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Financial Inclusion through Self-Help Groups in Haryana: A Conceptual Comparison of Government-Promoted and NGO-Led Models

Aditi Sharma[1], Kajal[2]

[1]Professor, Department of Commerce, Indira Gandhi University, Meerpur, Rewari

[2]Research Scholar, Department of Commerce, Indira Gandhi University, Meerpur, Rewari

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ABSTRACT

The concept of financial inclusion is seen as an integral part of development and sustainability in developing countries. It seeks to offer inexpensive, convenient, and appropriate financial services to all segments of society, especially economically disadvantaged and socially marginalised communities. In India, the Self-Help Groups (SHGs) scheme has come to be one of the most successful initiatives for the cause of financial inclusion, poverty alleviation, increased female economic participation, and improved livelihoods. Both government-sponsored SHGs through DAY-NRLM, as well as NGO-backed SHGs, have played a significant role in increasing access to formal financial services among rural households. However, there is a significant difference between these two institutional forms with respect to governance systems, operational practices, institutional support, community involvement, capacity-building processes, and sustainability. There is a substantial amount of work on financial inclusion with the use of traditional indicators such as savings and credit, not much effort has been made regarding the new aspects of financial inclusion such as financial literacy, digital financial inclusion, institutional support, social capital, financial capability, and sustainable livelihood development.

This research paper depicts an integrated theoretical framework is designed to investigate the impact of SHGs sponsored by the government and NGOs on the process of financial inclusion in Haryana State of India. Based on Financial Inclusion Theory, Social Capital Theory, Institutional Theory, and Capability Approach, the research suggests that financial literacy, institutions, saving activities, access to credit, digital finance, capacity building, and social capital operate as important mediating factors between SHG membership and financial inclusion results. The contribution of the paper to the literature lies in bringing together various theoretical concepts under one conceptual framework and comparing the two approaches for promoting SHGs, i.e., the government approach and the NGO approach. This conceptual framework would have practical implications for policymakers, financial institutions, development agencies, and NGOs trying to enhance financial inclusion programs through SHGs in Haryana and other socio-economic environments alike. Future research directions have been provided in this study for empirical testing of conceptual relationships.

Keywords: Financial Inclusion, Government-Promoted SHGs, NGO-Led SHGs, Women Empowerment, Financial Literacy, Digital Financial Inclusion.

INTRODUCTION

Inclusion in the financial sector has become one of the major pillars of sustainable economic growth and development throughout the world. During the last couple of decades, it has been realised by policy makers, financial organizations, and development agencies that provision of fair access to financial services plays a critical role in alleviating poverty, improving quality of life, and achieving socio-economic development. Financial inclusion goes beyond the simple availability of banking services, and comprises affordable access to various forms of financial services including savings, credit, insurance, pension, remittance, and digital financial services through which individuals and families can actively engage in the formal financial sector. In the global scenario, financial inclusion has emerged as an essential element of the Sustainable Development Goals (SDGs) of the United Nations, including SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and

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Economic Growth), and SDG 10 (Reduced Inequalities). Various international institutions, including the World Bank, International Monetary Fund (IMF), and Alliance for Financial Inclusion (AFI), highlight that financial inclusion plays an important role in the creation of economic stability and social development in the long run. But in developing countries, financial exclusion has been observed among large segments of the population, including women, small and marginal farmers, landless labourers, informal sector workers, and rural households. The attitudes of SHG members in Haryana and identified factors such as coping ability, benefits of SHGs, entrepreneurship development, economic benefits, and personality development. (Yadav et al. (2024) . India has indeed made impressive strides towards enhancing financial inclusion through various reforms, innovations, and interventions from both a policy as well as an institutional perspective. Expansion of the banking network, PMJDY, Aadhaar-based identification systems, Direct Benefits Transfer (DBT), Unified Payment Interface (UPI), and digital banking are some of the measures that have greatly enhanced the penetration of formal financial services. However, mere access is no solution to financial inclusion. The proper use of the financial services is contingent on issues like financial literacy, affordability, trust in financial institutions, institutional support, and livelihood opportunities.

In the context of this larger policy environment, microfinance has proved to be an important tool for promoting financial inclusion among poor communities. While traditional banking operations require security and proper documentation, microfinance operates on the principle of delivering financial services to the poor who have little or no access to the formal banking system. Financial access has been increased through microfinance operations that have led to savings, microcredits, entrepreneurship, and financial literacy. In addition, microfinance has contributed to social empowerment, better decision-making, and household welfare. Of all the micro-finance schemes introduced in India, the Self-Help Group (SHG) scheme stands out as one of the most recognised community-based instruments for achieving financial inclusion. A Self-Help Group is usually an informal group of 10-20 members, mostly women, from the same social and economic backgrounds that have formed themselves with the intention of pooling savings, lending money among themselves, and obtaining loans from financial institutions. The Self-Help Group scheme relies on trust, monitoring by peers, democracy, and collective responsibility, thus making it very effective in reaching households without traditional collateral or loan history. It is not just because of the success of SHGs in improving access to finance, but due to its contribution to overall development that the success of SHGs can be gauged. It has been seen that the involvement of individuals in SHGs leads to financial awareness, higher saving habits, increased entrepreneurship activity, more involvement of women in decision making at home and community level, and better social networks. In this way, SHGs have started functioning as institutions combining finance with social development, livelihood promotion, capacity building, and community organization. Institutionalisation of the SHG movement by the Government of India has been achieved through the introduction of the Self-Help Groups – Bank Linkage Program (SBLP) by NABARD, and subsequently through the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM). Through these interventions, outreach of SHGs has increased through the provision of bank accounts, provision of revolving funds, livelihoods support and strengthening institutions. Besides these government-driven interventions, there have been several NGOs that have promoted SHGs in India using social mobilisation, capacity building and leadership training approaches. The consequence has been the emergence of two major types of institutions, namely government-promoted SHGs and NGO driven SHGs in rural India. The concurrent existence of these two models leads to some significant conceptual issues as far as their strengths, working models, and contributions to financial inclusion are concerned. The former group of SHGs enjoys an institutional advantage owing to policy intervention, funding availability, and wide-ranging networks, while the latter is known for being more flexible, more community-based, and context-sensitive. It becomes especially interesting to analyse these institutional differences in the context of Haryana because of the simultaneous operation of both models in promoting rural development in different ways.

Haryana, one of the most progressive states in India from an economic perspective, has witnessed tremendous socio-economic changes over the last two decades. There has been remarkable success on the part of the state regarding its agricultural productivity, industrialization, infrastructure, and per capita income. In spite of all these successes, huge disparities have persisted between the urban and rural sectors especially in terms of financial access, economic opportunity, economic empowerment of women, and income inequality. Women in the rural sector, marginal farmers, landless laborers, and weaker sections in general face difficulties in accessing formal finance owing to lack of financial literacy, fewer assets, poor entrepreneurship, and socio-cultural reasons.

