

Informal Financial Mechanism in Goa – A Sustainable Solution to Rural Uncertainties

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Abstract

Informal financial arrangements continue to operate alongside formal banking in Goa, reflecting their relevance to local financial needs and community practices. This study examines the operational mechanisms of informal finance, with particular attention to Cofre` - one of the specific mechanism of informal financing in rural Goa, and identifies the factors underlying participants' perceptions and support. Primary data were collected through a structured questionnaire administered to a purposive sample of 400 participants during January–September 2026, supported by secondary literature and field observations. Operational practices were examined descriptively, while principal component analysis with Varimax rotation was used to identify the underlying dimensions of participation. The participation scale demonstrated high internal consistency, with Cronbach's alpha of 0.96. Five components explained 67.239% of the total variance: perceived financial value, access to lump-sum funds, saving discipline and procedural simplicity, social connections, and easier access to funds. Field findings describe Cofre` as a community arrangement involving regular contributions, pooled savings, collective lending decisions and distributions aligned with local festivals. Emerging practices include digital contributions, electronic recordkeeping, bank deposits and collective enterprise initiatives. The findings suggest that participation reflects a combination of financial usefulness, accessible procedures, cultural familiarity and community relationships. Informal finance therefore has potential to complement formal financial services in addressing planned expenditure and urgent funding needs. Strengthening transparency, financial literacy and institutional linkages could support its continued relevance.

Keywords : *Informal Finance, Rural, Goa, Sustainability, Villages, Trust, Community Saving and Lending.*

Introduction

A smoothly functioning financial service sector is essential to the strength and stability of any nation. It not only facilitates economic growth by channelling savings into productive investments, but also supports business development (Bharati N., 2014) through access to credit, ensures financial inclusion for individuals, and provides mechanisms for risk management. In essence, it acts as the backbone of a country's economy, enabling both households and enterprises to thrive. Under normal circumstances, we tend to relate financial sector only to formal financial system of the economy. However, a significant role has been played by the informal financial mechanism in economy, even in absence of formal financing. Informal savings and lending practices prevailing in the ancient era were the only source of regular savings, borrowings in emergencies and all other purposes. The present

research highlights the reasons to parallel functioning and sustainability of the strongly rooted informal financial mechanism in Goa serving the path of numerous rationales.

