

Financial Inclusion and Inclusive Growth: A Case of Women Self-Help Groups (SHGs) in Raipur District of Chhattisgarh

Dr. Pushpa Bharati *

*(Head and Assistant Professor, Department of Economics, Shri Rawatpura Sarkar University, Raipur, Chhattisgarh
Email: drpushpa@sruraipur.ac.in)

Abstract:

This research investigates the impact of education and skill enhancement on advancing financial inclusion for women who are members of Self-Help Groups (SHGs) in the Raipur district of Chhattisgarh. Despite various government efforts, numerous women in rural India still encounter obstacles in accessing and utilizing formal financial services effectively. SHGs have surfaced as a community-based approach for collective savings, credit access, and empowerment; however, challenges such as low educational attainment, insufficient skills, and limited financial literacy continue to exist. Employing a quantitative research methodology, data was gathered from 160 women in SHGs through structured surveys and analyzed using descriptive and inferential statistics, including Chi-Square tests. The results indicate a significant correlation between education levels and both mobile banking usage and access to financial products, underscoring education as a crucial facilitator of financial inclusion. In contrast, while skill development is significantly linked to access to financial products, it does not have a notable impact on digital financial behaviors such as mobile banking. The study further reveals deficiencies in confidence, financial awareness, and digital literacy, even with high rates of bank account ownership and an increasing trend in mobile banking usage. These findings underscore the pressing need for comprehensive, education-driven initiatives that integrate financial literacy, skill development, and digital inclusion. Targeted policies can help close existing gaps, promoting inclusive and sustainable economic engagement for rural women through SHGs.

Keywords — Financial Inclusion, SHG, Educational Reform, Skill development, Women Empowerment.

I. INTRODUCTION

This document is a template. An electronic copy can be downloaded from the conference website. For questions on paper guidelines, please contact the conference publications committee as indicated on the conference website. Information about final paper submission is available from the conference website. Financial inclusion is acknowledged worldwide as an essential mechanism for alleviating poverty and fostering inclusive growth. It entails ensuring that individuals and communities,

especially those who are economically disadvantaged, have access to affordable and suitable financial products and services, including savings, credit, insurance, and digital payments. In India, various government initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) and digital banking campaigns have sought to provide formal financial services to rural populations. Nevertheless, women, particularly in rural regions, continue to encounter systemic obstacles that hinder their full participation in the financial system. Self-Help Groups (SHGs) have emerged as a grassroots

solution to address this issue. They offer a collective platform for women to save money, obtain credit, and acquire skills, thus facilitating greater economic involvement and financial independence.

According to Swain and Wallentin (2020), "Participation in SHGs enhances women's agency, both financially and socially, by improving their access to resources and decision-making roles within households and communities." In this regard, SHGs function not only as financial entities but also as catalysts for social transformation. In the Raipur district of Chhattisgarh, SHGs are pivotal in mobilizing rural women. However, access to a variety of financial tools remains inconsistent due to low educational attainment, limited skill development, and insufficient financial literacy. Gupta and Sharma (2022) contend that education plays a crucial role in shaping women's capacity to comprehend and utilize financial services effectively. Likewise, skill development boosts women's economic prospects, enhancing their engagement with formal financial institutions.

This study explores the connection between education, skill development, and financial inclusion among SHG women in Raipur. It aims to identify key determinants and barriers while offering strategies to strengthen women's participation in the financial system thus contributing to broader goals of inclusive and sustainable development.

Research Objectives

- To analyze the impact of education on financial inclusion among women in SHGs.
- To assess how skill development initiatives contribute to the effective use of financial services.

II. LITERATURE REVIEW

The role of financial inclusion in reducing poverty and fostering economic growth has been widely documented in recent studies. Research by Demircuc-Kunt et al. (2021) highlights that financial inclusion enables individuals, particularly women, to participate more actively in the economy,

thus driving broader socio-economic benefits. The authors emphasize that access to financial services, such as credit, savings, and insurance, improves household welfare and reduces vulnerability. However, financial inclusion in rural regions remains limited due to socio-economic barriers, with education and financial literacy identified as crucial factors (Sarma & Pais, 2019).