The SHG movement has come to be seen as an important institutional instrument to tackle these problems. SHGs enable joint savings, help access loans internally, create linkages with commercial banks, and motivate members to engage in income-generating activities. In addition to this, SHGs are also social learning arenas where learning about money management, financial skills, leadership, and collective decision-making takes place. Being a member of an SHG helps rural women increase their confidence in financial matters, their bargaining capacity at home, and their participation in community development activities. In Haryana, support for SHGs has mainly come through the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM), which is executed by Haryana State Rural Livelihoods Mission (HSRLM). The programme mainly deals with forming poor rural women into SHGs, developing community institutions, making linkages with banks, livelihood diversification, and financial capacity building. By using revolving funds, CIF, skill development training, and capacity building, the SHGs promoted by the government have had better access to institutional sources of money. Alongside the efforts made by the government, a number of non-governmental organizations (NGOs) have emerged to play an important part in encouraging SHGs in various districts of Haryana. While government schemes tend to be structured along established rules, the SHGs run by NGOs usually take a more innovative approach according to the socio-economic situation of the place concerned. Financial literacy, social mobilization, leadership training, entrepreneurship, gender issues, and mentoring are some of the areas in which NGOs focus. They work closely with the people of the community, thereby fostering trust and participation. Despite the fact that both the government-sponsored SHGs and the NGO sponsored SHGs share the same goal of promoting financial inclusion and rural development, there are significant differences between the two in terms of institutions. The former are characterised by stronger policy support, geographic outreach, monitoring mechanisms, and financial access. Nevertheless, government-sponsored SHGs can experience problems associated with bureaucracy, delays in fund transfer, and different levels of implementation effectiveness. On the contrary, NGO sponsored SHGs have greater community ownership, participatory governance, and member commitment. Nevertheless, they suffer from financial limitations and dependency on donors' funding. Therefore, comparative analysis of institutions becomes necessary.

Financial inclusion in itself has witnessed significant changes in the last decade. Previously, it used to be about having bank accounts and institutional credit facilities available. Today’s literature identifies financial inclusion as a multi-faceted concept encompassing usage of financial services, financial literacy, digital financial capabilities, insurance, pensions, borrowing practices, savings practices, and financial resilience. The development of various digital financial products like mobile banking, Unified Payments Interface (UPI), AePS systems, internet banking, and digital wallets has added another dimension to financial inclusion in rural India. Thus, it has become imperative for scholars and policymakers to know how SHGs promote financial inclusion in its traditional and digital forms. The importance of this research topic is reinforced by the increasing attention paid to women's economic empowerment and sustainable development. The large number of women members of SHGs in India has resulted in positive changes in terms of income, savings, entrepreneurship, education, health status, and empowerment of women. SHG members had substantially higher levels of financial inclusion than non-SHG members in rural Andhra Pradesh. (Sakaray et al. (2025) Hence, studying SHGs exclusively from the perspective of microfinance will give an incomplete picture of the developmental role of SHGs. Thus, it can be said that SHGs are holistic organisations that not only facilitate financial inclusion but also empower communities. In view of the above context, the current conceptual paper makes an attempt to demonstrate how the relative strengths of the government sponsored SHGs and the NGO driven SHGs would shed light on designing more successful financial inclusion strategies. Instead of considering the two types of institutional arrangements as competing entities, the research seeks to exploit the complementarities inherent in both models of institutions and leverage them in making rural financial arrangements even stronger. Through leveraging the institutional advantages present in the government sponsored programs as well as the community based participatory nature of NGO initiatives, the policymakers would be able to improve the effectiveness of SHG interventions in Haryana. Thus, the current conceptual paper attempts to formulate a conceptual model that would explain the interrelationship among SHG models, institutional support, financial literacy, social capital and digital financial inclusion.

LITERATURE REVIEW

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According to Sen (1999) in Development as Freedom, the Capability Approach was developed wherein the process of development is considered not as the growth in income level but as the development of individual's actual capabilities and freedom. Capability Approach emphasizes that having access to resources gains importance when people have the ability to utilize those resources for their benefit. From the perspective of capability theory in relation to SHGs, financial inclusion may develop capabilities of women through better access to saving and credit opportunities and economic opportunities.

Sen (1999) states that development involves an improvement in individuals' capabilities and freedom, instead of just their incomes. The study claims that provision of education, healthcare services, money, and social connections allows individuals to make rational decisions and improve the quality of their lives. Poverty is not merely income poverty but capability poverty. From a perspective of Self-Help Groups (SHGs), the capability approach proposes that financial inclusion through savings and borrowing can empower women and improve their socioeconomic status. The study makes a good theoretical basis to explain how SHG-based financial inclusion improves the lives of women and promotes inclusive rural development.

Kabeer (1999) describes empowerment of women through a framework of three interrelated aspects which included resources, agency, and achievements. The research proposed that the acquisition of resources, both financial and social, makes the women more capable of making strategic decisions, exercising agency, and attaining improved well-being. In regard to SHGs, this means that savings, loans, and social relationships are likely to empower the women.

Beck, Demirgüç-Kunt, and Levine (2007) revealed that financial development contributes more to poorer sectors of society by helping them earn more money and reduce income inequality. In addition, the researchers pointed out that financial development leads to the reduction of poverty. This research emphasizes the significance of an affordable financial system, which provides disadvantaged groups with economic advantages. In the case of SHGs, this research supports the idea that better access to savings, credit, and finance may result in poverty reduction.

Yunus (2007) analysed the role of microfinance and social business in order to identify their usefulness in alleviating poverty and fostering development. In this connection, the author stresses the significance of access to financial services, which will allow poor and economically marginalised individuals to have the possibility to earn money and improve their lives. It is also noted that financial resources should be provided to those individuals who belong to the disadvantaged categories so that they could achieve economic independence from aid. Social business stresses the importance of solving of the social problems through economic mechanisms. In relation to Self-Help Groups (SHGs), the contribution of Yunus (2007) is highly important in this case

Ahlawat (2016) studied the financial performance and growth of the group-based microfinance model in Haryana with a special focus on the Self-Help Group-Bank Linkage Programme. The research adopted secondary data collected from the reports of NABARD. The study considered the number of SHGs, savings mobilization, bank loan disbursements, outstanding bank loans, and gross NPAs as the key indicators of the performance of the group-based microfinance model in Haryana. The results show substantial growth in the number of SHGs, savings, and bank credit. Further, the study finds the presence of increasing trends in outstanding bank loans against SHGs; however, there was an increase in gross NPAs as well. The researcher found that the group-based microfinance model was expanded in Haryana and could play an important role in the income generation, employment creation, and poverty alleviation. However, the researcher notes that the programme's benefits are unequally distributed in Haryana and emphasizes the need for institutional support, training, and better banking services.