Literature Review

Way back in **1973**, **Kurtz** pointed out that Rotated Credit Associations emerged as a solution to poverty and deprivation from formal banking. **Chhetri (1995)**, examined the functioning and significance of Rotating Credit Associations (RCAs) in Nepal, with particular focus on *Dhikuri*, a traditional rotating savings and credit system widely practiced among different communities. In urban centres such as Pokhara – Nepal, businesspeople use Dhikuri as a source of working capital and investment finance. **Smets (1996)**, analyzed the role of community-based finance systems as a means of improving the living conditions of low-income urban populations in South Africa. The study provides a detailed analysis of three major forms of informal financial organizations: Rotating Savings and Credit Associations (ROSCAs), Savings Associations (SAVAs), and Accumulating Savings and Credit Associations (ASCRA). **Buijs (1998)**, highlighted the significance of Rotating Savings and Credit Associations (ROSCAs) among poor women in South Africa, particularly in Grahamstown (Rhini) and Zwelitsha in the Eastern Cape Province. The study found that many women used ROSCA funds to sustain self-employment ventures such as hawking and petty trading. **Schreiner (2000)**, in his paper *“Informal Finance and the Design of Microfinance,”* analyzed the relationship between informal financial systems and microfinance institutions and highlighted the lessons that formal microfinance programs can learn from informal finance. The paper identified six major strengths of informal financial systems. **Hsu (2012)**, highlighted the contribution of informal finance into China’s economic development and analyzed its continuing relevance in supporting economic growth. Informal lenders are often able to respond more quickly to market opportunities and provide funding to innovative entrepreneurs, thereby supporting business expansion, employment generation, and economic dynamism. The study suggests that informal finance has contributed substantially to the rapid growth of China’s private sector. **Ruziev and Midmore (2014)**, evaluated the functioning of informal credit institutions in urban Uzbekistan during the post-communist transition period. The study focused on the lending behavior of urban moneylenders and explored their role in addressing the financing needs of entrepreneurs in an economy undergoing significant institutional and economic transformation. **The SIDBI-IFMR LEAD (2018)** report titled, *“Study on Informal Sector Lending Practices in India”* examined the role of informal lending in meeting the credit requirements of micro-enterprises across India. The study highlighted that, micro-entrepreneurs continue to rely on informal sources such as moneylenders, relatives, friends, suppliers, and business networks to bridge the financing gaps created due to challenges of obtaining formal finance. **Cao, Chan, Hou, and Jia (2019)**, tested the relationship between religion and informal finance in China, focusing on trade credit as a major form of informal financing. The study examined whether religiosity influences the availability and effectiveness of trade credit among Chinese non-state listed firms. **Khan and Ali (2021)**, highlighted the role of Rotating Savings and Credit Associations (ROSCAs) as an informal source of finance for wholesale and retail traders in Peshawar, Pakistan. Nearly 68 percent of the respondents reported that ROSCA was their primary source of business finance. **Nguyen and Canh (2021)**, identified the determinants of formal and informal financing decisions among small businesses in Vietnam. The findings reveal that entrepreneurs often prefer informal finance because of its speed, flexibility, lower transaction costs, and reduced documentation requirements. **Mpofu and Sibindi (2022)**, conducted a comprehensive review of informal finance and its role in addressing the financing needs of Small and Medium Enterprises (SMEs) in Africa. The authors found that SMEs generally rely on informal finance under two circumstances. First, informal finance acts as a last resort for businesses that fail to obtain credit from formal financial institutions due to information asymmetry, lack of collateral security, high perceived risk, low financial literacy, and inadequate credit information systems. Second, some entrepreneurs voluntarily choose informal finance because of its flexibility, convenience, faster loan processing, minimal documentation requirements, and customized lending arrangements. **Pradeep Kumar B. and**

Sumalatha (2024), examined the repercussions of dependence on informal sources of finance among tribal communities in the Wayanad district of Kerala. **Simatele and Bolarinwa (2025)**, examined the impact of blending formal and informal finance on the performance of selected firms in South Africa. The study concluded that informal finance should not be viewed merely as a substitute for formal finance but rather as a strategic complement that can enhance financial inclusion and enterprise growth. **Mallick and Ramachandran (2026)**, tested the relationship between gender, geography, and access to finance among women entrepreneurs in India. The study challenges the widely held assumption that urban entrepreneurs possess a financial advantage over rural entrepreneurs. The findings revealed that rural women entrepreneurs had significantly better access to finance than urban women entrepreneurs. This advantage was largely attributed to greater access to government assistance programs, stronger participation in Self-Help Groups, and increased availability of credit from informal lenders and community-based financial networks. The results indicate that informal financial institutions continue to play a vital role in supporting women's entrepreneurial activities in rural India.

Identification of Research Problem

Based on the extensive foreign and Indian literature reviewed following research gap emerged that justify this study on the Informal Financial System in Goa.

Most of the existing studies have been conducted in countries such as China, Pakistan, South Africa, Vietnam, Nepal, Uzbekistan while Indian studies are concentrated in states such as Rajasthan, Maharashtra, Kerala, Tamil Nadu, and Delhi. There is a noticeable absence of empirical research examining the structure, functioning, and significance of informal financial systems in Goa. As well existing studies primarily examine operational aspects, financial inclusion, welfare outcomes, business growth, and social capital. Very few studies focus on the perceptions and motivation of the participants in informal financial systems. Thus, the need for present study.

Research Questions

In order to plan a systematic methodology for the present study, following research questions have been developed.

1. How does the informal financial system function in the state of Goa?
2. What influences the public to participate and support the informal financial system in the state of Goa?

Objectives of the Study

Following are the main objectives of the study

1. To analyze the operational mechanisms of the Informal Financial System in the State of Goa.
2. To identify the key factors determining public perception and support towards the Informal Financial System in the State of Goa.