Recent studies have shown that financial inclusion, especially when directed toward women, has transformative effects on household decision-making and overall empowerment. Swain and Wallentin (2020) report that women in Self-Help Groups (SHGs) who have access to financial services demonstrate higher levels of autonomy and improved financial behavior. They argue that SHGs create an enabling environment for women to develop their economic agency, particularly through savings and credit schemes that foster financial independence. However, the lack of formal education and skill development remains a critical barrier for many rural women (Sahu & Tripathy, 2021).

Education has consistently been shown to enhance financial inclusion by equipping individuals with the knowledge to understand and utilize financial services effectively. Gupta and Sharma (2022) note that educated women are more likely to use diverse financial products, ranging from credit facilities to investment options. Their study in rural India indicates that women with higher education levels are twice as likely to open and actively manage bank accounts compared to those with no formal education. Similarly, Das and Bhowmik (2019) found a strong correlation between literacy levels and financial service adoption, particularly in rural SHGs, where basic financial literacy programs resulted in a 30% increase in account usage.

Skill development is increasingly recognized as a driver of financial inclusion, particularly in SHG contexts where members are encouraged to pursue entrepreneurial activities. According to Rajasekaran and Anitha (2021), skill development programs enable women to engage in income-generating

activities, which in turn promotes the use of financial products beyond basic savings accounts. These findings align with the work of Iyer et al. (2020), who argue that skill training not only enhances financial literacy but also boosts confidence in managing financial resources, a key aspect of long-term financial inclusion.

Self-Help Groups (SHGs) have become a central component of India's financial inclusion strategy, especially in rural areas. Studies such as those by Mukherjee and Mohanty (2020) underscore the role of SHGs in providing access to formal banking and credit, particularly through linkage programs supported by the government. In the Vellore District and similar rural areas, SHGs are instrumental in introducing women to financial services; however, disparities exist in service uptake due to variations in educational background and skill levels.

This literature review underscores that while financial inclusion initiatives through SHGs offer substantial potential for economic empowerment, gaps remain in reaching uneducated and unskilled women. Addressing these gaps through targeted education and skill development could enhance the impact of SHG programs on women's financial inclusion. While studies have explored financial inclusion's impact on women and the role of SHGs, there is a gap in understanding the specific influence of educational and skill development on financial inclusion within rural SHG contexts. Existing research often generalizes the challenges rural women face without distinguishing between educated and uneducated members or examining skill development as a standalone factor. This study aims to bridge this gap by focusing on Raipur District, where limited research exists on how education and skills uniquely impact SHG members' financial inclusion.

III. RESEARCH METHODOLOGY

This study adopts a quantitative approach, utilizing a structured survey to examine the relationship between education, skill development, and financial inclusion among women in Self-Help Groups (SHGs) in Raipur District of Chhattisgarh.

This design allows for a focused analysis of how these factors influence financial inclusion outcomes, providing measurable insights into access and usage patterns of financial services. A stratified random sampling technique was applied to select 160 women from various SHGs across Raipur District, ensuring a diverse representation across educational and skill backgrounds. The stratification accounted for variables such as age and skill training, enhancing the reliability and representativeness of the sample. Data collection was conducted via face-to-face interviews using a structured questionnaire, allowing respondents to provide in-depth responses in a comfortable, familiar environment. This method was particularly effective in rural settings, ensuring clarity and accuracy in capturing the perspectives of SHG members. Education level and skill training are independent variable whereas financial inclusion is dependent variables. Age, marital status, and income level were included to control for demographic variations and ensure that the primary analysis focuses on the impact of education and skills.

