

SHG FINANCIAL INCLUSION AND WOMEN'S EMPOWERMENT: EVIDENCE FROM RAJASTHAN

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Abstract

This study examines the role of Self-Help Group (SHG)-led financial inclusion in promoting women's economic empowerment in India, with special reference to Rajasthan. Based entirely on secondary data from National Bank for Agriculture and Rural Development, Ministry of Statistics and Programme Implementation, and International Institute for Population Sciences, the study adopts a descriptive and comparative analytical approach. The analysis focuses on institutional financial inclusion indicators such as SHG savings linkage, credit linkage, and bank-wise disbursement, alongside women's economic participation indicators including bank account ownership, paid work, asset ownership, and decision-making participation. Findings indicate significant expansion in SHG-based institutional credit and strong growth in women's formal financial participation. However, Rajasthan-level evidence shows that increased financial access has not fully translated into independent economic empowerment, as limitations persist in productive asset ownership, digital access, and income autonomy. The study concludes that while SHG-led financial inclusion has strengthened women's institutional entry into formal finance, broader economic empowerment requires stronger support through livelihood generation, digital capability, and asset-building policies.

Keywords: Self-Help Groups; Financial Inclusion; Women's Economic Empowerment; Microfinance; Rajasthan; Institutional Credit

1. INTRODUCTION

Women's empowerment has increasingly become a central concern in India's development discourse because inclusive growth cannot be fully realized unless women participate equally in economic and social processes. In this context, financial inclusion has gained importance as a

mechanism through which women can access formal financial systems, build economic security, and gradually strengthen their role within households and communities.

Nilakantan et al. (2013) explains that financial inclusion is not limited to opening bank accounts; rather, it involves enabling vulnerable groups, especially women, to access affordable and reliable financial services that support savings, credit, insurance, and financial decision-making. The paper recognizes that despite policy expansion, many women still face practical barriers such as limited awareness, low financial literacy, inadequate documentation, and restricted mobility, all of which reduce their effective participation in formal finance.

The broader policy significance of financial inclusion in India has also been emphasized in institutional discussions. **Rangarajan Committee in 2008** identifies financial inclusion as an essential requirement for equitable development, arguing that access to financial services allows marginalized populations to participate more effectively in economic activities. The report suggests that women particularly benefit when financial services become accessible because improved access to savings and credit often contributes to better household welfare, educational investment, and long-term social security. At the same time, it underlines that institutional availability alone does not guarantee inclusion unless accompanied by awareness and supportive delivery systems (Borkar, 2023).

Recent empirical evidence further shows that women's access to financial services has direct implications for empowerment outcomes. Sarkar and Singh (2006) observe that financial inclusion contributes positively to women's ownership of resources, economic participation, and control over financial decisions. Their study points out that the empowering effect becomes stronger when women actively use formal financial services rather than merely possessing bank accounts. In this sense, regular banking activity, savings behaviour, and independent financial transactions emerge as important indicators of meaningful inclusion. The paper therefore argues that financial inclusion becomes transformative when women are able to convert access into active financial engagement.

A similar perspective is reflected in **Bansal (2012)**, which places women's financial participation within the broader framework of India's future development agenda. The study highlights that although account ownership among women has improved significantly, major gaps remain in

digital access, financial confidence, and productive asset ownership. It recognizes that women's inclusion in formal finance increasingly depends on financial education, digital capability, and targeted policy support that encourages entrepreneurship and long-term financial planning. In this context, financial inclusion is viewed not merely as a welfare objective but as a strategic foundation for inclusive national growth.

However, the relationship between financial access and empowerment is shaped by social realities that often differ across regions and communities. **Govindapuram et al. (2022)** demonstrate that women's financial inclusion in India is strongly influenced by household-level and community-level social norms. Their analysis shows that informal gender restrictions related to mobility, employment, and decision-making frequently limit women's ability to use banking services even where institutional access exists. The study suggests that formal inclusion policies often operate within deeply embedded social structures, making actual financial participation uneven across different social groups.

This unevenness becomes more visible when examined across Indian states. Garikipati (2012) compares women's empowerment indicators across major states and shows that economic participation, financial autonomy, and household decision-making vary considerably across regions. The study notes that states such as Tamil Nadu and Gujarat demonstrate relatively stronger female participation in paid work and financial decisions, whereas Bihar and Uttar Pradesh continue to reflect lower levels of agency despite growing financial inclusion efforts. The paper therefore argues that increased access to financial services does not automatically eliminate patriarchal constraints, and state-specific strategies remain necessary to address these structural differences.

Within this larger framework, Self-Help Groups (SHGs) have emerged as one of the most significant grassroots institutions connecting women to formal financial systems. Swain and Wallentin (2009) recognizes SHGs as local collective platforms through which women gradually build savings habits, access small credit, and strengthen their confidence in dealing with financial institutions. The paper highlights that SHGs contribute not only to economic participation but also to greater collective voice and social recognition. Women participating in SHGs often develop stronger financial discipline and greater awareness regarding household resource management. At

the same time, the study notes that while SHGs improve financial agency, broader gender norms may still limit the full realization of empowerment.

