

ASSESSING THE IMPACT OF MICROFINANCE SCHEMES ON WOMEN'S EMPOWERMENT IN RURAL RAJASTHAN

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Abstract

This study examines the case of Rajasthan, where a predominantly rural population and deeply rooted socio-cultural norms shape the scope and effectiveness of microfinance interventions. The state's traditional socio-cultural environment, low literacy rates, and persistent gender inequality create specific challenges for microfinance initiatives, making it a critical area for research. This study explored the implementation, outcomes and challenges of microfinance initiatives on women's empowerment in rural Rajasthan. The study assesses the ways in which microfinance fosters social and economic growth for rural women, with a particular focus on the Stand-Up India Scheme, Pradhan Mantri MUDRA Yojana (PMMY), Rajasthan State Rural Livelihood Mission (RSRLM), and National Rural Livelihood Mission (NRLM). From 2020 to 2023, the study uses a secondary data-based approach to gather information from official reports, economic surveys, NABARD publications, and academic literature. The findings indicate that its impacts differ depending on the geographic area. While tribal and isolated communities still face structural and sociocultural impediments, empowerment results are more noticeable in non-tribal and economically developed districts, such as Ajmer and Bhilwara. The findings also suggest that microfinance can significantly promote gender-inclusive development, but in order to guarantee significant and long-lasting empowerment, a more comprehensive and gender-sensitive implementation strategy that includes capacity building, digital access, community engagement, and focused policy interventions is necessary.

Keywords: *Microfinance, Women Empowerment, Financial Inclusion, Rajasthan*

1. Introduction

Empowering women, the first teacher of humankind, has been recognized as a key driver of socio-economic and inclusive growth globally (Duflo, 2012), and especially in developing nations like India, it is being strengthened through government programs, Self-Help Groups (SHFGs), NGOs, media, and education, although persistent gaps in employment, education, and decision-making indicate the need for sustained collective efforts. According to Kabeer (2005), women's empowerment is the process of enhancing their capacity to make decisions and act on them across social, political, cultural, and economic dimensions. In rural India, where traditional norms and economic dependence limit women, microfinance has emerged as a key tool to promote empowerment. Rajasthan is India's largest state by geographical area. Although microfinance has significantly enhanced women's access to credit, savings behaviors, and involvement in income-generating activities, there are reports which highlight that the main

obstacles to the government programs' efficacy include patriarchal norms, digital illiteracy, inadequate post-loan support, and the exclusion of vulnerable populations (access to entrepreneurial opportunities to women including micro business that can potentially grow into unicorns with collective women cooperative e.g. Lijjat papad).

Microfinance has emerged as a critical instrument for poverty reduction and women's empowerment, particularly in rural economies where access to formal banking services remains limited. By facilitating credit, savings, and income-generating opportunities, microfinance enables marginalized households to enhance their socio-economic resilience. Microfinance promotes financial inclusion by helping marginalized communities build assets, generate income, and reduce vulnerability to economic shocks. In India, government schemes, MFIs, and SHGs focus on empowering women at the grassroots level, fostering entrepreneurship, savings, social solidarity, and participation in family and community development (Singel, 2018).

Microfinance's contribution to women's empowerment has been widely recognized globally in academic business and policy domains. Women who have access to microcredit are more likely to participate in household decision-making, have better mobility and social standing, and feel more confident and valuable, according to studies (Cheston & Kuhn, 2002; Mayoux, 2000; Kabeer, 2005). However, a number of variables, including market accessibility, training assistance, group cohesion, and the larger socioeconomic context, frequently affect the viability of microfinance programs.

Rajasthan, the biggest states in India in terms of land area, is primarily rural, has a traditional sociocultural fabric, low literacy rates, and long-standing gender inequality. Over 75% of Rajasthan's population resides in rural areas, indicating a strong need for targeted financial interventions to support women (Rajasthan Economic Survey, 2023). To enhance women's empowerment and financial inclusion, both the central and state governments have implemented several programs, including the Stand-Up India scheme, PMMY, RSRLM, and NRLM. These initiatives aim to enable women to engage in profitable microbusinesses by providing collateral-free loans, skill development, market linkages, and access to digital financial services.

Several issues still exist despite the policy's strong approval and broad use. Many women, especially those in tribal or underdeveloped regions, encounter obstacles such as poor knowledge, restricted control over loan usage, lack of digital literacy, and inadequate training, according to research (Tripathy, 2021; Verma & Saxena, 2022). Additionally, research indicates that although credit availability has increased, real empowerment outcomes—like self-determination, decision-making, and business viability—remain inconsistent and situation-specific.