According to the World Bank (2022), in the Global Findex Database 2021, the progress made in terms of financial inclusion of different countries has been analysed by the World Bank, especially with respect to the use of formal financial services, digital payments, and financial resilience. It has been pointed out that the provision of digital financial services and greater access to formal financial accounts has made it easier for people, especially those who belong to less privileged segments of society, to save money, make payments, and face financial shocks. Moreover, it has been found that the use of digital payments and technology is playing an increasingly important role in reducing obstacles to financial access. The findings are pertinent to the Self-Help

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Groups (SHGs), since digital banking and transactions through mobile phones and formal financial accounts will make it easier for them to access financial services and participate in the formal financial system.

Yadav et al. (2024) investigated the attitude of rural women members towards Self-Help Group in Haryana based on information collected from 400 members of SHG. In this research, five significant dimensions of attitude towards SHGs were recognized as follows: ability to cope, benefits of SHGs, entrepreneurship development, economic benefits, and personality development. The study revealed the importance of SHGs for women’s economic and entrepreneurial development while it also showed that attention should be paid to leadership and personality development aspects.

Yadav, Kaur & Mishra (2024), who conducted research using data collected from 400 members of SHGs. This study revealed five main dimensions of the attitudes of SHGs members: coping ability, SHGs benefits, entrepreneurship development, economic development and personality development. As it can be concluded from the findings, SHGs assist women in their economic and entrepreneurship development, but there is a need to pay more attention to the leadership and personality development issues.

Survase & Gohil (2024) studied the effects of financial inclusion on the social wellbeing of Self-Help Groups in rural Maharashtra. Utilising a study based on surveys conducted among 424 Self Help Groups in the districts of Pune, Thane, and Palghar, the researchers employed Structural Equation Modelling (SEM) to analyse the effects of financial inclusion on the social conditions. The results revealed that banking services, Business Correspondents (BCs) and Business Facilitators (BFs) positively impacted the social well-being of Self-Help Groups in rural areas.

NABARD (2024), pointed out that there is an essential role played by microfinance and SHGs in the cause of financial inclusion and better socio-economic development of rural populations. With the help of the Self-Help Group-Bank Linkage Programme (SHG-BLP), the organisation helped in providing rural populations with access to formal banking services, savings and institutional credit. It is stated that SHG-based financial services have helped in providing support to rural women in savings, lending, generating social capital and creating livelihoods. There are various efforts made by the organisation to build a strong interface between SHGs and banks and also in the promotion of digital financial services. All these efforts show how microfinance and SHG-bank linkages can help in financial inclusion, empowerment of women and creation of sustainable rural livelihoods. This information becomes very helpful for studying the impact of government SHGs on rural women.

Sakaray et al. (2025) investigated the effectiveness of SHGs in increasing financial inclusion. The empirical analysis was carried out using a sample size of 120 respondents and a Multi-Dimensional Financial Inclusion Index. It was discovered that SHG members were more financially inclusive compared to non-members. Moreover, the researchers found some variables like accessibility of financial services, credit availability, annual income, and risk orientation to be important determinants of financial inclusion.

According to Rao et al. (2025), the use of digital financial inclusion to enhance the effectiveness of Self-Help Groups in India was explored using a theoretical review approach. The authors pointed out that digital financial inclusion could help SHGs access financial products and credit linkages through the use of technologies like UPI, Aadhaar-enabled payments, and digital banking. It was further noted that digital financial inclusion could empower women, alleviate poverty, increase household income, and promote sustainable rural development.

Sakaray et al. (2025) studied the role of Self-Help Groups (SHGs) in financial inclusion of rural families in Andhra Pradesh involved a sample of 120 respondents, where 60 respondents belonged to SHGs while 60 did not. The study used a Financial Inclusion Index which was based on eight dimensions and fourteen indicators. The results of the study showed significantly greater levels of financial inclusion among SHG respondents than among the other respondents, where the average Financial Inclusion Index scores were equal to 0.742 and 0.375, respectively. Access to financial services, credit services, income level, and risk orientation were considered significant factors that contributed to financial inclusion.

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Pandey et al. (2025) evaluated the impact of financial inclusion on the performance of Self-Help Groups (SHGs) in India based on annual panel data from 2010 to 2020 at the state level for commercial banks, regional rural banks, and cooperative banks. The results revealed that there was a positive correlation between the savings and loan disbursements of SHGs and the performance of commercial banks and cooperative banks. However, the performance of regional rural banks was relatively poor compared to others. It has been identified that good banking facilities and branch networks can lead to better SHG performance.

Survase and Panda (2026) assessed the link between financial inclusion and the economic well-being of rural areas. In the course of a survey conducted on 426 subjects and through the use of Structural Equation Modelling (SEM), it was found out that there was a positive connection between banking facilities and both credit utilization as well as economic well-being of the family. It was emphasized the significance of NRLM in providing access to credit and improvement of economic well-being of the rural areas. There was no positive connection found between insurance and economic well-being.

Financial Inclusion: Concept, Dimensions and Importance

Financial inclusion is one of the hottest topics being debated in the field of development economics, public policy, and reforms in the financial sector. The concept entails the provision of affordable, timely, appropriate, and quality financial products and services to individuals and enterprises, especially those from economically vulnerable and socially marginalised communities. Some of the financial services provided include savings accounts, loans and credits, insurance and pensions, remittances, and electronic payments. The RBI emphasizes the fact that the concept of financial inclusion holds great significance in realizing inclusive socio-economic development. In particular, financial inclusion of women is of critical importance for promoting gender equality and empowering women economically. Financial inclusion of women can enable their greater involvement in economic activity as well as make them better decision-makers financially (Reserve Bank of India [RBI], 2024). According to modern literature, financial inclusion should not only be considered the availability of banking services but the productive use of financial products leading to improved welfare of households and inclusive growth. Previous studies mainly focused on measuring the phenomenon of financial inclusion using variables like the presence of bank accounts, branch density, and availability of institutional credit. But recently, it has been realized that mere possession of a bank account does not necessarily ensure financial inclusion. The problem of dormant bank accounts, irregularity in the use of financial services, lack of financial knowledge, and limited digital capabilities have all been identified as barriers to the developmental power of financial inclusion. Hence, a multidimensional concept of financial inclusion has been developed which includes five components. Access is concerned with how easily an individual accesses financial services, despite any limitations related to geography, institution, or socioeconomic status. Availability involves having financial institutions, banking correspondents, digital payments, and other service providers accessible to people. Usage involves the use of financial services such as savings accounts, borrowing, insurance, and digital payments by the citizens. Quality involves issues that are relevant to the relevance, reliability, transparency, and protection of clients regarding financial services, while affordability involves cost considerations of access and use of financial services. Financial capability includes financial literacy, digital proficiency, budgeting skills, saving, and financial decision-making ability. The importance of financial inclusion goes way beyond the domain of finance itself. An effective and efficient financial inclusion system will promote poverty alleviation, job creation, entrepreneurship development, economic empowerment of women, diversified sources of income for households, and sustainable rural development. Credit helps poor households to invest in agriculture, livestock, micro-enterprises, education, and health care. Likewise, savings products help households become more resilient to various challenges through coping mechanisms. Insurance products protect against threats related to health care, bad crops, and natural disasters, while pensions offer a source of income in old age. Financial inclusion has thus come to be recognized as an important tool of inclusive economic growth and addressing socioeconomic disparities.