The developmental role of SHGs is further reinforced by **Kumar and Kumar (2022)**, who compare women associated with SHGs and those outside such groups. Their findings indicate that SHG members generally display higher levels of economic confidence, stronger savings practices, and greater use of loans for productive activities. The study suggests that the collective structure of SHGs encourages women to move beyond subsistence financial behaviour and participate more actively in income-generating decisions. In addition, SHG membership appears to strengthen women's role in family discussions related to expenditure, education, and livelihood planning.

The wider social contribution of SHGs is strongly emphasized by **Singha et al. (2020)**, who argues that financial inclusion becomes meaningful when women are able to use institutional support to improve both economic and social outcomes. The paper highlights that SHGs have contributed to productivity enhancement, local participation, and even reduced vulnerability in domestic settings by improving women's bargaining power. It further suggests that excluding women from finance weakens broader development because women's economic contribution remains closely linked with household welfare and community resilience.

The importance of SHGs becomes particularly visible in Rajasthan, where collective women's groups have played a significant role in livelihood generation. Baranwal (2023) survey revealed that the majority of microfinance borrowers are married women between the ages of 31 and 35 who have poor incomes and little education. They use small loans for livelihood activities and demonstrate serious repayment despite their restricted ability. The paper highlights that these groups have expanded women's opportunities for participation beyond household boundaries and created local support systems through which women can access both financial and social resources.

Microfinance has further strengthened this process by linking rural women to institutional banking structures. **Mathur et al. (2013)** identify the SHG-Bank Linkage Programme initiated by NABARD as one of the most successful microfinance models in Rajasthan. Their analysis shows that the programme expanded formal banking access to rural women through collaboration among banks, NGOs, and local institutions. The study emphasizes that this linkage improved access to

savings and credit while supporting poverty reduction and income generation, making it an important institutional foundation for women's financial empowerment in the state.

Evidence from banking linkages also indicates continuing progress in women's collective savings behaviour. Nilakantan et al. (2013) observe strong growth in SHG savings linkages across different regions, with notable progress in eastern and northeastern areas. Their findings suggest that women's collective savings behaviour continues to strengthen when supported by institutional banking networks. At the same time, the study acknowledges that account ownership alone captures only one dimension of inclusion, and the quality of access remains equally important.

The direct relationship between financial inclusion and rural economic development is also visible in Rajasthan-specific evidence.

Jamnia (2021) study demonstrated that women's lives have been transformed by microfinance and Self-Help Groups (SHGs), particularly in rural regions like Rajasthan. By obtaining small loans and establishing businesses like tailoring, dairy, or small stores, women—many of whom are married and have little education—have earned respect, confidence, and decision-making authority within their families and communities. With less complicated processes than traditional banking and no collateral needs, microfinance services have raised family incomes, savings patterns, living standards, access to healthcare, and the education of children. By encouraging independence, financial literacy, and peer support, SHG participation has improved their social standing and decreased reliance on unofficial moneylenders.

At a broader level, **Goel (2020)** demonstrates that financial inclusion in India has progressed unevenly across states and union territories. Although most regions have improved their inclusion index over time, the pace and quality of progress remain uneven, suggesting that institutional expansion alone cannot ensure balanced outcomes. Regional differences therefore continue to shape how women experience financial inclusion and empowerment.

Taken together, these studies show that women's financial inclusion in India is no longer understood simply in terms of formal access to banking services. It increasingly involves regular use, institutional trust, financial capability, and the ability to translate financial access into meaningful economic agency. Self-Help Groups, microfinance programmes, and banking linkages have created important pathways for women's inclusion, especially in rural areas, yet social norms and regional disparities continue to influence outcomes. In states such as Rajasthan, where collective financial initiatives intersect strongly with government programmes, women's

empowerment appears closely connected to local institutional support, collective participation, and sustained financial engagement.

2. Literature Review

The literature on women's empowerment in India increasingly recognizes that empowerment is a multidimensional process shaped by economic opportunity, social conditions, institutional access, and women's ability to exercise control over resources. Earlier studies often associated empowerment primarily with income generation or access to credit, but recent scholarship demonstrates that formal inclusion alone does not automatically produce economic agency. Instead, empowerment is now examined through broader indicators such as decision-making authority, ownership of assets, labour participation, educational attainment, and freedom to engage with institutions independently. This shift is especially important in the Indian context, where rapid financial inclusion has expanded women's formal access to banking while deeper structural inequalities continue to influence actual outcomes.

A major contribution to this multidimensional understanding is provided by the Indian Institute of Management Ahmedabad through its district-level assessment of women's empowerment in relation to Sustainable Development Goal 5. Using NFHS-4 and NFHS-5 data across 705 districts, the study develops a Women Empowerment Index based on four dimensions: decision-making and mobility, economic control, educational empowerment, and work-life balance (IIMA, 2023). The findings indicate that women's participation in household decision-making and ownership of selected assets has improved across many districts, suggesting progress in visible dimensions of autonomy. However, economic control remains uneven, and work-life balance emerges as the weakest dimension because unpaid domestic labour continues to shape women's economic choices. The report shows that women may participate in family decisions yet remain constrained in labour-market participation and independent economic activity. By highlighting district-level variation, the study demonstrates that empowerment outcomes differ sharply across local contexts, making institutional and regional analysis essential (IIMA, 2023).