2. Review of Literature

Over the past three decades, scholars and policymakers have increasingly recognized the significance of microfinance in advancing women's empowerment. Microfinance not only provides economic support to disadvantaged women but also encourages social transformation, enhances autonomy, and fosters active participation in community life.

2.1 Microfinance and Women Empowerment: Theoretical and Conceptual Foundations

Kabeer (2005) points out that women's empowerment involves a process through which women gain the capacity to make important life decisions in situations where such

opportunities were previously restricted. She emphasizes that access to financial resources through microfinance programs serves as a crucial mechanism for facilitating this empowerment. According to Mayoux (2000), microfinance can contribute to women's empowerment through three pathways: financial self-sufficiency, increased well-being, and collective social change. However, she cautions that empowerment is not automatic and depends heavily on how the programs are implemented. Gautam et al. (2022) concluded that among working women in India's NCR, financial literacy and personal finance planning positively influence financial decisions, while risk behavior has a negative effect. Financial attitude, behavior, and knowledge significantly shape overall financial literacy, offering insights for investors and financial institutions.

Research shows that women's economic empowerment is influenced by multiple factors, including financial practices, education, and institutional support. In Bangladesh, multiple loans and unexpected financial shocks can trap households in debt (Uddin & Uddin, 2021), while in Morocco, education, supportive policies, and reduced structural barriers are key drivers of empowerment (El Hamidi & Ed-Dib, 2020).

2.2 SHGs, NRLM, and Economic Empowerment

In India, Self-Help Groups (SHGs) have emerged as a key conduit for the delivery of microfinance services. Empirical studies by Swain and Wallentin (2009) and Pitt and Khandker (1998) demonstrate that microfinance initiatives targeting women contribute substantially to household income growth, the cultivation of savings habits, and the enhancement of self-efficacy. The NRLM has played a central role in facilitating the establishment of SHGs and broadening access to financial services nationwide.

Research by Bouasria et al. (2020) in Mauritania sheds light on institutional hurdles to financial development, inclusion, and microfinance. Using a mixed-methods approach that included secondary data, econometric analysis, and expert interviews, the study discovered that, while men and women have equal access to financial services, credit is more widely available to public sector employees, educated individuals, and smaller households. Regional disparities were also visible, with access to credit influenced by factors such as unemployment, income, literacy, and population density—revealing, surprisingly, that households in the lowest-density regions had more credit access. Expert suggestions also emphasized the structural barriers for microfinance in Mauritania, underlining the need for targeted changes to increase financial inclusion and minimize regional disparities.

Afolabi & Akinlolu (2021) highlights that Women's businesses significantly contribute to economic growth, but access to formal financing in developing countries is limited due to lack of collateral, property rights, formal employment, financial literacy, and gender bias. Stronger banking regulations, economic reforms, and supportive policies are needed to improve women's credit access and economic participation.

The World Bank (2020) highlights that NRLM has been instrumental in integrating rural women into SHGs, expanding their access to formal finance, and promoting collective economic activities, thereby enhancing their economic participation and empowerment. Similarly, Kandpa (2022) found that SHGs and MFIs in rural Uttarakhand improve women's savings, financial literacy, and linkages with banks, though significant barriers to financial inclusion remain. Both studies emphasize the need for continued efforts to incorporate women into financial institutions for sustainable empowerment.

2.3 Microfinance in Rajasthan: State-Level Trends

Rajasthan has particular difficulties in the delivery of microfinance because of its socioeconomic variety and sizable rural population. According to the Rajasthan Economic Survey (2023)¹ Report, RSRLM has been a major factor in the formation of over 6.25 lakh SHGs, which have saved a total of over ₹1,800 crore. SLBC Rajasthan (2023)² Revealed that over ₹4,000 crore has been distributed over the past five years through SHG-bank linkage schemes. Strong performance has been seen by districts like Ajmer and Bhilwara, which have received over ₹150 crore in MUDRA disbursements and SHG savings, respectively. An analysis of 2,400 SHG members in Rajasthan reveals that older SHGs (those with over eight years of experience) significantly raise women's socioeconomic status when compared to more recent groups. A larger income, savings, loan availability, and household responsibilities are all significant indicators of empowerment. Additionally, the report traces the evolution of SHGs, from their founding by SEWA in 1972 to their current position as a nationwide approach to women's development and financial inclusion, supported by NGOs and NABARD's SHG-Bank Linkage Program. A possible approach is to use SHGs as tools for socioeconomic empowerment.