The idea of financial inclusion has been revolutionized by technological advancements as well. The use of digital technologies in finance through digital financial services such as mobile banking, internet banking, Unified Payments Interface (UPI), Aadhaar-based payment systems, and digital wallets has led to cost-effective services, enhanced accessibility, and greater transparency in finances. The importance of digital financial inclusion has become significant for rural regions, which still do not have adequate traditional banking facilities. Yet it is pointed out by scholars that there is a need for other components in addition to digital inclusion. In the case of

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India, the issue of financial inclusion has been a priority for policymakers over the past couple of decades. Financial schemes like the Pradhan Mantri Jan Dhan Yojana (PMJDY), direct benefit transfer, Aadhaar-enabled banking facilities, and Digital India have been instrumental in making financial institutions available to a greater number of people. However, a number of researches have shown that merely relying on policy measures is not enough for true financial inclusion. Community-level institutions such as Self-Help Groups (SHG's), micro-finance organizations, cooperatives and farmers' producer organisations play an important role in linking financially excluded households to the formal financial sector. Of all such community-based arrangements, SHGs have received substantial academic interest due to the way they integrate financial intermediation with social mobilization and capacity building. It is claimed that SHGs help in improving financial inclusion through increased credit access and financial education, besides encouraging entrepreneurship and women's economic activity along with building social capital. This has led to the emergence of SHGs as multi-dimensional organisations that can promote financial inclusion, social empowerment, and sustainable rural development at the same time.

Evolution of Self-Help Groups in India and Their Role in Microfinance

The emergence of the Self-Help Groups (SHGs) movement in India is one of the greatest institutional innovations in the rural financial system of the nation. In the last few decades, SHGs have grown from being simple community savings groups to become one of the largest microfinance systems in the world and has been playing a very important role in financial inclusion, empowerment of women, and rural development. SHG movement involves a combination of savings, peer monitoring, and institutional credit linkage to deliver sustainable financial services to the economically weaker sections, especially women from rural areas. Unlike traditional banks which need collateral and formalities in the process of loan disbursal, SHGs depend on social capital. The beginning of SHGs in India can be attributed to the voluntary efforts made by non-government organizations (NGOs) in the latter half of the 1970s and 1980s. NGOs like MYRADA and SEWA tried out savings and credit groups through informal groups to help reduce the reliance of rural women on informal moneylenders and to promote economic cooperation among them. Such experiments proved to be successful since it was shown that the poor families could save regularly and handle credit effectively if helped through participatory institutions in the community. An important step towards institutionalization of SHGs was the initiation of the SHG-Bank Linkage Program (SBLP) launched by NABARD in 1992. Through this program, eligible SHGs were able to form a direct relationship with banks to avail themselves of loans without collateral, depending upon their saving pattern and repayment record. The SBLP helped transform SHGs from informal savings associations to formal financial intermediaries that could facilitate financial inclusion on a massive scale. Ever since its launch, the program has come to be regarded as one of the biggest community-based microfinance programs in the world.

Another way that led to the further growth of the SHG movement was the implementation of government-sponsored rural development programs such as the Swarnjayanti Gram Swarozgar Yojana (SGSY). Established in 1999, SGSY helped in establishing SHGs as vehicles for self-employment and poverty reduction. This concept got further strength with the implementation of the National Rural Livelihoods Mission (NRLM) or the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM). The concept of DAY-NRLM was to develop institutions beyond credit delivery and promote livelihood enhancement, institution building, financial literacy, and women empowerment. Under the DAY-NRLM, SHGs get benefits of capacity building, revolving fund, community investment fund, bank linkage, and enterprise development services. Three main types of SHG promotion programs are described in literature, namely bank-sponsored SHGs, government-sponsored SHGs, and NGO-sponsored SHGs. While all these programs focus on enhancing financial inclusion in some way, they vary in their governance structure, flexibility of operation, institutional backing, and mode of implementation. While government-sponsored SHGs usually have the advantage of policy backing, funding, and wide outreach, NGO-sponsored SHGs normally rely on mobilisation of communities, participatory governance, mentoring, and capacity-building at the local level. The contribution of SHGs to society has gone beyond being a source of microfinance. Recent studies have shown that SHGs are multidimensional entities which combine financial intermediation with social empowerment, entrepreneurship development, livelihood diversification, financial education, and digital access. SHG membership is correlated with high levels of savings, access to institutional financing, good repayment behaviour, increases in family income, improved decision-making

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ability of women, and involvement in local institutions. It is precisely these developmental effects that have made SHGs a tool for inclusive development rather than just financial intermediaries.

Recent literature has further emphasised the incorporation of digital financial services in SHGs. Services such as mobile banking, Unified Payments Interface (UPI), Aadhaar-enabled payment system, digital accounting, and direct benefits transfer are examples of technologies that have contributed significantly towards increasing transparency, lowering transaction costs, and improving connections between SHGs and formal financial institutions. The literature further notes that the use of digital finance is conditional upon the financial literacy of members, their digital capabilities, and other institutional conditions. This suggests that technological advancement alone will not be sufficient to bring about financial inclusion. On the whole, the development of SHGs in India seems to indicate a process of transition from community-based saving schemes to full-fledged organisations that provide financial inclusion, women's empowerment, and rural development. The literature further reveals that despite the abundance of research on SHGs, there has been little attempt at conceptualising government-sponsored and NGO sponsored SHGs in a unified framework, especially in the case of Haryana. It is against this background that the present study was developed.

