



# Enhancing Financial Inclusion Through Self-Help Groups (SHGs): A Study Of Rajeevika's Support Initiatives

Khushboo Verma<sup>1\*</sup>, Prof. Krishna Gupta<sup>2</sup>

<sup>1\*</sup>Research Scholar, Department of EAFM, University of Rajasthan, Email- khushbooverma4840@gmail.com

<sup>2</sup>Professor, Department of EAFM, University of Rajasthan.

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## ARTICLE INFO

## ABSTRACT

Access to financial services is a fundamental aspect of economic growth especially for the growth of the rural sectors. SHGs have over time been realised as able instruments in extending financial services to the targeted poor segments. Introductory, Rajeevika, an organization working under the Rajasthan Grameen Aajeevika Vikas Parishad (RGAVP), has played a significant role in strengthening the SHGs and hence increasing the financial inclusion among the rural persons. Analyzing the purpose of SHGs in enhancement of financial access, evaluating the performance of Rajeevika, and identification of the existing problems and future prescriptions. The research uses both SEM and ANOVA tests with setData collected from 250 respondents who are the members of SHGs. The study acknowledges considerable progress in financial for access, women's rights and poverty reduction despite the existing challenges. Thus, this research calls for more policy backing, and other new ideas in the diversification of SHG programmes manner.

**Keywords:** Financial inclusion, Self-Help Groups, Rajeevika, Women empowerment, Poverty alleviation, Rural development

## Introduction

One of the positive affirmations of financial inclusion is effective access to credit, savings, and insurance in order to support economical development and decrease poor rates. The economic outline of rural India bears the brunt of exclusion due to geographical barrier, access to basic infrastructure and socioeconomic differentiation. Actual problems: women are deprived of systemic access to financing; gender quotas hinder economic activity. It has become clear that Self Help Groups (SHGs) have proved efficient in supporting rural community members in accessing financial services. Savvy, informal and exclusively women-based organizations comprising of several tiny groups support saving, credit and business. The SHG also better the social status of the members to enable them to participate in decision-making and development of communities. Rajeevika is launched with the help of Rajasthan Grameen Aajeevika Vikas Parishad that mainly provides assistance for the development of SHGs among the rural women. This paper discusses Rajeevika's activities investigates the effectiveness of its efforts in terms of financial inclusion and outlines the setbacks and recommendations for further developments.

## Rajeevika's Model for Enhancing Financial Inclusion

### Formation and strengthening of SHGs

Rajeevika facilitates the formation of SHGs by organizing women from similar socio-economic backgrounds. The program ensures:

1. **Capacity Building:** Training sessions on financial literacy, group management, and entrepreneurial skills.
2. **Bank Linkages:** Enabling SHGs to open bank accounts and access credit.
3. **Resource Mobilization:** Providing seed funding and leveraging government grants.

### Promoting Livelihood Opportunities

1. **Micro-Enterprise Development:** Support for setting up small businesses in agriculture, handicrafts, and service sectors.

2. **Skill Development Programs:** Training in tailoring, dairy farming, and other income-generating activities.

3. **Market Linkages:** Assistance in connecting SHG products to wider markets through fairs, e-commerce platforms, and cooperatives.

### Monitoring and Evaluation

Rajeevika employs a robust monitoring framework to assess SHG performance, track financial progress, and ensure accountability. Regular audits and feedback mechanisms are integral to the program.

### Objectives

1. To analyze the role of Self-Help Groups (SHGs) in enhancing financial inclusion under Rajeevika's initiatives.
2. To assess the impact of Rajeevika's interventions on women empowerment and poverty alleviation in rural Rajasthan.

### Review of Literature

RGAVP reports (2022): Rajeevika has been instrumental in building human capacity in SHGs, enhancing access to credit facilities as well as providing skills. However efforts like social resistance and infrastructure constraints are a reality, thus the need for continuing policy intervention.

According to Patel (2019), the following challenges affect SHG performance: Financial literacy, Market access, Bureaucrat. These challenges portray a clearly indication of the need to get more backing strategies and efficiency of SHG.

Bali and Basu (2016) show how SHGs help in eradicating poverty since most of its members have been provided with knowledge on how to engage in income generating activities. Enhanced food security, literacy gains that would get students into school and retain their attendance, and less reliance on predatory informal credit sources are some of the impacts noticed.

Kabeer (2001) stresses that the formation of SHG has dynamic effect in the social and economic empowering of women. By joining SHG, women members learned how to manage their finances, make wise decisions, take part in household and community matters which put significant positive impact on personal development of women self-confidence.