2.4 Government Schemes: MUDRA, Stand-Up India, and Beyond

The Stand-Up India Scheme and the PMMY have played a significant role in improving access to microcredit for women entrepreneurs. PMMY launched in 2015, offers collateral-free loans to foster entrepreneurship, financial inclusion, and women's empowerment. Despite its positive impact on rural development, challenges such as NPAs, limited outreach, and low financial literacy remain. Strengthening digital access, financial literacy, and monitoring can enhance the scheme's effectiveness and support sustainable economic growth. MUDRA payments to women-led microbusinesses in Rajasthan increased to ₹2,850 crore in FY 2022–2023 (SLBC Rajasthan, 2023)³, indicating a high demand for small-ticket, collateral-free loans.

The Stand-Up India scheme, launched in 2016, this initiative mandates banks to support women and SC/ST entrepreneurs, and has funded over 10,000 projects led by women in Rajasthan (NABARD, 2022)⁴. However, Verma and Saxena (2022) highlighted a lack of awareness and digital barriers as persistent issues in rural areas.

2.5 Critical Gaps and Challenges

Despite measurable improvements in financial inclusion and asset creation, several scholars have questioned the depth of empowerment achieved through microfinance. Goetz and Sen Gupta (1996) argued that simply receiving credit does not equate to control over its use—men in patriarchal households often appropriate loans taken in women's names. Similarly, Tripathy (2021) found that SHG members in tribal belts of Rajasthan often lacked control over SHG finances, especially in male-dominated households. Nair and Tankha (2013) stressed that microfinance programs need to integrate financial literacy, business training, and legal awareness components to foster real empowerment. Moreover, there is a need for better monitoring and evaluation mechanisms to track social outcomes, not just financial indicators.

¹ Rajasthan Economic Survey (2023). Government of Rajasthan.

² SLBC Rajasthan (2023). State Level Bankers Committee Report

³ SLBC Rajasthan (2023). State Level Bankers Committee Report

⁴ NABARD (2022). Annual Report

3. Research Objectives

The objectives of the study are:

RO1. *To investigate how important microfinance programs, such as the NRLM, RSRLM, Stand-up India, and PMMY, are being implemented in rural Rajasthan.*

RO2. *To assess how microfinance initiatives affect rural women socially and economically, with a focus on their capacity for making decisions, their saving practices, their involvement in entrepreneurship, the accessibility of loans, and their overall sense of empowerment.*

RO3. *To Identify Barriers Limiting the Effectiveness of Microfinance Schemes in Rural Rajasthan and to make recommendations based on evidence to improve them.*

4. Methodology

This research employs a descriptive and analytical design to explore the scope and impact of microfinance initiatives within Rajasthan. The methodology relies primarily on secondary data collected from various credible sources. Data were obtained from the Rajasthan Economic Survey (2023), the NABARD Annual Report 2022, the State Level Bankers Committee (SLBC) Rajasthan report (2023), and the Ministry of Finance. (2023) and district-level progress reports available from the Department of Rural Development. These data sets included figures on SHG formation, savings mobilization, credit linkages, repayment rates, and district-wise disbursement of MUDRA and Stand-Up India loans.

For this analysis, the study identified key districts (Ajmer, Alwar, Bhilwara, and Tonk) known for significant microfinance activity, and their data were compared with relatively low-performing districts to highlight disparities and best practices. Information was compiled into tables and visualized through charts to make comparisons clearer.

Data were cross-verified from multiple sources to ensure reliability, and wherever discrepancies arose, official government records were given priority. In addition, qualitative insights were drawn from case studies documented in government reports and previous academic literature. A mixed-methods approach is used in this study, integrating qualitative interpretation with quantitative analysis of district-level data. This ensures a thorough understanding of microfinance programs as well as how they promote women's empowerment in Rajasthan.

5. Findings

The findings indicate the state of implementation of the various schemes by the government.

5.1 Implementation of Major Microfinance Schemes in Rural Rajasthan

India's rural poor, particularly women, may now access financial services and engage in income-generating activities due to microfinance initiatives, which have revolutionized the country's economy and played a key role in facilitating the economic empowerment of individuals, allowing them to move beyond chronic poverty (NABARD, 2022)⁵.

Rajasthan, Bihar, Odisha, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, West Bengal, and Andhra Pradesh are among the states where the National Rural Livelihoods Project (NRLP) has been instrumental in empowering rural households, especially women, to form federations and SHGs, thereby promoting robust community-based financial systems. Financial inclusion has been greatly improved by the program's steady mobilization of funds, active internal lending, and excellent payback rates.