A similar analytical direction appears in Singh et al. (2023), who constructs a composite Women Empowerment Index using NFHS-5 data and Principal Component Analysis. The study combines six indicators centered on women's participation in major household decisions and examines how socio-economic determinants influence empowerment through a static panel regression framework. Its findings show that women's education remains the strongest and most consistent determinant of empowerment, stronger than income growth alone. Household sanitation, delayed marriage, and access to clean cooking fuel also significantly improve empowerment outcomes. This finding is important because it shows that economic empowerment develops within a wider social environment. Financial opportunities become more effective when women possess educational capability and when households experience improved living conditions. Thus, empowerment is shaped by both institutional access and the social context within which

women use that access.

Within this broader framework, financial inclusion has emerged as one of the most important institutional pathways for improving women's economic participation. Indian policy and institutional literature increasingly present financial inclusion not merely as account ownership but as women's ability to save, borrow, transact, and participate confidently in formal financial systems. However, available evidence also suggests that expansion of financial services often occurs faster than the development of productive economic outcomes, especially in rural areas where women continue to face literacy, mobility, and market constraints.

This institutional expansion is clearly reflected in National Bank for Agriculture and Rural Development's Status of Microfinance in India 2022–23, which remains one of the most important secondary sources for understanding the present scale of SHG-based financial inclusion. The report shows that 144.22 lakh Self-Help Groups maintain bank-linked savings accounts with deposits amounting to ₹65,089 crore, while nearly 83 per cent of these groups are women-exclusive, indicating that women constitute the dominant institutional base of India's microfinance architecture. These figures confirm that SHGs have become one of the largest collective mechanisms linking women to formal banking institutions. At the same time, the report indirectly suggests that expansion in savings and credit does not automatically ensure enterprise development. While institutional linkages have strengthened, productive conversion of loans depends on local economic opportunities, literacy levels, and women's capacity to engage beyond household boundaries. This explains why administrative success in microfinance does not always translate into equal economic transformation.

The policy environment surrounding women's empowerment also increasingly reflects this broader understanding. The Press Information Bureau presents women's empowerment as a multidimensional process involving economic, social, cultural, and political inclusion. A major policy instrument within this framework is Mission Shakti, implemented during the Fifteenth Finance Commission period, which integrates safety, protection, and empowerment through the verticals of Sambal and Samarthyaa (Government of India, 2023). Sambal focuses on institutional protection and support, while Samarthyaa emphasizes livelihood opportunities, skill development, and economic independence. This policy structure reflects a shift from fragmented welfare interventions toward integrated governance where women's empowerment is linked directly with long-term development goals.

This institutional direction is further reinforced by the Ministry of Women and Child Development, which functions as the apex body for women's welfare and empowerment policy in India. The ministry conceptualises empowerment as a dynamic process extending beyond access to resources and including dignity, rights awareness, autonomy, and participation in economic and social life. Recent policy frameworks emphasize women-led development, digital inclusion, local governance participation, and

institutional convergence (Government of India, 2022–23). This is important because it recognizes that women’s empowerment cannot be achieved through financial schemes alone unless institutional support also addresses social barriers.

Recent national statistics further illustrate both progress and limitations in women’s inclusion. According to Government of India (2023), gender gaps in literacy have narrowed significantly, and educational access for girls has improved across levels. Female labour force participation has also increased, though women remain concentrated in informal and low-paid employment. Entrepreneurship indicators reveal stronger progress, with nearly half of recognized start-ups now having at least one woman director (Government of India, 2023). These changes indicate that women’s formal participation in economic systems is expanding, yet the quality of participation remains uneven.

The relationship between financial inclusion and economic agency becomes clearer when national financial indicators are examined. According to Government of India, Ministry of Statistics and Programme Implementation (2023), women account for 39.2 per cent of total bank account holders in India and contribute 39.7 per cent of aggregate deposits, with their participation highest in rural areas where they represent 42.2 per cent of account ownership. These figures indicate substantial expansion of women’s banking participation across the country. The same source also shows that women’s entrepreneurial visibility has increased significantly, as the number of DPIIT-recognized start-ups with at least one woman director rose from 1,943 in 2017 to 17,405 in 2023 (Government of India, Ministry of Statistics and Programme Implementation, 2023). Political participation has also strengthened, with female voter turnout remaining high and the gender gap in electoral participation narrowing.

Yet deeper structural inequalities remain visible. According to the Data Snapshot on Sustainable Development Goals, women held 13.6 per cent of Lok Sabha seats and 9.44 per cent of State Assembly seats in 2023, while representation in Panchayati Raj Institutions exceeded 45 per cent, reflecting stronger inclusion at the grassroots level (Government of India, Ministry of Statistics and Programme Implementation, 2023). However, economic inclusion remains weaker than political representation. Female casual labourers earned ₹293 per day during July–September 2023 and ₹306 per day during April–June 2023, while female-operated operational landholdings accounted for only 13.96 per cent of total operational landholdings (Government of India, Ministry of Statistics and Programme Implementation, 2023). These figures suggest that although women increasingly participate in financial and political systems, ownership of productive assets remains limited.