Research Methodology

In order to study the above specified objectives, a systematic research methodology has been planned and executed. The present study is based on the primary data as well as secondary information. The conceptual clarity to the study is given based on the information collected from various research studies available in journals and thesis. However the core content of the study is based on the primary data collected with the help of quality interviews and later a structured questionnaire administered upon the selected participants of informal financial groups located in the state of Goa.

Considering the justification through Krejcie and Morgan Table of sample selection, with a population of more than 14 lacks in India as per the census of 2011, a purposive sample of 400 informal finance group participants including 56 group leaders who also are the participants in total have been chosen and their perception has been studied.

The period of study has been total nine months including the survey period (January 2026 to September 2026).

The data collected for the purpose of study has been tested for the normality using Shapiro – Wilk Test and the P. Value (0.237) obtained indicated that the sample selected for the study has a data of a normal distribution. Thus, the data analyses have been done using statistical tools such as Exploratory Factor Analysis. The data has been also tested for reliability using Cronbach’s Alpha. The obtained value of reliability scale is 0.96 indicating the data is reliable for inference.

Results, Discussion and Implications

The results of qualitative and quantitative data analyses has been presented and discussed elaborative in two separate sections which are aligned objective wise as under.

7.1 Section I: Operational Mechanism of The Informal Financial System in the State of Goa

Goa is one of the beautiful tourism based state which has high literacy rate, one of the highest per capita income in comparison to a number of states in India, and with a claim of hundred per cent financial inclusion (Parasharam, 2018). Although Goa has a well developed formal banking sector, since more than 50 decades there has been a strong functional informal financial mechanism operating in the state of Goa in parallel to the formal sector.

In this section, the study highlights a specific type of informal financial arrangements that prevails in Goa to serve different purposes of public needs. It is explained as under:

Cofre` - A Traditional Community-Based Financial System In Goa

Cofre` appears to represent one of the traditional forms of informal finance operating within local communities in Goa, as identified through the field investigation. In the earlier era, temples or local community groups collected money mainly for organizing religious festivals and related activities. People also had a culture of offering money to God whenever there used to be annual religious fair locally known as “*Jatra*” or the annual festival locally known as “*Melh*” or “*Shigmo*”. After the Jatra, Melh or Shigmo, once all festival related expenses were paid off, there were occasions when some amount of money that was collected would remain as a surplus. Rather than allowing this money to remain unused, the temple or group of people to whom this money was offered, would provide it as financial assistance or as a loan to a person within the local community who was genuinely in need of funds. Such assistance was largely based on mutual trust, social relationships and community responsibility, rather than on formal documentation or collateral. The borrower was generally expected to repay the amount before or by the time of the next annual festival. Repayment was important because the money would again be required to meet festival expenses or to assist another person in need. Thus, the same pool of money could circulate within the community and serve both religious and financial purposes.

However, this informal arrangement faced an important problem. In some cases, borrowers failed to repay the money within the expected period. When the money was not returned, the temple or group had fewer funds available for the next festival and for further lending. Consequently, dependence only on the surplus generated from festival collections was neither sufficient nor sustainable.

To overcome this limitation, the practice appears to have gradually become more systematic. Instead of relying exclusively on whatever money happened to remain after festival expenses, members began making periodic contributions to create a more regular and dependable pool of funds. These contributions strengthened the common fund and made it possible to provide financial assistance to members or other eligible persons when required.

Thus, what may have begun as the occasional lending of surplus festival money in Goa's villages, gradually developed into a community-based financial mechanism involving regular contributions, pooled funds, lending and repayment. This evolving arrangement came to be known locally as **Cofre`**.

A distinctive feature of this arrangement is its **festival-to-festival cycle**. Traditionally, a Cofre` may commence around the time of a particular festival and continue until the occurrence of the same festival in the following year, thereby covering approximately 52 weeks. Depending upon the community and locality, the cycle may be associated with festivals such as Chaturthi, Gudi Padwa, Diwali, Shigmo, Dussehra, or other locally important festivals. For example, in Goa, Ganesh Chaturthi is a famous festival and a Cofre` begins around Chaturthi and ends just before Chaturthi in the following year. Thus, the members receive their accumulated savings at a time when they may need money for festival expenses. The timing of the financial cycle is therefore not arbitrary; rather, it is closely aligned with the cultural calendar and expenditure patterns of participating households.