⁵ NABARD (2022). Annual Report

While government interventions have focused on financial inclusion and institutional support, NGOs such as SEWA have expanded empowerment by addressing grassroots needs. Non-governmental organizations, particularly SEWA, have contributed significantly by supporting over 1.9 million low-income women through unionization, microfinance, legal assistance, and rehabilitation, underscoring their transformative role in empowerment and social security. Women members have expanded into a variety of livelihood pursuits, including agricultural, dairy, goat husbandry, and handicrafts. Women's confidence, negotiating abilities, and economic independence have all increased as a result of capacity-building programs in financial literacy, bookkeeping, enterprise creation, and market connections. Furthermore, women are now more involved in the home decision-making and local governance because of the project (World Bank, 2020)⁶.

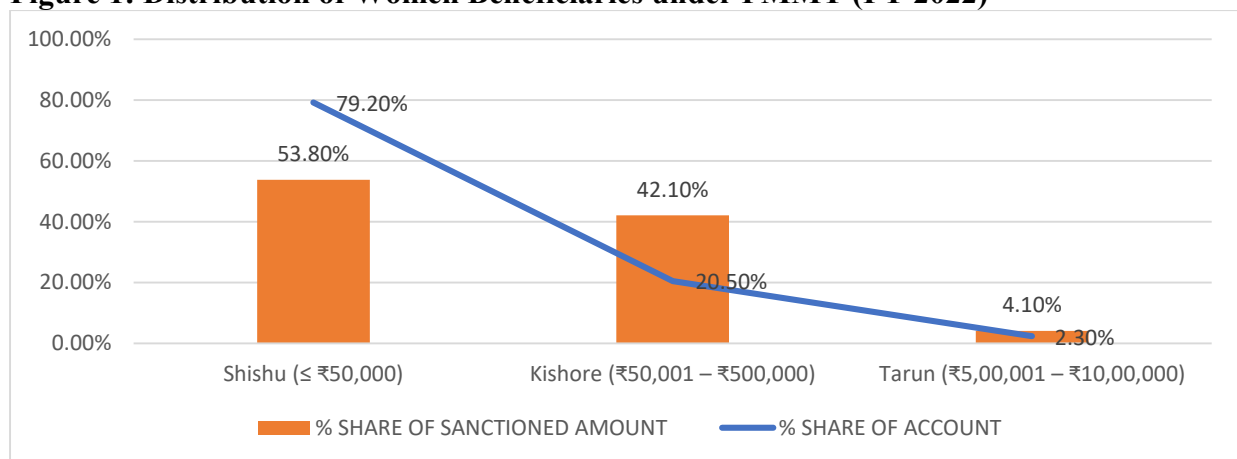
From this, it involves evaluating the on-ground implementation of major microfinance schemes:

PM MUDRA Yojana (PMMY) - PMMY, an initiative that commenced on April 8, 2015, was established to address the credit needs of the micro and small business sectors by offering institutional loans devoid of collateral. Beekeeping, dairy, and poultry are just a few of the many non-agricultural activities that fall under this category. There are four different loan options: Tarun, Kishore, Shishu, and Tarun Plus. NBFCs, MFIs, and public and commercial banks are just a few of the financial institutions that support the effort.

PMMY LOAN DISTRIBUTION

Women's participation in PMMY is characterised by strong reliance on small-ticket credit. NITI Aayog & KPMG (2023). The PMMY in Rajasthan has greatly benefited women, as evidenced by the more than 3.8 million loan accounts and the approximately ₹1.66 lakh crore awarded in FY 2022. Nearly four-fifths of accounts in Rajasthan fall under the Shishu category (figure 1). Shishu accounts (loans up to ₹50,000) make up the bulk of accounts, 79.2%, which reflects women's reliance on microcredit for household-based activities and small businesses. But about 42 % of the approved sum comes through the Kishore category, suggesting that women entrepreneurs are gradually moving toward medium-sized enterprises and growing enterprises. In comparison, only 2.3% of accounts are being used for Tarun loans (₹5–10 lakh), which suggests that there may be obstacles to obtaining larger credit.

Figure 1: Distribution of Women Beneficiaries under PMMY (FY 2022)



Source: PMMY State-wise performance data

Note: The figure displays Rajasthan-specific data (FY 2022) on the distribution of women beneficiaries under PMMY.