Responses to survey questions were captured on a 5-point Likert scale ranging from "Strongly Agree" to "Strongly Disagree" for attitudinal questions and "Yes/No" for binary responses, allowing for nuanced analysis. Data were analysed using descriptive statistics to provide an overview of general trends, such as the percentage of women with bank accounts, education levels, and training participation. Inferential statistics included chi-square tests, correlation analysis and percentage analysis. Statistical significance were evaluated at the 5% level, providing a robust basis for drawing insights and conclusions.

IV. ANALYSIS AND DISCUSSION

The demographic and behavioral data of SHG women in Raipur district offers critical insights into the current status of financial inclusion, skill levels, and digital engagement among rural and semi-urban women.

TABLE I
DEMOGRAPHIC PROFILE OF THE RESPONDENT

Category	Particulars	Frequency (n= 160)	Percentage (%)
Age Group	18-25	40	25
	26-35	50	31.25
	36-45	30	18.75
	46 and above	40	25
Education Level	Primary	25	15.5
	Secondary	60	37.5
	Higher Secondary	36	22.5
	Graduate	39	24.5
Employment Status	Employed - Salaried	53	33.12
	Self Employed	40	25
	Unemployed	67	41.87
Skill Status	Skilled	89	55.5
	Unskilled	71	44.5
Income	Below 10000	60	37.5
	10000-25000	62	39
	25000-50000	24	15
	Above 50000	14	8.5

The demographic profile of women involved in Self-Help Groups (SHGs) in Raipur district offers significant insights into their socioeconomic status. The age distribution is well- balanced, with the largest segment (31.25%) falling within the 26–35 age range, and equal representation in the 18–25 and 46+ age groups (25% each), reflecting broad engagement among working-age women.

In terms of education, the majority of respondents have achieved at least secondary education (37.5%), followed by higher secondary (22.5%) and graduate-level education (24.5%), while only 15.5% have completed primary education. This suggests a foundation for further literacy and training initiatives.

Employment statistics highlight a significant issue- 41.87% of respondents are unemployed, whereas 33.12% hold salaried positions and 25% are self-employed, indicating a pressing need for enhanced livelihood support through SHGs. Despite 55.5% of participants considering themselves skilled, the 44.5% who are unskilled emphasize the necessity for expanded vocational training opportunities.

Financial instability is apparent, with 76.5% earning below ₹25,000 per month, including 37.5% who earn less than ₹10,000. These insights reveal

both potential and urgency; while many women are educated and eager to engage in SHGs, it is crucial to address the existing gaps in employment, income, and skills to achieve inclusive and sustainable financial empowerment.

TABLE III
INFORMATION ON VARIOUS ASPECTS

Category	Responses	Frequency (n= 160)	Percentage (%)
Financial Information	Very Often	26	16.0
	Often	25	15.5
	Sometimes	29	18.0
	Rarely	45	28.5
	Never	35	22.0
Confidence	Very Confident	18	11.0
	Confident	19	11.5
	Neutral	97	61.0
	Not Confident	19	12.0
	Not at all Confident	7	4.5
Training	Very Effective	34	21.0
	Effective	72	45.0
	Neutral	35	22.0
	Not Effective	18	11.6
	Very Not Effective	1	0.4
Skills	Very High	29	18.0
	High	23	14.0
	Moderate	33	21.0
	Low	40	25.0
	Very Low	35	22.0
Mobile Banking	Very Often	42	26.5
	Often	50	31.5
	Sometimes	23	14.0
	Rarely	34	21.0
	Never	11	7.0
Internet Banking	Very High	28	17.5
	High	25	15.5
	Moderate	48	30.0
	Low	37	23.0
	Very Easy	22	14.0

The data shows overview of essential behavioral and attitudinal indicators concerning financial inclusion among the respondents. When it comes to access to financial information, a notable percentage of participants receive such information infrequently, with 28.5% indicating "rarely" and 22% "never," which means that over half (50.5%) do not have consistent financial exposure. This underscores the necessity for enhanced outreach and regular distribution of financial knowledge. In terms of confidence in comprehending financial products, the majority (61%) remain "neutral," with

only 22.5% showing confidence. This points to a prevalent uncertainty or limited self-assurance in managing financial issues, emphasizing the need for targeted financial literacy programs.