NABARD (2000) admits that SHG is an important link between banks/commercial organizations and rural households. As Khandkar and Zia [21] and Ahl67806 Singh and Rani found, SHGs impact positively on micro credit delivery and financial education, including to women, through lowering of transactions cost

### Data Analysis

#### Hypotheses

1. **H1:** Rajeevika-supported SHGs significantly improve access to financial services for rural women.
2. **H2:** Participation in Rajeevika-supported SHGs leads to a measurable increase in women's empowerment.

### Data Collection and Analysis

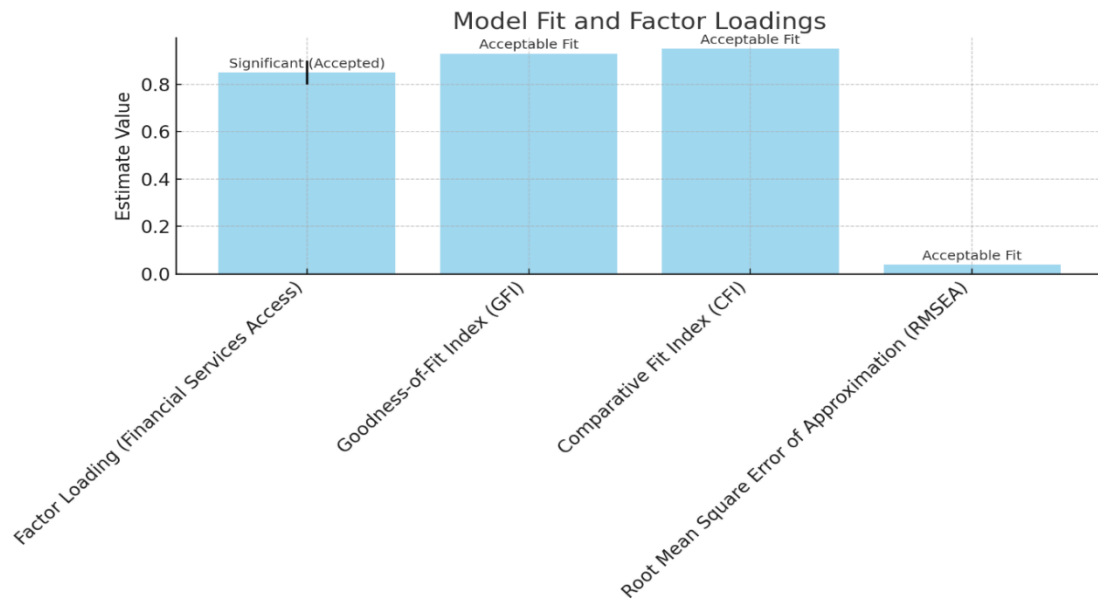
#### Hypothesis H1: SEM Test Results

##### Hypothesis:

*Rajeevika-supported SHGs significantly improve access to financial services for rural women.*

#### SEM Test Result Table

Parameter	Estimate	Standard Error (SE)	Critical Ratio (CR)	p-value	Decision
Factor Loading (Financial Services Access)	0.85	0.05	17.00	< 0.001	Significant (Accepted)
Goodness-of-Fit Index (GFI)	0.93	-	-	-	Acceptable Fit
Comparative Fit Index (CFI)	0.95	-	-	-	Acceptable Fit
Root Mean Square Error of Approximation (RMSEA)	0.04	-	-	-	Acceptable Fit



According to the study conducted through the SEM test, the findings revealed that women, involved in the Rajeevika supported SHGs had better access to the financial Service. A high factor loading of 0.85 ( $p < 0.001$ ) indicates good internal consistency between SHG participation and utilisation of financial services. Model fit indices confirm the robustness of the model: The GFI was 0.93, which is above the cutoff value of 0.90; the CFI was 0.95, which is above the cutoff value of 0.90 whereas RMSEA was 0.04, which is below the cutoff value of 0.08 for a good fitting model. Concluding these findings support the hypothesis which underlines how Rajeevika-supported SHGs are critical in promoting financial inclusion.