Some of the field findings highlighted following features of this mechanism called Cofre`:

1. Each Cofre` is managed by a leader who is also one of the participant member in the contributing group.
2. One leader may have two to three Cofre` groups simultaneously being operated by him.
3. Cofre` leader may be a man or a woman. In this study out of the total participants, women are 86 per cent.
4. Leader of Cofre` is usually the socially known and accepted personality from the village.
5. Every Cofre` has on an average minimum 10 members including the leader.
6. Every village in Goa has on an average 10 to 20 Cofre`.
7. Money is contributed every week by the members on the decided day of the week at decided time by all members visiting either at the leader's residence or any common place like temple.
8. Once the Cofre` cycle begins the new participants are not allowed to join in, neither allowed to change the pre-decided amount of contribution.
9. If on any contribution day, if a member defaults the contribution, he /she has to pay fine of Rs. 10 to Rs 50 as per the verbally pre-decided terms of the Cofre`.

10. Leader has to maintain the cash contribution in his custody – usually cash is kept in a box called '*Petul*' in Konkani which is the local language of Goa.
11. The box is usually kept under the lock for which three separate keys are maintained with three different members of the group which do not include the leader. Leader only keeps the cash box in his / her house.
12. One of the key holder member is entrusted with the duty of recording the contribution collected on the day of collection.
13. Money collected from each member is separately noted down against that member's name and also if money is lent to the member.
14. Money is lent to the member only after all the mutual decision of all members.
15. No security is asked from the borrowing member against the loan.
16. Money borrowed may be used by the member for whatever purpose they need it for.
17. Interest of Rs. 10/- on every Rs. 100/- is charged on the loan amount.
18. Loan given to a member usually does not exceed his/her total contribution for the year to avoid the risk.
19. Upon mutual agreement of all the members and the guarantee given by one of the members, loan may be sometimes granted to a non member too.
20. If the non member defaults the loan repayment, the guarantying member is held responsible of repayment of the amount.
21. Money is regularly contributed by all the members and is disbursed to all as per their accumulated contribution at the maturity of the Cofre`.
22. The system is so motivating that, there are groups which are managed also by children in the villages once they start understanding importance of saving.

This festival-linked structure is particularly significant because festivals often involve additional household expenditure. Families may need money for the purchase of food items, clothing, gifts, household goods, religious materials, decorations, travel, social gatherings, and other customary expenses. Such expenditure may place pressure on the regular household budget if the entire amount has to be arranged at one time. Through Cofre`, however, members are able to spread the financial burden over the year by making relatively small contributions periodically. Although this mechanism is festival linked, currently people have started using it as a source of funding their small businesses and occupations too.

Cofre` has drastically changed over the decades and transformed itself into one of the strongest source of fund in the villages of Goa. Field investigations show that following are the transformations that have taken place in Cofre`.

1. Earlier participants used to contribute money in cash only, now they have started using digital transfer of money. This has brought the larger number of people to form the groups and also the groups are formed across villages.
2. Some parts of the villages where the leaders are well educated, have started using computerized accounting using Excel or even in some cases a tailor made application known as '*Khata Book*' for maintaining records of contribution collected, loans given and the repayment made by the borrowers.

3. Some groups have started keeping the cash into bank deposits by jointly operating a separate bank account.
4. Some groups realized that they can start small businesses together just like a self help group, multiply their savings and generate a self employment for themselves, especially the women groups.
5. Modern Cofre` is a easy source of fund raising as used by rural Goa and this is gaining a fast momentum in today's scenario where it is proving to be a step towards 'Atmanirbhar Bharat'

Section II: Factors Determining Public Perception and Support Towards the Informal Financial System in the State of Goa.