This contradiction becomes particularly significant in Rajasthan, where district-level evidence reveals both visible progress and persistent gaps in economic empowerment. The National Family Health Survey 2019–21 provides a layered picture of women’s status in the state. Health indicators show improvement, with nearly 84 per cent of women aged 15–24 using hygienic menstrual protection methods, reflecting broader

progress in health awareness and access (NFHS-5, Ministry of Health and Family Welfare, 2021). However, economic indicators reveal more substantial limitations. Only 28 per cent of women aged 15–49 were employed during the year preceding the survey, indicating continued low labour-market participation despite broader development progress (NFHS-5, Ministry of Health and Family Welfare, 2021). Among employed women, many receive cash earnings, yet unpaid work remains significant, suggesting that women's contribution to household economies often remains insufficiently recognized in formal economic terms.

Household decision-making presents moderate improvement. Nearly two-thirds of married women report participation in decisions regarding health care, major household purchases, and visits to relatives, indicating that women's voice within households has strengthened over time. However, decision-making authority remains uneven across age groups and socio-economic categories, suggesting that empowerment within the household still depends strongly on family structure and social background (NFHS-5, Ministry of Health and Family Welfare, 2021).

Financial inclusion indicators in Rajasthan show stronger institutional progress. Around 80 per cent of women hold a personal bank or savings account that they themselves use, and 53 per cent report independent control over how money is used (NFHS-5, Ministry of Health and Family Welfare, 2021). These figures indicate substantial improvement in formal financial access. Yet the depth of inclusion remains limited when credit participation is examined. Only 43 per cent of women are aware of microcredit programmes available in their area, and only 4 per cent have ever accessed a loan. This suggests that while account ownership has expanded, active use of formal credit remains weak.

Digital financial participation remains another major limitation. Among women who own mobile phones, only 20 per cent use them for financial transactions, showing that digital inclusion remains socially differentiated. Urban, educated, and employed women are significantly more likely to engage in digital financial activities, whereas rural and less-educated women continue to face barriers in practical use of technology (NFHS-5, Ministry of Health and Family Welfare, 2021).

Asset ownership further reinforces this gap between access and economic control. Only 26 per cent of women own a house and 21 per cent own land, indicating that productive ownership remains substantially lower than financial account ownership (NFHS-5, Ministry of Health and Family Welfare, 2021). Since land and housing often determine long-term economic security, these figures suggest that formal financial inclusion has not yet produced proportional gains in productive resource control.

Taken together, the literature consistently suggests that women's empowerment in India cannot be understood solely through financial inclusion indicators. While SHGs, microfinance institutions, and banking programmes have expanded women's formal access to financial systems, the ability to convert that access into sustained economic empowerment remains dependent on education, labour participation, digital

capability, and ownership of productive assets. Existing literature extensively discusses financial inclusion, women's empowerment, and SHG expansion separately, but fewer studies examine how these dimensions interact at the state level, particularly in Rajasthan where banking participation has improved while structural economic inequalities remain visible. This creates an important analytical gap, which the present study addresses by examining whether SHG-led financial inclusion has translated into measurable economic empowerment when assessed through both institutional and socio-economic indicators.

3. Research Methodology

This study is based entirely on secondary data and follows a descriptive and comparative analytical design to examine SHG-led financial inclusion and women's economic empowerment in India, with special reference to Rajasthan. Data have been collected from the National Family Health Survey 2019–21, National Bank for Agriculture and Rural Development, and Ministry of Statistics and Programme Implementation.

National data are used to identify institutional trends in financial inclusion, while Rajasthan-level indicators provide regional comparison. The analysis relies on percentage comparison, descriptive tabulation, and narrative interpretation. Indicators are grouped into three dimensions: institutional financial inclusion, women's economic participation, and empowerment outcomes, enabling assessment of whether financial access corresponds with broader economic empowerment.

4. OBJECTIVES OF THE STUDY

1. To examine the growth of SHG-led financial inclusion in India.
2. To analyse its impact on women's economic empowerment using national indicators.
3. To compare selected indicators of women's empowerment at the national and Rajasthan levels.