Research Gap

From the present literature review, it is evident that SHGs are indeed an essential ingredient in promoting financial inclusion, empowerment of women, livelihood enhancement, poverty alleviation, and rural development in India. A lot of empirical research has been done with regard to the effect of SHGs on the expansion of institutional credit services, savings habit, social capital formation, and entrepreneurship development among rural households. Similarly, the effect of government schemes like SBLP and DAY-NRLM on institutional financial institution penetration has been examined by researchers as well. The effect of NGO-run SHGs on community organization, participatory development, leadership development, and financial literacy has also been analysed by many researchers. Although there are significant insights derived from the literature review, there are some conceptual and contextual gaps as well. To begin with, the existing research focuses on studying either government-supported SHGs or NGO-supported SHGs without comparing the two institutions. Although there has been much variation in the areas of governance, adaptability, funding mechanism, implementation approach, and community involvement of the two institutional models, there has been no attempt to conduct an organized theoretical comparative study of the two. The second issue lies in the limitation of previous studies with regard to measuring financial inclusion. While traditional indicators like the number of bank accounts, savings, and access to credit were being used to measure financial inclusion, contemporary researchers suggest that financial inclusion should be viewed in terms of a multidimensional concept that includes such issues as financial literacy, digital financial capability, insurance coverage, pension coverage, financial resilience, responsible borrowing, and financial service usage. Third, whereas the SHG movement has reached various parts of India, there is a lack of researches which would be specifically devoted to the analysis of the situation in Haryana. There is a lack of literature about states like Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, and Odisha, which saw an early start of SHG movement. There are certain special socio-economic characteristics of Haryana including high income in agricultural sector, industrialization, information technology development, and SHG network development within DAY-NRLM. In such a way, results of the research from other regions do not give any explanation to the dynamics in Haryana. Fourth, fast development of technologies has completely altered the picture of financial inclusion. Digitization of banking services, UPI, AePS, DBT, mobile banking, and digitized accounting system constitute rural finance system. However, the existing literature about SHGs does not pay enough attention to the role played by digital financial inclusion and institutional issues in this process. In fifth place, the current literature tends to explore individual factors of financial inclusion in an isolated way rather than providing a conceptual explanation of their inter-linkages. Institutional backing, financial education, social capital, savings culture, access to credit, digital finance, and capability building are some of the elements that have been explored individually without any attempt to develop them into a conceptual framework that can help explain the process of how SHGs achieve financial inclusion and lead to broader socio-economic effects. Lastly, there is a limited number of conceptual approaches trying to combine Financial Inclusion Theory, Institutional Theory, Social Capital Theory, and Capability Approach in one analytical model. This combination could give us better insight into how the government-backed and NGO-driven SHGs contribute to financial inclusion, women's empowerment, enterprise development, and rural sustainability. Given the shortcomings discussed above, this paper attempts to develop a theoretical framework that compares

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government-supported SHGs with those supported by NGOs in Haryana. This theoretical framework describes the impact of institutional support, financial literacy, social capital, digital financial literacy, access to credit, savings, and capacity building on financial inclusion. Through this theoretical framework, which encompasses several theories, the study adds to the literature and paves the way for future research.

Objectives of the Study

The main aim of this theoretical research is the development of a framework to understand the significance of SHGs in the process of financial inclusion in Haryana through a comparison of government-sponsored SHGs and NGO sponsored SHGs. Objectives of the study are:

1. To analyse the concept of Financial Inclusion and its dimensions from the perspective of Rural Development.
2. To understand the history and function of SHGs as a community institution of financial inclusion in India.
3. To understand and compare the institutional features of the SHGs developed by the government and NGOs in Haryana with respect to governance, functioning, financial services, capacity building, and community involvement.
4. To explore the main determinants of financial inclusion of SHGs, which include financial literacy, institutions, credit availability, savings, digital financial services, capacity building, and social capital.
5. To formulate a conceptual model explaining the linkage of SHG models and financial inclusion using some theoretical perspectives.

The accomplishment of these objectives would add value to the existing literature by providing a conceptual framework regarding financial inclusion through self-help groups. In addition, the framework thus developed will be the basis for conducting further empirical research where these conceptual relationships can be tested based on data obtained from self-help groups promoted by governments/NGOs in Haryana.

Theoretical Foundation

Theoretical foundations play a crucial role in the process of conducting conceptual research as it serves as the foundation that aids in understanding the interrelations between variables. Since financial inclusion by way of Self-Help Groups (SHGs) is a multi-dimensional concept involving several aspects such as financial, behavioural, institutional, and social aspects, a single theory will not suffice in capturing the entire concept. This paper employs a combination of four different theories: Financial Inclusion Theory, Social Capital Theory, Institutional Theory, and Capability Approach to explain the concept of financial inclusion and empowerment through SHGs.

Financial Inclusion Theory

The concept of Financial Inclusion Theory asserts that equal access to affordable, appropriate, and quality financial services is the foundation of inclusive economic development. The theory postulates that not only should individuals and households have access to financial institutions but they should also make productive use of these services in order to enhance their economic status. Financial inclusion thus goes beyond having accounts and encompasses regular savings, access to low-cost borrowing, insurance, pensions, digital financial transactions, and financial literacy. In the realm of SHGs, the theory of Financial Inclusion explains that the process of savings, lending within groups, and linking of the SHGs with banks reduces financial exclusion as a way of linking financially weaker households with formal financial institutions. Government-sponsored SHGs facilitated under DAY-NRLM facilitate financial inclusion on the basis of institutional support, whereas NGOs-supported SHGs facilitate financial inclusion based on community mobilization, financial education, and constant mentoring.

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Social Capital Theory

According to Social Capital Theory, the concepts of trust, social connections, cooperation, reciprocity, and collective actions are very significant for enhancing the economic and social state of affairs. Following this theory, the communities with social connections have the capability of pooling their resources, information dissemination, reduction in transaction costs, and addressing their collective problems as a whole.The activities carried out by SHGs correspond greatly with the principles of Social Capital Theory. Members of SHGs save funds collectively, distribute loans among themselves, pay back the loans, attend meetings, and make joint financial decisions on the basis of trust. With increased levels of social capital, there will be better repayment of loans, reduced likelihood of defaulting, sustained existence of groups, and positive views on financial institutions. The organizations carrying out SHGs lay particular emphasis on social mobilization, participatory governance, and leadership development, which lead to social capital creation of members. Hence, Social Capital Theory helps us grasp the significance of social connections in financial inclusion which is not finance-dependent.

Institutional Theory

In accordance with the Institutional Theory, organizational structure, governance structure, policy, regulatory regime, and institution play a crucial role in the performance and development of organizations. Rules, formal and informal, are established by institutions that influence the behaviour of individuals and organizations. In the context of the present study, the Institutional Theory assists in explaining the differences in the operational aspects of government sponsored SHGs and NGO sponsored SHGs. As government sponsored SHGs function within the institutional framework such as DAY-NRLM, NABARD, commercial banks, and State Rural Livelihood Missions, the operation of NGO sponsored SHGs is determined by organizational flexibility, community engagement, donor funds, and local leadership.Therefore, in accordance with the Institutional Theory, differences in governance structure, financing, implementation, and policy may be used as explanations of the different success of SHGs in facilitating financial inclusion.