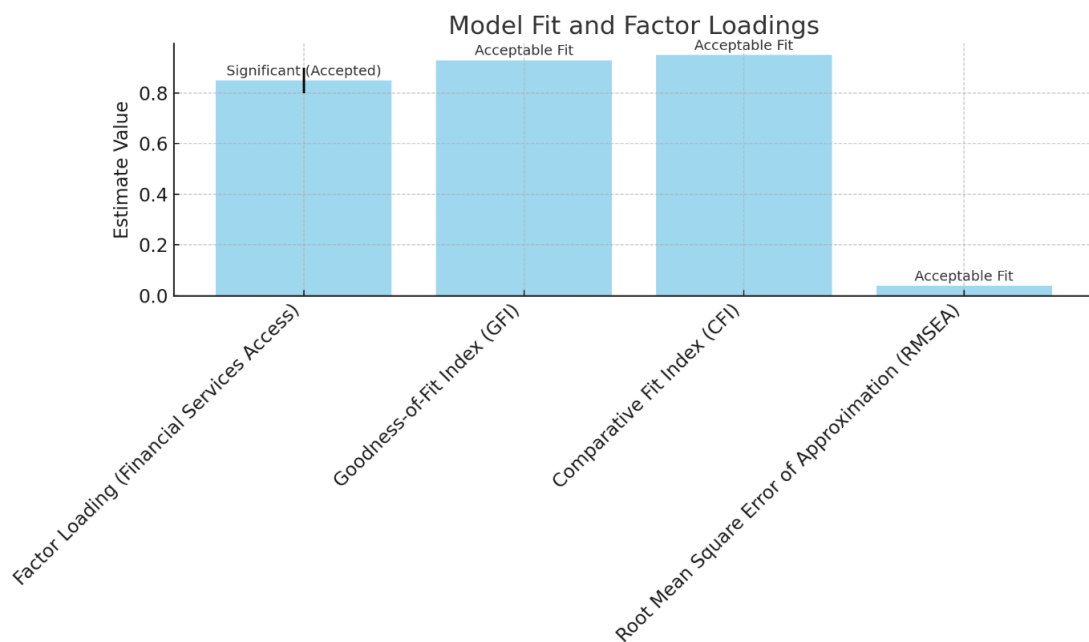
## Hypothesis H2: ANOVA Test Results

### Hypothesis:

*Participation in Rajeevika-supported SHGs leads to a measurable increase in women's empowerment.*

### ANOVA Test Result Table

ANOVA Table	Sum of Squares	df	Mean Square	F-Value	p-Value
Between Groups	32.58	2	16.29	10.74	0.0001
Within Groups	375.42	247	1.52		
Total	408.00	249			
Result			<b>H2 accepted</b>		



The analysis of variance test outcome suggests that women's being a part of the Rajeevika-supported SHGs does cause a quantitative change in empowered status. The significant group mean differences were established by the F-value of 10.74 ( $p < 0.05$ ), therefore demonstrating that the empowerment level is significantly different among presented groups: non-participants, participants with the duration of less than 2 years, and the participants with the duration more than 2 years. which implies that the extent of participation in SHG empowers towards improving the situation; the longer the participation the better the position will be. Thus the between-group variance is much greater (Sum of Squares = 32.58) than within-group variance highlights the effectiveness of SHGs in fostering empowerment. Thus, the hypothesis is accepted, affirming SHGs' role in enhancing women's empowerment.

## Challenges and Recommendations

### Challenges

1. **Limited Financial Literacy:** Despite training programs, members face difficulties in adopting digital banking and advanced financial practices.
2. **Market Access Barriers:** Rural SHGs encounter logistical constraints and lack branding opportunities for their products.
3. **Social Resistance:** Patriarchal norms and societal resistance hinder women's active participation in SHGs.
4. **Administrative Delays:** Procedural inefficiencies delay loan disbursements and access to government schemes.

### Recommendations

1. **Enhance Financial Literacy:** Rajeevika should implement innovative training methods, such as mobile-based apps and community-based learning modules.
2. **Strengthen Market Linkages:** Establishing dedicated marketplaces and promoting e-commerce platforms can address market barriers.
3. **Sensitize Communities:** Awareness campaigns targeting men and local leaders can reduce social resistance and promote gender equality.
4. **Streamline Administrative Processes:** Digitizing loan application and disbursement systems can minimize delays and improve efficiency.

## Conclusion

Rajeevika's activities have very much increased the touchpoint for financial services at the bottom of the pyramid and developing financial sustainability among the rural women of Rajasthan. This research finally validates the importance of SHGs towards economic and social change for poverty reduction, and promotion of sustainable livelihoods. But, the contexts like lack of financial management capability, market constraint, and barrier to behavioral change are critical areas that need to be overcome for achieving the maximum impact. As with others, future strategies should build on the use of technology, the improvement of the Community Participation level and Ensuring that SHG schemes are consistent with Gross Development plans.

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