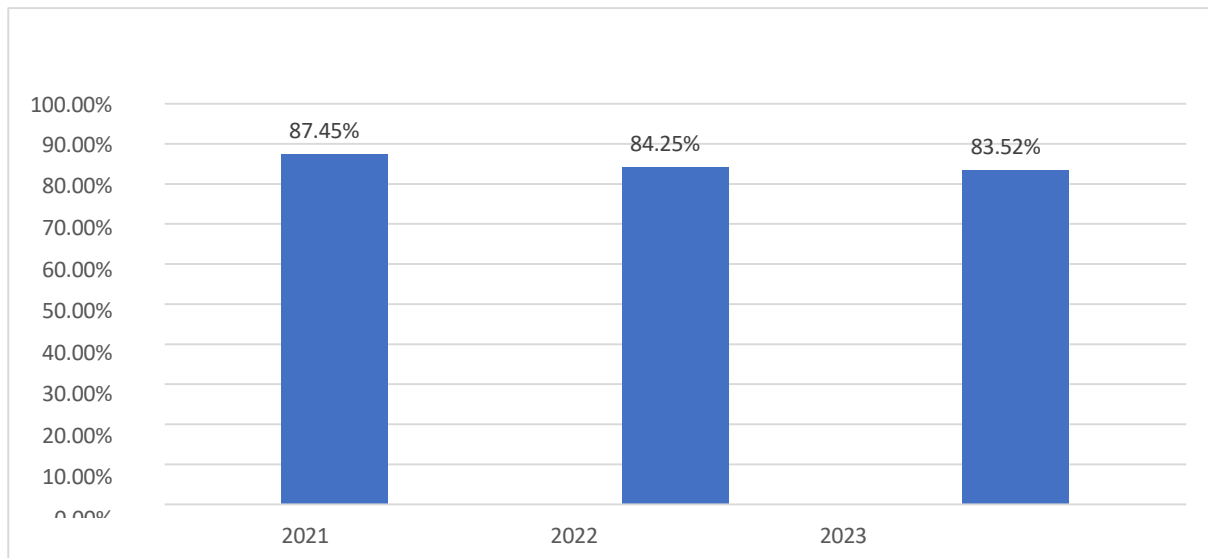
5. ANALYSIS AND DISCUSSION

This section analyses the relationship between institutional financial inclusion and women's economic empowerment using secondary data from major national sources. It examines SHG expansion, formal credit linkages, women's financial participation, and Rajasthan-specific indicators to assess whether increased financial access has translated into broader economic empowerment

5.1 Women's Central Role in SHG-Based Financial Inclusion

Women form the institutional core of India's Self-Help Group movement, and their large-scale participation explains why SHGs are considered one of the most significant grassroots instruments of financial inclusion. The predominance of women-led groups reflects both policy emphasis and the growing acceptance of collective financial participation among rural women.

Figure 1: Women SHGs (in %)



Source: NABARD, Status of Microfinance in India 2022–23.

Women continue to dominate the SHG system in India. Figure 1 shows women-exclusive SHGs accounted for 87.45 per cent in 2021–22, which declined slightly to 84.25 per cent in 2022–23 and 83.52 per cent in 2022–23. Although the share has marginally decreased, the overall number remains very high due to rapid expansion in total SHGs. This indicates that women continue to form the core social base of microfinance and community-based financial inclusion in India

5.2 National Trends in SHG-led Financial Inclusion

After establishing women’s central role, it is important to examine how these groups are linked to formal banking institutions. Credit linkage indicates the scale at which SHGs are integrated into the formal financial system.

Table 1. Number of SHGs Provided Bank Credit Linkage in India

| Number of Self-Help Groups (SHGs) provided bank credit linkage, | Year | Value (in lakhs) |
|---|---------|------------------|
| | 2015-16 | 18.32 |
| | 2016-17 | 18.98 |
| | 2017-18 | 22.61 |
| | 2018-19 | 26.98 |
| | 2019-20 | 31.46 |
| | 2020-21 | 28.87 |
| | 2021-22 | 33.98 |

| | | |
|--|---------|-------|
| | 2022-23 | 42.96 |
|--|---------|-------|

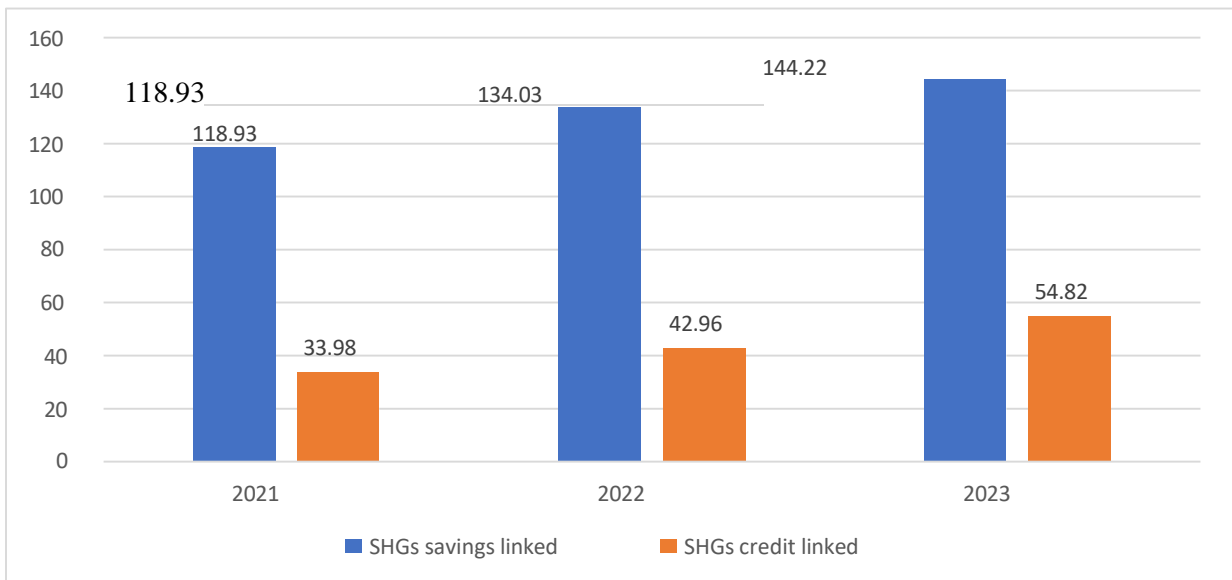
Source: Ministry of Statistics and Programme Implementation (MoSPI), Data Snapshot on Sustainable Development Goals: National Indicator Framework Progress Report, 2023, Government of India.

Table 1 presents the trend in the number of Self-Help Groups provided with bank credit linkage, reflecting the expansion of SHG-based institutional credit as a major instrument of financial inclusion. The number increased sharply within one year, indicating strong post-pandemic acceleration after a brief slowdown during 2020–21. This growth shows that SHGs have strengthened their role as collective financial platforms through which women gain access to formal credit without conventional collateral.