Capability Approach

The Capability Approach was developed by economist Amartya Sen, a Nobel Laureate, whereby development is understood as the enhancement of people's capabilities and freedoms instead of mere income. This approach holds that people should have the knowledge, skills, opportunities and other means that can help them make proper choices and improve the quality of their lives. Participation in SHGs leads to the enhancement of capability through the improvement of the level of financial literacy, entrepreneurship skills, leadership skills, ability to make decisions, and access to productive resources. The women participating in SHGs tend to develop more confidence, higher mobility, better bargaining power in the household and higher participation in community institutions. Through such an expansion of capabilities, the participants are able to access financial services efficiently. The Capability Approach thus supplements the theory of Financial Inclusion through the understanding that while access to financial services is important, people must also be capable of making efficient use of such financial services. This is achieved through capacity building programs, financial education and entrepreneurship training through the SHGs.

Integration of Theoretical Perspectives

While every theory under consideration highlights a different aspect of financial inclusion concerning SHGs, integration of the theories brings together an overall understanding of the matter. Financial Inclusion Theory introduces the notion of financial inclusion and emphasises the significance of the matter. Social Capital Theory considers how social relations and trust can be helpful for people involved in financial activities. Institutional Theory demonstrates the significance of governance, policies and organization in terms of SHGs' efficiency.

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Last but not least, the Capability Approach highlights the role of increasing capabilities that allows transforming financial access into socio-economic benefits. The integration of the theories discussed above provides the theoretical base for this research and makes it possible to form a general conceptual framework of the issue. The framework is based on the idea that the type of SHGs (government promoted or NGO led) affects financial inclusion through some mediators (institutional support, financial literacy, social capital, savings behaviour, credit access, capability development, digital finance, etc.) that lead to economic empowerment of women, entrepreneurship, increase in income levels, poverty reduction and sustainable rural development. Consequently, the theoretical integration employed in this study serves as a strong academic base for the examination.

CONCEPTUAL FRAMEWORK

Government-Promoted SHGs

NGO SHGs

(These 2 are the Independent Variables)

Institutional Support

Social Capital

Capacity Building

Digital Financial Inclusion

Financial Literacy

Credit Accessibility

Savings Behaviour

(These 7 are the mediating variables)

Financial Inclusion

(This is the dependent variable)

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Women Economic Empowerment

Household Income Enhancement

Entrepreneurship Development

Poverty Reduction

Sustainable Rural Development

(These 5 are outcome variables)

Development of the Conceptual Framework

A conceptual framework is a systemic arrangement that demonstrates how the important variables of the research are connected and constitutes a starting point for further empirical research. In conceptual studies, a framework is made based on existing theories and literature and includes the integrative model that explains how and why certain variables influence each other. Having analysed the relevant literature and theories presented in the previous section, the present study suggests a conceptual framework of how self-help groups facilitated by governments and NGOs contribute to financial inclusion in Haryana. This framework is grounded in Financial Inclusion Theory, Social Capital Theory, Institutional Theory, and Capability Approach. All these theories suggest that financial inclusion depends not only on the availability of financial services but also on institutional support, social relations, financial literacy, technological capacity, and individual capabilities. Hence, the suggested model considers the nature of self-help groups as the institutional variable influencing financial inclusion, with the help of mediating variables.

The framework classifies the study variables into four categories:

Independent Variable

The independent variable is the type of Self-Help Group, which is divided into:

- Government-Promoted SHGs
- NGO-Led SHGs

Whereas both models share some common goals, there is variance in the areas of governance, implementation, funding, training, monitoring and participation of the community. It is anticipated that these variances will affect the efficacy of financial inclusion efforts.

Mediating Variables

Seven mediating variables based on the literature are outlined below:

1. Institutional Support

Sources of institutional support comprise financial, policy and capacity building support, revolving fund, bank linkage and technical assistance provided by governmental organization or non-governmental organization. Presence of institutional support improves the performance of SHGs.

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2. Financial Literacy

Financial literacy refers to the knowledge that the members possess with respect to savings, credit, budgeting, interest, insurance, investments and decision making. Financial literate members are expected to make effective utilization of financial institutions.

3. Social Capital

Social capital refers to trust, cooperation, interdependence, collective decision making and social network amongst SHG members. Social capital is an important determinant of group cohesion, loan repayment and financial participation.

4. Credit Accessibility

Credit accessibility refers to the availability of loans from institutions for productive uses, entrepreneurial activities, agriculture and other household purposes by the SHG members. This would reduce dependence on moneylenders.

5. Savings Behavior

Savings behavior is the core of the SHG approach. Regular savings lead to improvement in financial discipline, generation of internal lending and increased financial resilience.

6. Capacity Building

Capacity building includes entrepreneurship development, leadership development, accounting, skill development of vocations, digital literacy, financial education, and livelihood training. This helps in improving the skills of the members as well as increases the proficiency in the use of finances.

7. Digital Financial Inclusion

Digital financial inclusion is related to m-banking, Unified Payments Interface (UPI), Aadhaar Enabled Payment System (AePS), internet banking, online bookkeeping, and many other such technology-based financial transactions. It is now an integral part of SHGs.

Dependent Variable

The dependent variable is Financial Inclusion.

In the present study, the term ‘financial inclusion’ has been defined as a multidimensional concept that includes not only financial access but also the usage of banking facilities, credit, savings, insurance, digital financial services, and financial literacy. In the literature, instead of focusing on merely bank account ownership to indicate financial inclusion, the concept of financial inclusion has been examined through the usage of financial services for the better economic wellbeing of rural families.

Outcome Variables

The framework proposes that improved financial inclusion generates broader socio-economic outcomes, including:

- Women's Economic Empowerment
- Entrepreneurship Development
- Household Income Enhancement

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- Poverty Reduction
- Sustainable Rural Development

These findings represent the developmental impact of involvement in SHGs in the long term. Being able to access financial services enables individuals to pursue productive activities, manage risks, earn income diversification, and enhance the quality of their lives. As most members of SHGs consist of women, it is expected that they will be empowered by means of financial independence, decision-making ability, and involvement in economic and social activities.

In conclusion, the above-described conceptual model reveals that the Government and NGO-backed SHGs have an indirect impact on financial inclusion through institutionalization, financial literacy, social capital, savings behavior, credit access, capacity building, and digital financial inclusion. This increased level of financial inclusion contributes to sustainable socio-economic development of rural areas of Haryana.