⁶ World Bank, South Asia Agriculture and Rural Growth Discussion Note Series. (2020). *Social Inclusion: Implementation, Outcomes and Key Learnings* (Discussion Note No. 1).

Stand-Up India Scheme - An initiative to address entrepreneurial disparities, the Stand-Up India Scheme was established on April 5, 2016. Its primary function is to empower women and individuals from the Scheduled Castes and Scheduled Tribes to create new enterprises by offering collateral-free loans of ₹10 lakh to ₹1 crore for projects in the manufacturing, services, and trading sectors. The loans, which have an 18-month moratorium and a maximum return period of seven years, are offered by Scheduled Commercial Banks.

Pradhan Mantri Jan Dhan Yojana (PMJDY) - The Government of India's Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014 under the National Mission for Financial Inclusion, aims to provide universal access to banking services, financial literacy, credit, and insurance for marginalized populations, especially in rural areas. Key features include zero-balance accounts, RuPay debit cards with insurance, overdraft facilities, and outreach through Bank Mitras and financial literacy campaigns. In Rajasthan, a state with over 75% of its population residing in rural areas (Rajasthan Economic Survey, 2023)⁷. These schemes are essential components of rural livelihood promotion and women's empowerment initiatives.

Rajasthan State Rural Livelihood Mission (RSRLM) - As of 2023, RSRLM⁸ (RSRLM is implemented via RAJEEVIKA, i.e., Rajasthan Grameen Aajeevika Vikas Parishad under the Department of Rural Development, Government of Rajasthan) has facilitated the formation of over 6.25 lakh SHGs, benefiting nearly 75 lakh rural women. Cumulative savings mobilized exceed ₹1,800 crores, with community investment funds disbursed amounting to ₹950 crores. Women report improved savings habits, active participation in local governance, and enhanced bargaining power in households. In Ajmer district, SHG participation has increased household income by an average of ₹2,500 per month, and women have started over 1,500 microenterprises in the last three years.

National Rural Livelihood Mission (NRLM) - NRLM's federated structure has created 2,500 Village Organizations and over 200 Cluster Level Federations (CLFs) in Rajasthan. Women engaged in dairy and handicraft enterprises reported average income increases from ₹3,500 to ₹7,800 per month. Repayment rates for NRLM-supported loans remain above 96%, indicating strong financial discipline. According to the Rajasthan Economic Survey, NRLM credit linkages in Alwar alone reached ₹85 crores, with women-led dairy cooperatives expanding into neighbouring districts.

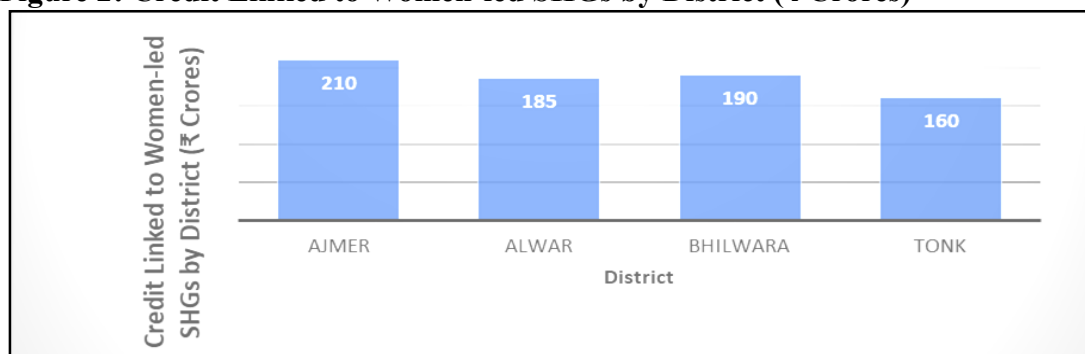
Pradhan Mantri MUDRA Yojana (PMMY) - In Rajasthan, over 58% of MUDRA beneficiaries are women, with total disbursements in 2022-23 reaching ₹11,200 crores. Many women have invested in tailoring units, food processing ventures, and small retail businesses. For example, in Bhilwara district, women-led tailoring units supported through MUDRA reported doubling their household income within two years. The SLBC data shows that Jodhpur district alone sanctioned ₹68 crores under MUDRA to women-run enterprises.

⁷ Rajasthan Economic Survey (2023). Government of Rajasthan.

⁸ Department of Rural Development, Government of Rajasthan (2023). RSRLM Progress Report.