5.3 Savings, Credit and Loan Deepening

The expansion of savings and repeated credit access shows how SHGs gradually move from basic thrift activities toward stronger financial intermediation. NABARD data show that financial inclusion has moved beyond account opening into stronger financial circulation.

Table 2. SHG Savings and Credit Linkage



Source: NABARD, Status of Microfinance in India 2022–23.

The comparison of savings-linked and credit-linked SHGs shows steady strengthening of the SHG-bank linkage system in India. Table 2 shows that Savings-linked SHGs increased from 118.93 lakh in 2021 to 144.22 lakh in 2023, while credit-linked SHGs rose more sharply from 33.98 lakh to 54.82 lakh during the same period. The faster growth in credit linkage indicates that SHGs are moving beyond savings discipline toward greater use of formal borrowing, reflecting deeper financial integration and stronger institutional support. Since women constitute the majority of SHG members, this expansion directly strengthens their economic participation and financial agency.

5.4 Institutional Expansion of SHG Credit through Commercial Banks

The institutional strength of SHG-led financial inclusion in India is strongly supported by public sector banks, which continue to account for a major share of loan disbursement under microfinance-linked programmes. Bank-wise disbursement patterns indicate that a few major commercial banks dominate SHG credit expansion, reflecting both financial outreach and administrative capacity.

Table 3: Bank-wise SHG Credit Disbursement by Major Commercial Banks in India (2023)

| Bank | Disbursement Amount 2023 (₹ Crore) | Accounts Sanctioned (No.) |
|----------------------|------------------------------------|---------------------------|
| State Bank of India | 43,714.32 | 17,99,676 |
| Bank of Baroda | 15,703.32 | 13,58,582 |
| Canara Bank | 21,985.33 | 11,69,323 |
| Punjab National Bank | 20,931.55 | 8,91,421 |

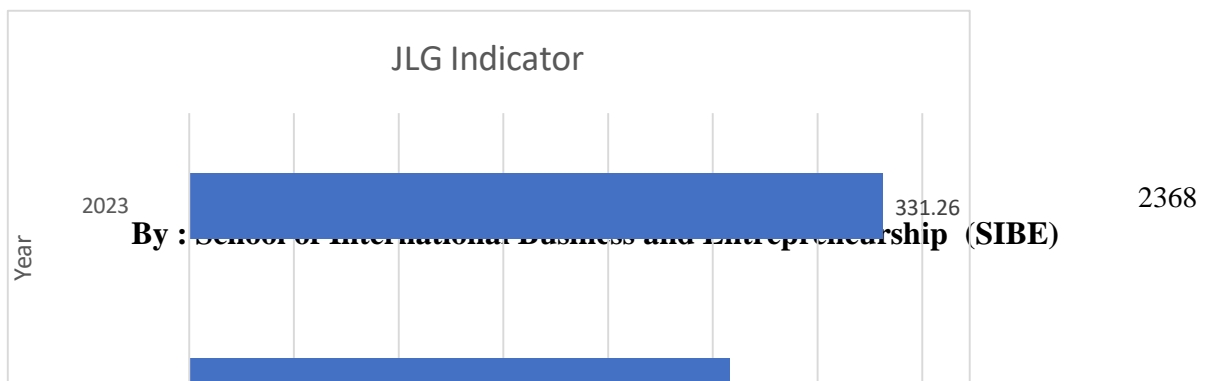
Source: Bank-wise Performance Report, RBI (2023).

Table 3 shows that State Bank of India recorded the highest disbursement amount as well as the largest number of sanctioned accounts, indicating its dominant role in SHG credit outreach. Canara Bank and Punjab National Bank also contributed substantially, while Bank of Baroda maintained strong account coverage with comparatively moderate disbursement volume.

5.5 Expansion of Joint Liability Groups (JLGs)

Alongside SHGs, Joint Liability Groups extend institutional credit access to smaller borrowers and economically vulnerable groups.

Figure 2: Expansion of JLGs and Credit Outreach under Microfinance (2022–2023)