DISCUSSION

The current theoretical framework seeks to explain the role of SHGs formed by the government and NGOs in financial inclusion in Haryana. However, in previous literatures where studies tried to analyse a particular model of SHGs and/ or financial inclusion using limited indicators, the current literature adopts a more holistic view where the institutional, behavioural, social, and technological determinants will all be taken together in order to formulate a comprehensive framework. Comparison between both types of SHGs leads us to conclude the following: first of all, the comparative framework provides us with the institutional strengths of both SHGs which could benefit each other. Firstly, government SHGs like DAY-NRLM SHGs enjoy substantial amount of support through institutional framework which includes formal policy, formal governance, funding, and linking programs. In addition to that, government SHGs enjoy greater outreach than the NGO counterparts. These institutions help in increasing access to formal financial services and integration of SHGs with public development programs. In consequence, SHGs that are supported by the government are very important for increasing the geographical scope of financial inclusion of people who belong to economically weaker parts of society.

In comparison, SHGs initiated by NGOs have higher levels of adaptability, participation of the community and membership participation. NGOs use a community-based approach which includes social mobilization, financial education, development of leadership skills, livelihoods and mentoring. In that way it is easier to create stronger connections among members, greater level of trust and involvement of members in the activities of SHGs. The academic research shows that community-based approach leads to the improvement of repayment of the money, better decision making in SHGs and sustainability of SHGs. On the other hand, in the literature institutional support is highlighted as the main factor that influences the link between SHGs and financial inclusion. The definition of the institutional support is not only financial but also includes technical assistance, capacity building, monitoring systems, facilitation of policies and market links. At the same time, the discussed framework demonstrates that institutional support leads to the increased trust of members to the financial institution and sustainability of SHGs. Financial literacy and capacity building constitute some other highly important contributions of the recommended framework. Financial inclusion cannot take place if people lack financial literacy because financial literacy means that SHG members will know about the application of savings, credits, interest rates, insurances, electronic payments, and financial planning. Similarly, capacity building enhances the capabilities of SHG members regarding entrepreneurship, management and digitisation so that members would be able to apply their financial resources for economic production. This is proved by the Capability Approach as it suggests that development is associated with increased capabilities of people to make better decisions and not increased resources. The next important contribution of the recommended framework for financial inclusion is social capital. It consists of such elements as trust, cooperation, peer monitoring, joint liability, and help. These factors decrease information asymmetries and transaction costs and increase the discipline of finance. Thus, social relations enhance the creditworthiness of institutions and participation of SHG members in financial institutions. Therefore, financial inclusion should be considered not only from an economic but also from a social perspective. Another important aspect of financial inclusion as per the suggested conceptual framework is that of digital financial inclusion. Technological innovation has led to a revolution in

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the financial sector through the use of mobile banking, UPIs, AEPS, internet banking, and digital payment systems. The above innovations reduce transaction costs, enhance transparency and help in offering financial services in rural areas. However, based on the arguments made above, technology alone is not enough to guarantee financial inclusion. Its success depends on various factors including digital literacy, institutional support, infrastructure facilities and consumer trust. There should be policies to promote digital finance coupled with continuous training and awareness programs, especially for rural women who are first-time users of digital technologies. From a theoretical perspective, the research contributes to the previous literature since it tries to combine various theories into one conceptual framework. The previous literature tends to be concentrated on the application of each theory individually, but in this case, the aim is to show that financial inclusion via SHGs is a multidimensional process and requires a combination of different dimensions, including institutions, behaviour and socio-economic issues. In addition, the model emphasizes that the way forward to financial inclusion via SHGs is to incorporate the advantages of government organisations and NGOs, as opposed to seeing them as two separate alternatives for financial inclusion. The former has sufficient resources in terms of finance, administrative capacity, and political support, whereas the latter have flexibility and creativity as their advantages. This would guarantee the success of the program, greater community participation, financial literacy skills, and sustainability of SHGs. Finally, the model makes financial inclusion a medium for achieving development outcomes, as opposed to being an end in itself. Financial inclusion implies higher household savings, investments, sources of income, risk management, and overall improvement in the quality of life. Economic development via such pathways implies female empowerment, entrepreneurial development, poverty reduction, social inclusion, and rural development. This indicates that the theoretical framework put forth in this research provides a comprehensive approach to SHGs as instruments of development in Haryana.

Policy Implications

These are the policy implications arising out of the conceptual framework developed through the current research project. Since financial inclusion is a multidimensional issue that needs support both at the institutional level and in the development of skills and abilities, as well as digitalisation and mobilisation of communities, the policymakers need to focus not only on the expansion of access to banking services but also use an integrated approach to promoting financial inclusion through the Self-Help Groups (SHGs). One of the key policy implications derived from the current study is the need to enhance the institutional environment around SHGs. SHGs established through the HSRLM and DAY-NRLM and promoted by the government need to receive adequate and timely financial, educational, and monitoring support. The facilitation of the administrative procedures of establishing bank linkages, revolving funds, and Community Investment Funds (CIF) will contribute to the efficiency of the program and stimulate more families to join it. Financial literacy in the context of financial inclusion policies must be considered significant. Though there has been considerable progress regarding the availability of bank accounts, there is much scope for improvement regarding knowledge about financial products, debt management, and decision-making on the part of SHG members. Hence, there must be some sort of regular financial education program incorporated into SHG meeting/training programs. The financial education should cover areas like savings management, borrowing, budgeting, insurance, pension, digital payments, consumer protection and more. This would help in better use of financial services and not just their mere availability. As it is evident from the study, digital financial inclusion must be considered vital in this context. This includes proper digital infrastructure development, improved internet penetration in rural India, along with practical training regarding mobile banking, UPI, AEPS and other digital financial products. Efforts need to be made specifically to reduce the digital gender gap by providing smartphones to SHG women members along with digital training and technical assistance. The other important implication is the necessity to capitalise on the experience of NGOs with respect to betterment of the performance of SHGs. Though the government has a comparative advantage of offering organisational network and funding for these programmes, NGOs have rich experience in creating communities, participatory decision-making, leadership building, and mentoring. In this connection, policy-makers have to encourage partnership between governmental agencies and credible NGOs with a view to blending the organisational skills of the government with a community knowledge base.

Lastly, one of the implications derived from the research is that livelihood promotion needs to be intensified in SHG programmes. In fact, financial inclusion will be much more meaningful if the members of the SHGs get a chance to borrow money to indulge in activities that can earn them a livelihood in future. This means that SHGs should be linked with entrepreneurship development, vocational training, agricultural value chain, animal

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husbandry and dairying, food processing, handicrafts, rural micro-enterprises, etc. Finally, from this study it emerges that there should be a developmental perspective in financial inclusion, and the SHGs cannot be taken merely as microcredit institutions but also need to be treated as community institutions which can act as facilitators for women's empowerment, entrepreneurship, social inclusion, financial sustainability, and sustainable rural development. Only through a holistic approach to policy which will encompass financial services in addition to education, healthcare, technology, livelihoods, and social protection would developmental outcomes emerge. Haryana needs to leverage the strengths of government programs and NGOs for this purpose.