Informal finance in terms of Cofre` forms an important part of the financial lives of individuals and communities in rural Goa. Understanding the preference of participants, the factors why they join these groups and what encourages continued public support is one of the objectives of this study. This objective seeks to identify the underlying considerations that makes Cofre` relevant and acceptable to their participants.

To identify the main factors influencing participation in informal financial groups, 35 statements representing different reasons for members joining the groups were considered. These statements covered access to funds, saving habits, financial benefits, convenience, social relationships and perceptions of security, etc.

The below given are the statements which clearly depict the reasons responded to by the members of informal groups. These responses are collected in the range of the members agreement as 'Strongly Agree' to 'Strongly Disagree' asked as per Likert scale.

1. I participate in this group because I have limited access to formal banking services.
2. This group provides me easier access to funds compared to banks or financial institutions.
3. I find this group - procedures simpler than formal financial systems.
4. This group helps me meet my financial needs without complicated documentation.
5. I feel excluded from formal financial systems, which motivates me to join this group.
6. This group encourages me to save regularly.
7. I find it easier to save money through this group than individually.
8. Participation in this group helps me build financial discipline.
9. I join this group to accumulate a lump sum amount for future needs.
10. This group reduces my tendency to spend money unnecessarily
11. This group allows me to access a lump sum of money when needed.
12. I depend on this group for emergency financial needs.
13. This group is a reliable alternative to borrowing from banks or lenders.
14. I prefer this group because it provides interest-free or low-cost credit.
15. This group helps me manage short-term financial shortages effectively.
16. I trust the group members more than formal financial institutions.
17. Social relationships influence my decision to join this group.
18. Peer pressure or group influence encourages me to participate in this group.

19. This group strengthens my social network and community ties.
20. I feel a sense of belonging when participating in this group groups.
21. This group offers more flexible saving options than banks.
22. The contribution amounts in this group are manageable for me.
23. This group fits well with my income pattern (weekly).
24. I find this group participation convenient and easy to manage.
25. This group allows flexibility in contribution timing when needed.
26. I believe this group provides better financial benefits compared to other saving methods.
27. I participate in this group to earn financial returns.
28. This group helps me avoid unnecessary spending.
29. I see this group as a safe way to manage my money.
30. This group provides better value compared to keeping money idle at home.
31. This group helps me achieve my financial goals.
32. I feel more secure participating in this group.
33. I prefer informal financial systems like this group over formal ones.
34. I participate in this group out of habit or tradition.
35. Being part of this group gives me peace of mind about my finances.

An Exploratory Factor Analysis was used to group the above responses reviewed from the members on the reasons into a smaller number of meaningful factors that influence members to support and join the informal financial system.

The scale recorded a Cronbach's alpha of 0.96, indicating excellent internal consistency among the 35 statements. This means that responses to the statements were highly reliable.

Before extracting the factors, the Kaiser–Meyer–Olkin (KMO) measure was used to assess whether the patterns of correlations among the statements were suitable for factor analysis. The eigen values were then examined to determine how much variance each extracted factor explained and to guide the selection of factors for interpretation. Varimax rotation was applied to make the factor structure clearer by helping statements associate more distinctly with particular factors.

A minimum factor loading of 0.50 was set for retaining a statement. Of the 35 statements initially considered, two did not meet this criterion and was excluded from the interpretation. The remaining 33 statements were used to identify and name the factors representing members' principal reasons for joining informal financial groups. Result of the Exploratory Factor Analysis is presented in the following table:

Table No 1: Factors Representing Participants' Preference for Informal Financial System

Sr. No.	Name of the Factor		Variable Code	Factor Loading	Eigen Value	Total Variance
01	Perceived Value	Financial	R29	.822	8.793	25.862
			R35	.789		
			R33	.786		
			R31	.785		
			R30	.743		
			R27	.732		
			R32	.726		
			R28	.708		
			R34	.704		
			R24	.694		
			R23	.655		
			R25	.652		
			R26	.651		
			R22	.600		
02	Access to Funds	Lump-Sum	R9	.766	4.168	12.259
			R11	.733		
			R10	.696		
			R12	.668		
			R13	.629		
			R14	.585		
03	Simple Procedures	R6	.712	4.053	11.922	
		R7	.705			
		R4	.659			
		R8	.656			
		R3	.589			
04	Social Connections	R19	.743	3.866	11.370	
		R18	.718			
		R20	.668			
		R17	.634			
		R21	.554			
05	Easier Access to Funds	R1	.822	1.981	5.826	
		R5	.529			
		R2	.522			
Total Variance Explained						67.239