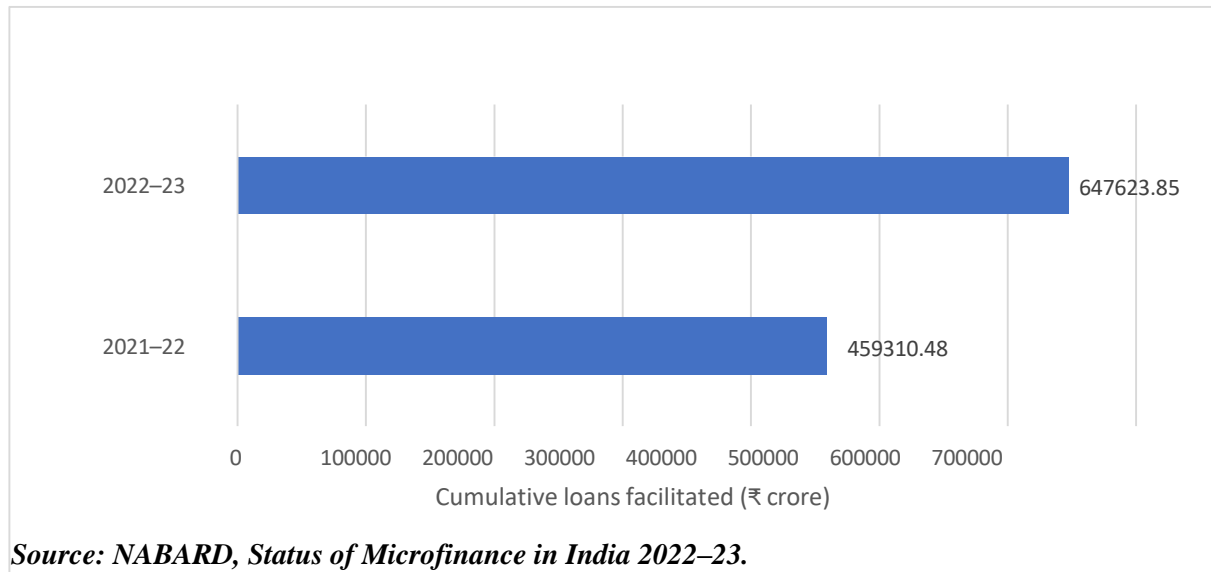


Source: NABARD, Status of Microfinance in India 2023.

The number of Joint Liability Groups (JLGs) promoted increased significantly from 257.92 lakh in 2022–23 to 331.26 lakh in 2023, marking a notable growth of over 28% as shown in figure 2. This upward trend reflects the growing emphasis on group-based lending models to enhance financial inclusion in rural areas. The rise may be linked to the effective implementation of microfinance schemes, SHG-bank linkage programs, and supportive policy interventions by institutions like NABARD and various state governments.

5.6 Cumulative Loans Facilitated through JLGs (₹ crore)

Figure 3: JLG Indicator



Source: NABARD, Status of Microfinance in India 2022–23.

Figure 3, JLG Indicator indicates a notable rise in the total number of loans enabled between the fiscal years 2022–2023 from previous year according to the given chart. According to the report, the total amount of loans made in 2022–2023 was ₹459,310.48 crore. The following year, this amount increased significantly to ₹647,623.85 crore in 2022–2023. This indicates a significant expansion in microfinance activity within the JLG industry, with an absolute increase of ₹188,313.37 crore and a percentage growth of almost 41.0%.

5.7 National Indicators of Women’s Economic Inclusion

Institutional financial expansion becomes meaningful only when it translates into broader economic participation among women. Nationally, women’s formal financial presence has clearly expanded, yet productive ownership remains limited.

- Women own 39.2% of all bank accounts and contribute to 39.7% of total deposits. Their participation is highest in rural areas, where they make up 42.2% of account holders.
- Rising percentage of female-headed proprietary establishments across manufacturing, trade, and other services sectors over the years 2021, 2022 and 2023 has been observed.
- The total number of electors increased from 173.2 million in 1952 to 978 million in 2023, with a notable rise in female voter registration. Female voter turnout varied over the years, reaching 67.2% in 2019 but slightly declining to 65.8% in 2023. The gender gap in voting has narrowed, with female turnout surpassing male turnout in 2023.
- Over the years, there has been an increase in the number of startups recognized by DPIIT with at least one-woman director, reflecting a positive trend in female entrepreneurship. The total number of such startups rose from 1,943 in 2017 to 17,405 in 2023.

5.8 Recent Trends in Women’s Political and Economic Inclusion in India

Women’s empowerment is influenced not only by financial inclusion but also by labour participation and political representation. According to the Data Snapshot on Sustainable Development Goals, women held 13.6 per cent of Lok Sabha seats, 9.44 per cent of State Assembly seats, and over 45 per cent representation in Panchayati Raj Institutions, indicating stronger inclusion at the grassroots level than in higher political institutions (Government of India, Ministry of Statistics and Programme Implementation, 2023). However, economic inclusion remains comparatively weaker, as female casual labour wages rose only modestly from ₹293 to ₹306 per day during 2023, while female-operated landholdings accounted for just 13.96 per cent, reflecting continued limitations in productive asset ownership (Government of India, Ministry of Statistics and Programme Implementation, 2023).

For state-level analysis, secondary data have been drawn from the National Family Health Survey 2019–21, conducted by the International Institute for Population Sciences, which provides district-level information on women’s socio-economic conditions, health, and empowerment indicators in Rajasthan (NFHS-5, Ministry of Health and Family Welfare, 2021)

5.9 Women’s Empowerment within the SDG 5 Framework

National progress under Sustainable Development Goal 5 helps place financial inclusion within a wider gender equality framework.

Table 4: Achieve gender equality and empower all women and girls (Under Goal 5)

| Exclusive women SHGs in Bank | Year | Value (in lakhs) |
|------------------------------|------|------------------|
|------------------------------|------|------------------|

| | | |
|---|---------|-------|
| linked SHGs, (in percentage) Source: National Bank for Agriculture and Rural Development (NABARD), Ministry of Finance / Periodicity: Annual | 2015-16 | 88.92 |
| | 2016-17 | 90.41 |
| | 2017-18 | 91.77 |
| | 2018-19 | 87.66 |
| | 2019-20 | 91.67 |
| | 2020-21 | 89.71 |
| | 2021-22 | 92.70 |
| | 2022-23 | 96.42 |

Ministry of Statistics and Programme Implementation (MoSPI), *Data Snapshot on Sustainable Development Goals: National Indicator Framework Progress Report, 2023, Government of India*, pp. 41.