Women-led SHGs by District (₹ Crores)

Figure 2: Credit Linked to Women-led SHGs by District (₹ Crores)



Source: SLBC Rajasthan Report (2023)

While many districts report strong outcomes (Ajmer SHGs hold ₹95 crore in savings; Bhilwara received ₹72 crore in MUDRA loans to women in FY 2022–23), implementation remains inconsistent across the state (SLBC Rajasthan, 2023)⁹. Research findings from Rajasthan's Jaipur Division suggest that SHGs have a profound impact on the empowerment of women. The study found that higher income, leadership, and decision-making authority were strongly correlated with longer SHG participation, education, and training. The study found that SHGs are an effective instrument for social and economic change in rural Rajasthan when they have the backing of the government and digital technology, despite obstacles like patriarchal views. Remote and tribal regions suffer from inadequate financial infrastructure, digital gaps, and socio-cultural barriers that restrict women's participation and autonomy (Tripathy, 2021).

Table 1: Progress of Rajasthan under Microfinance Savings of SHGs with Banks from 2017 to 2021 (From: Ministry of Finance)

Year	2017	2018	2019	2020	2021
No. of SHGs	316729	330912	384733	392640	414529
Savings Amount	34640.2	31942.5	42533.9	37773	42548.1

Microfinance Savings of SHGs in Rajasthan (2017–2021)

The data shows a steady expansion of the SHG network in Rajasthan between 2017 and 2021. The number of SHGs linked with banks increased continuously from 316,729 in 2017 to 414,529 in 2021, indicating wider financial inclusion and growing participation of rural women in the SHG movement.

The savings mobilized by SHGs rose overall from ₹34,640.2 crore to ₹42,548.1 crore during the period. Although savings declined in 2018 (₹31,942.5 crore) and 2020 (₹37,773 crore), the strong rise in 2019 (₹42,533.9 crore) and recovery in 2021 reflect the resilience of SHGs in maintaining saving behavior despite economic disruptions. The gap between the rising number of SHGs and fluctuating savings suggests variations in members' income and saving capacity, rather than a weakening of the SHG framework.

⁹ SLBC Rajasthan (2023). State Level Bankers Committee Report.

Table 2: Progress of Rajasthan under Microfinance Bank Loans Outstanding against SHGs from 2017 to 2021 (From: Ministry of Finance)

Year	2017	2018	2019	2020	2021
No. of SHGs	86484	99286	86416	92091	97429
Loans O/S Amount	52954.3	49689	58544.3	72106.3	81232.6

Bank Loans Outstanding against SHGs in Rajasthan (2017–2021)

Bank credit to SHGs also expanded over time. The number of SHGs with outstanding loans increased from 86,484 in 2017 to 97,429 in 2021, showing improved access to institutional finance. The loan outstanding amount grew sharply from ₹52,954.3 crore to ₹81,232.6 crore, with particularly strong increases in 2020 (₹72,106.3 crore) and 2021.

The faster rise in loan amounts compared to the number of borrowing SHGs indicates an increase in average loan size, reflecting greater bank confidence in SHGs and their growing role in livelihood and enterprise activities. However, it also points to the importance of ensuring productive use of credit to avoid financial stress.

Together, the trends in savings and credit highlight a maturing SHG–bank linkage system in Rajasthan. While savings demonstrate stability and resilience, the rapid growth in credit suggests a shift toward greater reliance on institutional finance for economic activities. This strengthening of financial engagement through SHGs supports women’s economic participation and reinforces the role of microfinance in promoting inclusive rural development. Therefore, it lays the foundation for understanding not just policy intent but practical delivery, institutional capacity, and beneficiary experience. It also highlights systemic gaps—such as inadequate post-loan handholding and limited monitoring mechanisms—that affect overall program efficacy (NABARD, 2022¹⁰)

5.2 Economic and Social Impact of Microfinance on Rural Women

Microfinance programs have gained global recognition as powerful tools for fostering economic inclusion, especially among marginalized groups such as rural women. In the Indian context, and more specifically in Rajasthan, microfinance initiatives are not only financial mechanisms but also catalysts for broader socio-economic transformation. It seeks to critically evaluate how participation in microfinance—through SHGs, government schemes like NRLM, RSRLM, MUDRA, and Stand-Up India—translates into tangible economic and social outcomes for rural women.