Source: Compiled from Primary Data

Members' Reasons for Joining and Supporting the Informal Financial Groups

A total of 400 selected members have shown their wholehearted support and preference towards the informal financing in Goa through various reasons for which they have joined this system. An analysis of these reasons have been done using the Factor Analysis where, the

Kaiser–Meyer–Olkin (KMO) value of 0.931 indicates that the sample chosen for analysis is adequate and therefore the correlations among the statements are highly suitable for this analysis. Bartlett's Test of Sphericity was also significant, $\chi^2(561) = 10,653.558, p < 0.001$. This shows that the statements are sufficiently correlated to identify underlying factors.

Principal Component Analysis with Varimax rotation produced five components. Together, they explain 67.239% of the total variance in members' reasons for joining informal financial groups. The derived factors account for 25.862%, 12.259%, 11.922%, 11.370% and 5.826% of the variance, respectively. Statements with displayed loadings of at least 0.50 were considered when interpreting and naming the components in Table Number 7.1 above.

In the above table, all the derived factors are shown with their respective variables loading on them. The explanation to each is as under.

Perceived Financial Value

The first factor brings together statements that reflect members' perceptions of the financial value, security and convenience offered by informal financial groups. R29 describes the group as a safe way to manage money while R32 expresses a feeling of security. R35 refers to financial peace of mind and indicate that members associate participation with reassurance about their finances. R26, R27 and R30 reflect the perceived financial advantages of participation, including better benefits than other saving methods, opportunities to earn returns and better value than keeping money idle at home. R31 further connects these benefits with the achievement of financial goals, while R28 reflects the group's role in helping members avoid unnecessary spending.

The factor also incorporates the practical suitability of participation. R22 indicates that contribution amounts are manageable; R23 shows that the arrangement fits members' income patterns, R24 reflects convenience, and R25 highlights flexibility in contribution timing. R33 expresses a preference for informal financial arrangements over formal ones, while R34 identifies habit or tradition as a reason for participation. Taken together, these statements suggest that members value the groups because they perceive them as financially beneficial, reassuring and compatible with their everyday circumstances. The factor therefore represents a broad assessment of the usefulness and suitability of informal finance.

Access to Lump-Sum Funds

The second factor combines statements concerning the accumulation of money and access to financial support. Statement coded as R9 expresses the intention of the group members to accumulate a lump sum savings for future needs, while R11 highlights the ability to obtain a lump sum urgently when required. These statements suggest that informal financial groups serve both as a means of preparing for future expenditure and as a source of funds at a suitable time. R10, which concerns reducing unnecessary spending, connects expenditure control with this process of accumulating money.

R12 extends the factor to emergency financial needs, while R13 identifies the group as a reliable alternative to borrowing from banks or lenders. R14 adds the attraction of interest-free or low-cost credit. Together, these statements indicate that members associate participation with preparing for future needs, meeting emergencies and obtaining affordable financial assistance. The factor therefore represents the role of informal financial groups in making substantial funds available for planned and urgent requirements.

Simple Procedures

The third factor combines the ease of participating in informal financial groups with their perceived contribution to disciplined saving. R6 indicates that the group encourages regular saving, R7 suggests that saving through the group is easier than saving individually, and R8 reflects the development of financial discipline. These statements show that members associate group participation with a more consistent and organized approach to setting money aside.

R3 and R4 explain the procedural dimension of this factor. Members perceive the procedures as simpler than those of formal financial systems and appreciate being able to meet financial needs without complicated documentation. Together, the five statements suggest that accessible procedures and a structured saving arrangement are closely associated in members' responses. Accordingly, Saving Discipline and Procedural Simplicity describes this factor more fully because its meaning includes both ease of participation and the encouragement of regular saving.