Table 4 shows that share of women-exclusive SHGs linked with banks in India, reflecting progress in women’s financial inclusion under target 5.a.5. The number of SHGs receiving bank credit increased sharply from 88.92 lakh in 2015–16 to 96.42 lakh (in %) in 2022–23, while women-exclusive SHGs reached 96.42 per cent in 2022-23, indicating the strong role of women-focused microfinance in expanding institutional credit access.

5.10 Rajasthan Comparative Evidence

After national trends, Rajasthan provides a regional lens to understand how institutional inclusion performs within a specific socio-economic context.

Table 5: Analysis of Socio-Demographic Indicators

| Indicators | NFHS-5 (2020-21) | | | NFHS-4 (2015-16) |
|---------------------------------------|------------------|-------|-------|---------------------|
| | Urban | Rural | Total | Total |
| Characteristics of Adults (age 15-49) | | | | |

| | | | | |
|--|------|------|------|------|
| years) | | | | |
| Women who are literate (%) ⁴ | 80.1 | 59.9 | 64.7 | na |
| Men who are literate (%) ⁴ | 91.4 | 88.0 | 88.9 | na |
| Women with 10 or more years of schooling (%) | 51.2 | 27.8 | 33.4 | 25.1 |
| Men with 10 or more years of schooling (%) | 62.2 | 48.4 | 51.9 | 43.8 |
| Women who have ever used the internet (%) | 56.1 | 30.8 | 36.9 | na |
| Men who have ever used the internet (%) | 81.7 | 59.4 | 65.2 | na |

⁴Refers to women/men who completed standard 9 or higher and women/men who can read a whole sentence or part of a sentence

Source: NFHS 5 Rajasthan

Table 5 data highlights clear gender and rural–urban disparities in human capital development. Although female literacy remains relatively high, educational attainment declines sharply at higher levels, with only 27.8 per cent of rural women completing 10 or more years of schooling, compared with 48.4 per cent of rural men. This gap is further reflected in digital access, where only 30.8 per cent of rural women use the internet, indicating limited access to advanced educational and digital opportunities.

Table 6: Analysis of Empowerment and Economic Agency

| Women's Empowerment (women age 15-49 years) | NFHS-5 (2020-21) | | | NFHS-4 (2015-16) |
|--|------------------|-------|-------|------------------|
| | Urban | Rural | Total | Total |
| Currently married women who usually participate in three household decisions (%) | 90.6 | 86.8 | 87.7 | 81.7 |
| Women who worked in the last 12 months and were paid in cash (%) | 17.0 | 17.5 | 17.4 | 18.6 |
| Women owning a house and/or land (alone or jointly with others) (%) | 26.5 | 26.6 | 26.6 | 24.1 |
| Women having a bank or savings account that they | 81.7 | 79.0 | 79.6 | 58.2 |

| | | | | |
|--|------|------|------|------|
| themselves use (%) | | | | |
| Women having a mobile phone that they themselves use (%) | 65.5 | 45.3 | 50.2 | 41.4 |

²⁵Decisions about health care for herself, making major household purchases, and visits to her family or relatives.

Source: NFHS 5 Rajasthan

The empowerment indicators in table 6 reveal a gap between participation and economic ownership. While 86.8 to 90.6 per cent of women participate in household decision-making and over 79 per cent use bank accounts, only 17 per cent earn cash income, and asset ownership remains limited to about 26 per cent. This suggests that social and financial inclusion has improved faster than independent economic control

6. Discussion

The analysis suggests that SHG-led financial inclusion has substantially strengthened women’s connection with formal banking institutions through savings, credit linkage, and collective borrowing mechanisms. The steady rise in credit-linked SHGs indicates that institutional outreach is no longer limited to basic savings mobilisation but increasingly supports formal access to credit. Commercial banks have played a significant role in this expansion, reflecting deeper integration of SHGs within the financial system. At the same time, broader national indicators show that although women’s bank account ownership has improved considerably, independent economic outcomes remain uneven. Rajasthan evidence further highlights that while women increasingly participate in household decisions and financial systems, ownership of productive assets, paid employment, and digital access remain comparatively limited. This indicates that financial inclusion has created institutional entry points for women, but deeper economic empowerment continues to depend on education, asset control, and livelihood opportunities.

7. Policy Implications

Policy efforts should now move beyond account access and credit expansion toward strengthening women’s productive economic capacity. Greater focus is needed on digital financial literacy, livelihood-linked credit use, asset creation, and entrepreneurship support so that financial inclusion produces stronger economic outcomes. SHGs can become more effective when linked with skill development, market access, and income-generating opportunities.

8. Conclusion

The study concludes that SHG-led financial inclusion has become an important pathway for integrating women into formal finance, particularly in rural India. While institutional outreach has strengthened access to savings, credit, and banking participation, deeper empowerment remains uneven because ownership of assets, income autonomy, and economic decision-making continue to lag. Therefore, financial inclusion

should be understood as an important foundation for empowerment, but not its complete outcome.

9. Limitations of the Study

This study is based entirely on secondary data; therefore, it captures broad institutional trends but cannot explain household-level behavioural differences or causal relationships.

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