Economic Impact - The literature on microfinance reveals its dual impact on both economic and social capital. Access to financial services allows women to initiate or expand microenterprises, which directly contributes to economic stability. Concurrently, participation in SHGs has been found to not only enhance household income and savings but also improve access to formal credit, highlighting the role of these groups in building financial networks and human capital (Swain & Wallentin, 2009; NABARD, 2022¹¹). In Rajasthan, women SHG members have used microloans for various economic activities such as tailoring, livestock rearing, food processing, and petty retail. According to the Rajasthan Economic Survey (2023), over ₹4,000 crore in credit has been linked to women-led SHGs, and districts like Bhilwara and Ajmer report strong uptake and utilization of MUDRA loans (SLBC Rajasthan, 2023)¹².

¹⁰ NABARD (2022). Annual Report

¹¹ NABARD (2022). Annual Report

¹² SLBC Rajasthan (2023). State Level Bankers Committee Report.

Social Impact - The social empowerment dimension of microfinance encompasses increased confidence, enhanced decision-making, mobility, and active participation in community affairs. Research by Cheston and Kuhn (2002) and Mayoux (2000) affirms that microfinance positively influences women's agency and leadership capacity. Social development, especially for rural women, has been successfully promoted by organizations through programs like SHGs financed by the National Bank for Agriculture and Rural Development (NABARD). SHG participation has been linked to better health-seeking behavior, education for daughters, and greater awareness of rights. Yet, the extent of these benefits often varies across caste, education, and regional lines. In tribal and deeply patriarchal areas, social norms still restrict women's financial autonomy and mobility (Tripathy, 2021).

5.3 Barriers Limiting the Effectiveness of Microfinance Schemes in Rural Rajasthan

Despite numerous microfinance schemes have been introduced with the stated aim of fostering women's empowerment and financial inclusion, their effectiveness in rural and tribal regions of Rajasthan remains constrained by persistent structural, socio-cultural, and institutional barriers. This study seeks to examine and critically analyze the major challenges that undermine the intended outcomes of initiatives such as the National Rural Livelihoods Mission (NRLM), the Rajasthan State Rural Livelihood Mission (RSRLM), the Pradhan Mantri Mudra Yojana (MUDRA), and the Stand-Up India scheme.

5.3.1 Socio-Cultural Constraints

Patriarchal social structures continue to constitute a major impediment to women's empowerment in rural Rajasthan. In many cases, women lack decision-making autonomy in financial matters, with loans formally sanctioned in their names being controlled or utilized by male household members (Goetz & Sen Gupta, 1996; Tripathy, 2021). Among tribal communities, customary practices further restrict women's mobility, limit their access to markets, and curtail their participation in capacity-building programs or decision-making platforms. Such constraints significantly diminish the transformative potential of microfinance schemes, as they prevent women from exercising agency over credit and entrepreneurial opportunities.

5.3.2 Lack of Financial and Digital Literacy

Despite the introduction of schemes such as the PMMY (MUDRA) and the Stand-Up India initiative aimed at broadening financial access; insufficient financial literacy continues to hinder women's effective participation. Many beneficiaries face challenges in navigating critical procedures, including documentation requirements, repayment schedules, and the interpretation of interest rates (Verma & Saxena, 2022). Moreover, disparities in digital access further compound these difficulties. Evidence indicates that, compared to men, women in India are 33 percent less likely to use mobile internet services and 15 percent less likely to own a mobile phone (IEEE Computer Society, 2023; Oxfam India, 2022). These persistent gaps in financial and digital competencies constrain women's capacity to fully benefit from microfinance opportunities and impede the broader goal of inclusive financial empowerment.

5.3.3 Inadequate Capacity Building and Post-Loan Support

Capacity building is a critical component for sustaining micro-enterprises. However, training modules under NRLM and RSRLM are often insufficient in duration and content. Many women report that they are receiving only basic orientation without in-depth support on enterprise management, marketing, or legal compliance.

5.4.4 Inefficient Credit Linkage and Institutional Bottlenecks

Despite SHG-bank linkage programs, many groups face delays in receiving funds due to bureaucratic red tape, weak documentation, or lack of coordination between banks and implementing agencies (NABARD, 2022)¹³. Rural banks are often understaffed or reluctant to lend to women due to perceived risks or lack of collateral, even when schemes are designed to offer collateral-free credit.

5.5.5 Exclusion of the Most Marginalized

Though microfinance aims to be inclusive, data reveals that women from SC/ST backgrounds, landless families, or remote tribal regions are underrepresented among beneficiaries (Rajasthan Economic Survey, 2023)¹⁴. Language barriers, geographic isolation, and social stigma further deepen exclusion and marginalization.