The effectiveness of training is perceived positively by most, with 66% considering it "effective" or "very effective," indicating that when accessible, training programs yield a beneficial impact. Nevertheless, the presence of 22% neutral responses and 12% dissatisfied participants suggests there is room for quality enhancement and better alignment with the needs of participants. Skill levels among respondents are generally low, with 47% rating their skills as "low" or "very low," highlighting the necessity for stronger livelihood support and capacity- building initiatives.

Regarding digital financial engagement, 58% of respondents utilize mobile banking "often" or "very often," which is a positive sign for digital inclusion. However, responses regarding internet banking are more varied, with only 33% finding it "high" or "very high" in terms of ease of use, while a combined 37% report "low" or "very low" ease, indicating gaps in digital literacy. Overall, while digital engagement is on the rise, efforts must concentrate on enhancing financial awareness, confidence, and skills to ensure inclusive and equitable financial participation.

The Chi-Square Test of Independence was performed to assess whether there is a statistically significant relationship between education/skill levels and indicators of financial inclusion, including bank account ownership, mobile banking usage, and access to financial products. This test enables us to evaluate if variations in education or skill levels are linked to differences in financial inclusion, offering insights into elements that could either facilitate or obstruct access to financial services. By employing Chi-Square tests, we seek to pinpoint specific areas where focused interventions, such as educational programs or skill enhancement initiatives, could lead to improved financial inclusion outcomes.

The statistical results reveal a distinct and robust connection between education, skill development,

and financial inclusion, applicable in both traditional and digital environments. A statistically significant relationship exists between education level and mobile banking usage (Chi-Square = 29.83, $p = 0.003$), confirming that higher education substantially increases the probability of utilizing mobile banking services. Likewise, education level is significantly linked to access to financial products (Chi-Square = 24.81, $p = 0.016$), highlighting the essential role of education in enhancing financial awareness and accessibility.

On the other hand, skill status does not exhibit a statistically significant effect on mobile banking usage (Chi-Square = 6.69, $p = 0.153$), suggesting that technical or livelihood skills by themselves may not affect the adoption of digital financial tools. Nevertheless, skill development shows a significant correlation with access to financial products (Chi-Square = 12.45, $p = 0.014$), indicating that while skills may not directly drive digital usage, they do play a meaningful role in broader financial access.

Education is the key element in enhancing financial inclusion, especially in fostering digital financial practices such as mobile banking. Although skill development has a lesser effect on digital usage, it still contributes positively to increasing access to financial services. Consequently, policies and programs designed to achieve complete financial inclusion should focus on educational initiatives in conjunction with specific skill development to guarantee thorough and lasting empowerment.

V. CONCLUSIONS

The analysis of SHG women in Raipur district reveals a multifaceted yet encouraging scenario for financial inclusion. Although many participants possess a fundamental level of education and skills, there are notable deficiencies in employment, financial literacy, and digital engagement. A significant portion of these women is unemployed and economically at risk, with 76.5% earning below ₹25,000 monthly. While 97% have bank accounts, more than half indicate infrequent access to financial information, and a large number lack confidence in comprehending financial products.

Training initiatives demonstrate promise, as most attendees find them effective; however, the low self-assessed skills and confidence levels indicate a necessity for more customized and practical methods. Digital financial services, especially mobile banking, are being embraced by a majority, yet the usability of internet banking poses challenges due to barriers in digital literacy.

Chi-Square analyses confirm that education is the primary determinant for both mobile banking usage and access to financial products. Although skill development is not significantly linked to digital adoption, it does improve access to conventional financial services. These insights highlight the critical need for investment in education-focused and skill-oriented interventions to enhance financial inclusion. Looking ahead, policies should prioritize integrated strategies that merge education, capacity building, and digital empowerment to guarantee sustainable, inclusive economic participation for SHG women.

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