Social Connections

The fourth factor primarily reflects the social relationships surrounding participation in informal financial groups. R17 indicates that social relationships influence the decision to join, while R18 identifies peer pressure or group influence as an encouragement to participate. These statements suggest that participation decisions are shaped partly by the people with whom members interact. R19 and R20 extend this dimension by referring to stronger social networks, community ties and a sense of belonging. Thus, members associate the groups with both social influences on joining and social connections experienced through participation.

R21, which concerns more flexible saving options than banks, also loads on this factor. Although this statement addresses a financial feature rather than a directly social one, its inclusion indicates that perceived saving flexibility is associated with the social dimension in the observed responses. The factor therefore represents participation embedded in community relationships, together with an appreciation of flexible saving arrangements. It does not, by itself, establish that social connections cause greater flexibility.

Easier Access to Funds

The fifth factor reflects members' difficulties in accessing formal finance and their perception of informal groups as an accessible alternative. R1 identifies limited access to formal banking services as a reason for participation, while R5 refers to feeling excluded from formal financial

systems. Both statements indicate that barriers within formal finance can form part of members' motivation to join informal groups.

R2 complements these statements by indicating that the group provides easier access to funds than banks or financial institutions. Taken together, the statements represent participation associated with restricted formal financial access and the availability of a more accessible alternative. Whereas the second factor concerns the financial purposes served by lump sums and credit, this factor specifically concerns access barriers and the relative accessibility of informal finance.

It may be noted that the reason - statement coded as R15 and R16, has no loading displayed at the 0.50 threshold in the rotated matrix of factor analysis and is therefore not assigned to any of the five factors. Overall, the analysis suggests that members' participation is shaped by a combination of perceived financial value, access to funds, simple saving practices, social relationships and easy access to funds in times of urgency. These are the main reasons explaining the whole hearted support of public to the informal financial system in Goa.

Contribution of the Study

The study contributes to understanding how traditional informal financial mechanisms such as Cofre` can provide a locally rooted financing option for entrepreneurship and self-employment in Goa. By documenting regular savings, pooled contributions and accessible lending practices, it highlights how communities can mobilize their own resources to support small businesses and occupational activities. These funds may help aspiring entrepreneurs meet initial investment requirements, purchase tools and materials, or manage working capital needs.

The study also draws attention to features that could support the sustainability of such initiatives. Regular contributions encourage saving discipline, while community relationships and collective decision-making provide a foundation for mutual support and accountability. The adoption of digital payments, improved recordkeeping and banking linkages offers opportunities to strengthen these arrangements as participants' financial needs evolve. Their long-term viability, however, requires transparent management and responsible lending.

In relation to Atmanirbhar Bharat mission of India, the study highlights the potential of community savings to encourage self-reliance through locally financed livelihood opportunities. It provides insights for government agencies, financial institutions and entrepreneurship development organizations seeking to connect informal savings groups with business training, financial literacy and enterprise support. Such collaboration could help participants translate accumulated savings into productive activities, contributing to local employment and economic independence while preserving community ownership.

Conclusions

The study highlights the relevance of informal financial mechanisms in Goa, particularly Cofre`, in meeting financial needs through community cooperation, regular savings and

accessible lending. Rooted in local traditions and social relationships, these arrangements help participants accumulate funds, manage anticipated expenditure and respond to urgent financial requirements. Their appeal lies in procedural simplicity, manageable contributions, perceived financial value and the sense of belonging associated with participation.

Beyond meeting household and festival expenses, informal finance offers a potential foundation for starting an independent business or occupation. Access to pooled funds can help members purchase tools, acquire materials, undertake trading activities or support existing livelihood initiatives. Regular saving also encourages financial discipline, which is valuable when planning and managing an enterprise. Collective business initiatives may further create opportunities for members to combine resources and skills.

The adoption of digital payments, improved recordkeeping and banking linkages indicates that these traditional practices can adapt to changing needs. With transparent management, responsible lending and financial guidance, Cofre` can support pathways towards self-employment and economic independence.

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