6. Discussion

Programs such as NRLM, RSRLM, PMMY, and Stand-Up India have achieved wide coverage in rural Rajasthan. Over 6.25 lakh SHGs have been formed with ₹1,800+ crore in savings and ₹4,000+ crore in credit linkage (Rajasthan Economic Survey, 2023; SLBC Rajasthan, 2023)¹⁵. Districts like Ajmer, Bhilwara, and Jhalawar show promising implementation through structured SHG formations and effective loan disbursement. Access to microfinance has generated notable economic and social outcomes for rural women. It has contributed to increased household income, fostered improved savings behavior, and facilitated the growth of women-led microenterprises, thereby enhancing both financial resilience and entrepreneurial participation at the grassroots level (Swain & Wallentin, 2009; NABARD, 2022)¹⁶. Participation in SHGs and loan schemes has boosted women's confidence, mobility, community participation, and involvement in household decisions (Mayoux, 2000). Empowerment gains are less pronounced in tribal areas due to deep-rooted gender norms, mobility restrictions, and male control of finances (Tripathy, 2021). Entrenched patriarchal norms continue to restrict women's autonomy in financial decision-making, with loans sanctioned in their names frequently appropriated by male household members rather than being utilized by the women themselves (Goetz & Sen Gupta, 1996). A major hurdle is digital and financial illiteracy, where a significant proportion of women lack the skills to navigate digital banking platforms, understand loan documentation, or use services like ATMs and UPI (Verma & Saxena, 2022; IEEE Computer Society, 2023; Oxfam India, 2022).

Conclusion

Women's empowerment fundamentally drives sustainable national development, and the Indian government has implemented a number of programs to reduce gender inequality and encourage inclusive growth. Microfinance has shown a great deal of promise in this policy environment as a tool for women's socioeconomic advancement and the reduction of rural poverty, especially through encouraging financial independence, entrepreneurship, and group involvement. Examining the implementation and effects of significant microfinance interventions on women in rural Rajasthan was the primary objective of the current study.

¹³ NABARD (2022). Annual Report.

¹⁴ Rajasthan Economic Survey (2023). Government of Rajasthan.

¹⁵ Rajasthan Economic Survey (2023). Government of Rajasthan; SLBC Rajasthan (2023). State Level Bankers Committee Report.

¹⁶ NABARD (2022). Annual Report.

These interventions included the PMMY (MUDRA), the RSRLM, the NRLM, and the Stand-Up India program. Utilizing secondary data, official reports, and academic literature from 2020 to 2023, the study provides a thorough evaluation of the practical implementation of these programs and their influence on women's socioeconomic empowerment. By doing this, the study not only highlights the extent to which microfinance schemes have expanded financial inclusion and entrepreneurial opportunities for rural women but also identifies the structural and socio-cultural challenges that continue to limit their transformative potential. Microfinance in Rajasthan has improved rural women's access to savings, credit, and microenterprise opportunities, with over 6.25 lakh SHGs and ₹4,000 crore in credit linkages (SLBC Rajasthan, 2023).

Although microfinance has expanded credit access in rural Rajasthan, women's empowerment remains uneven, especially in tribal and patriarchal regions. Barriers include socio-cultural norms, low financial and digital literacy, inadequate post-loan support, and gender bias. Sustainable empowerment requires integrating skill development, business mentoring, market linkages, digital literacy, male support, and women's agency, with programs adapted to local conditions and embedded in broader, gender-sensitive development initiatives. Rajasthan's experience serves as an example of the potential and constraints of empowerment driven by microfinance. Future initiatives should apply inclusive, participative, and gender-sensitive frameworks to improve the depth and sustainability of impact rather than just increasing coverage.

7. Recommendations

To strengthen microfinance for women's empowerment in rural Rajasthan, it is essential to enhance financial literacy, provide targeted skill development, expand market access through digital platforms, and digitize financial processes for transparency. Low-performing regions like Barmer and Jaisalmer require tailored support, while public-private partnerships and CSR initiatives can further promote women's entrepreneurship and empowerment.

8.1 Limitations

This study is primarily based on secondary data due to time constraints, and its regional focus on Rajasthan limits the generalizability of the findings to other states. The availability of recent and granular data is limited for certain schemes, necessitating reliance on 2023 figures or estimates. Furthermore, the impact assessment is non-experimental, with causality inferred from reported outcomes rather than measured through direct interventions.

8.2 Ethical Considerations

The present study exclusively utilized publicly available secondary data and published sources, there are no ethical concerns regarding privacy or informed consent. If primary data were to be collected in the future, ethical guidelines such as informed consent, anonymity, and voluntary participation would be strictly followed.

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