members post-joining. The significant majority of respondents are informed about the various financial products and services accessible through SHGs, which suggests effective communication and educational efforts within SHG programs. Increased awareness about financial services can empower SHG members by enabling them to make informed decisions regarding savings, loans, and other financial transactions. It also reflects positively on SHGs' role in promoting financial literacy and inclusion among marginalized and underserved communities.

Table-5

AWARENESS ABOUT FINANCIAL SERVICES AVAILABLE AFTER JOINING SELF-HELP GROUPS

	Frequency	Percentage
Aware	96	80.00
Not aware	24	20.00
Total	120	100.00

Source: Computed from the Primary Data

Awareness about importance of savings

Table - 6 presents data on the awareness of the importance of savings among participants after joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, 112 respondents (93.30 percent) reported being aware of the importance of savings following their involvement with SHGs, while only 8 respondents (6.70 per cent) indicated they were not aware. This data demonstrates a high level of awareness among SHG members regarding the significance of savings. The overwhelming majority of respondents recognize the importance of saving money, which reflects the effectiveness of SHGs in promoting financial literacy and

Fostering a culture of savings among their members. Awareness about the importance of savings is crucial for financial stability and resilience. SHG members who understand the value of savings is better equipped to manage their finances, plan for the future, and withstand financial shocks or emergencies.

Table-6

AWARENESS ABOUT IMPORTANCE OF SAVINGS AFTER JOINING SELF-HELP GROUPS

	Frequency	Percentage
Aware	112	93.30
Not aware	08	6.70
Total	120	100.00

Source: Computed from the Primary Data

Awareness about financial planning

Table-7 presents data on the awareness of financial planning among participants after joining Self-Help Groups (SHGs). Out of 120 respondents surveyed, 114 respondents (95.00 per cent) reported being aware of financial planning following their involvement with SHGs, while only 6 respondents (5.00 percent) indicated they were not aware. This data demonstrates a very high level of awareness among SHG members regarding financial planning. The overwhelming majority of respondents recognize the importance of planning their finances, which highlights the effectiveness of SHGs in promoting financial literacy and empowering their members with essential financial management skills.

Table-7

AWARENESS ABOUT FINANCIAL PLANNING AFTER JOINING SELF-HELP GROUPS

	Frequency	Percentage
Aware	114	95.00
Not aware	06	5.00
Total	120	100.00

Source: Computed from the Primary Data

Conclusion

The study investigated the impact of Self-Help Groups (SHGs) on creating awareness about financial services among participants. Before joining SHGs, a vast majority (96.70 per cent) of respondents did not have bank accounts, highlighting the initial lack of financial inclusion. This underscores SHGs' role in introducing members to formal banking channels. Post-joining SHGs, 70.80 per cent of participants became aware of ATM card usage. This suggests SHGs effectively educate members on basic banking tools, enhancing convenience and financial access. Only 12.50 per cent of respondents were aware of internet banking after joining SHGs, indicating a need for improve dedication on digital financial services within

SHG programs. Awareness of UPI apps for payments stood at 54.20 per cent, demonstrating moderate familiarity with modern payment methods among SHG members post-enrollment. A substantial majority (80.00 per cent) of respondents were aware of available financial services through SHGs, showcasing SHGs' success in informing members about financial products and opportunities. Awareness about the importance of savings was high (93.30 per cent) among SHG members, indicating effective communication on financial planning and security. An overwhelming majority (95.00 per cent) of respondents understood the concept of financial planning after joining SHGs, emphasizing SHGs' role in promoting financial literacy and empowerment.

To further enhance awareness about financial services among SHG members, several strategic initiatives can be implemented. Firstly, SHGs should enhance the training programs to include comprehensive modules on digital financial services such as internet banking and UPI apps. Peer learning networks within SHGs can also be fostered to encourage knowledge sharing among members. Regular community workshops and seminars focused on financial literacy and planning should be organized, tailored to the specific needs and preferences of SHG participants. Collaboration with banks and financial institutions can provide targeted training sessions on banking products and services accessible to SHG members. Utilizing mobile technology to deliver financial education content in a user-friendly manner is another effective approach. Continuous monitoring and evaluation of financial education initiatives within SHGs will be essential to assess effectiveness and make necessary adjustments based on feedback and outcomes, ensuring sustained improvement in financial awareness and empowerment among SHG members.

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