Future Research Directions

The capacity-building process has to extend from awareness in accounting and finance management to the leadership training, business planning, marketing, e-entrepreneurship, and the creation of livelihood systems that are resilient to climate change. The continuous learning approach would enable the SHG members to react to any changes in the economy and become more competitive in the market place. The institutions such as NABARD, the commercial banks, rural development departments, and the higher education institutions play a very critical role in coming up with specific capacity building programs for the local conditions. Another critical component of the framework is the need to put in place an efficient mechanism for monitoring and evaluation. Presently, the evaluation process is conducted on the basis of quantitative parameters such as the number of SHGs that have been created or the amount of savings/loans provided by the banks. Future evaluations should take into account some qualitative parameters such as financial literacy, digital literacy, social capital, women empowerment, business sustainability, repayment ability, and household economic resilience. The present study has tried to propose a theoretical framework that will explain how Self-Help Groups (SHGs), established under government encouragement and by the initiative of NGOs, affect financial inclusion in Haryana. As can be seen from above, the conceptual framework has taken into consideration different theoretical perspectives and used the results of previous researches. However, at the same time, it remains purely conceptual and therefore should be empirically verified in the future. It can be suggested that the future study should try to verify the relationships between the considered concepts within the proposed theoretical framework. In the first place, it is possible to conduct a future research based on the proposed framework through the empirical verification of its constructs with the help of primary data collected from SHGs' members in Haryana districts. For this purpose, structured surveys measuring institutional support, financial literacy, social capital, digital financial inclusion, savings, credit, capacity building, and financial inclusion can be developed. Advanced statistical analysis, such as Structural Equation Modelling (SEM) or Partial Least Squares Structural Equation Modelling (PLS-SEM), can be applied to analyse the relationships between the considered variables. Further research can also be undertaken by carrying out a comparative study between the SHGs set up by the government agencies under the DAY-NRLM program and SHGs created by NGOs operating in the same socio-economic context. Comparative research can throw light on the differences existing in the governance structure, financial performance, sustainability, technological application, participation of women members, and livelihood effect. The findings obtained from the research will be helpful for the policy-makers in implementing both these institutional structures together. An area of research that is promising is the growing significance of digital financial inclusion. The developments in technology have led to a revolution in the provision of financial services through mobile banking, UPI, AePS, digital wallets, and internet banking. Research needs to be carried out on how digital literacy, technology adoption, internet accessibility, cyber security, and digital trust affect the success of SHGs in promoting financial inclusion. Comparative research carried out in areas where there is digital awareness and in those which are digitally unaware can be more revealing. Longitudinal studies would be helpful in order to analyse the socio-economic impact of participation in SHGs in the long run. The majority of research studies conducted so far on the topic have been cross-sectional in nature. The application of a longitudinal research design would allow researchers to measure any changes in income, savings practices, business, resiliency, women's empowerment and social capital in a longer duration. This would facilitate researchers in measuring the sustainability of financial inclusion programs. Future studies might conduct research on other contextual factors such as education, age, occupation, family income, caste, region and infrastructure, which might serve as moderators in the process of financial inclusion in the program. Comparative studies in the districts of Haryana might also prove to be fruitful in this regard. Apart from that, future studies might conduct research on the link between financial inclusion and development-related concepts like entrepreneurship development, climate-resilient livelihoods, rural employment generation, social inclusion, resiliency of households and sustainable

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development. Comparative study between states such as Haryana as well as states of India where the SHG movement is more developed, like Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, and Odisha, can greatly contribute to the literature. This type of researches will be helpful to identify best practices, innovations and learn lessons from these practices. Finally, some future conceptual researches may include additional constructs such as financial wellness, entrepreneurial mindset, digital competency, financial resilience, institutional trust, behavioural finance, and social innovation. Overall, the conceptual framework that is proposed here is excellent ground for future research. On the one hand, it will be great for academic research because it is important to test and modify this framework. On the other hand, it will be great for policy-making in order to enhance financial inclusion and sustainable development in villages through SHGs in India.

CONCLUSION

Financial inclusion has become an integral part of inclusive growth, social equity, and sustainable rural development. Although significant strides have been made in terms of access to financial services in India, the issue of ensuring proper use of such services by vulnerable socio-economic groups is still one of the biggest developmental challenges faced. In this respect, SHGs have transcended their conventional roles as microfinance institutions and become community-based organisations which facilitate financial inclusion, women empowerment, entrepreneurship, social participation, and livelihood development.

The current conceptual study explored the role played by government-promoted and NGO-based SHGs in the promotion of financial inclusion in the state of Haryana by employing a comparative analysis approach. Based on such theoretical constructs as Financial Inclusion Theory, Social Capital Theory, Institutional Theory, and the Capability Approach, the author elaborated on a comprehensive theoretical framework that explains the impact of institutional support, financial literacy, social capital, credit access, saving behaviour, capacity building, and digital financial inclusion on financial inclusion outcomes.

Contrary to previous research studies which have been predominantly focused on single determinants or SHG models, the developed theoretical framework incorporates multi-dimensional and multi-disciplinary perspectives. A comparative analysis reveals that both government-promoted and NGO-led SHGs have unique institutional advantages. The institutional advantages associated with government-promoted SHGs include well-defined policy support, institutional network, formal banking relationships, financial support, and large-scale adoption of initiatives like Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM).

On the other hand, institutional advantages of NGO-led SHGs include participatory governance, community mobilisation, constant mentoring, leadership development, and local-level initiatives. Instead of looking at both institutions as alternative models, this study finds that combining their unique strengths will improve the efficacy of SHG-based financial inclusion programs. It is noteworthy that financial inclusion cannot be defined in terms of just having bank accounts or access to institutional credit. Financial inclusion entails regular utilization of financial services, financial literacy, digital literacy, insurance and pension products, proper borrowing habits, and productive usage of financial resources. Hence, any policy intended for financial inclusion must focus on providing financial services, education, skills development, entrepreneurship development, and institutional building. Further contribution from this study can be made in the form of recognizing the significance of digital financial inclusion, which has emerged as a critical element of rural financial development in recent times.

The fast adoption of mobile banking, Unified Payments Interface (UPI), AePS, DBT and digital payment systems has opened up many possibilities for reaching out to underserved people. But their success will depend on appropriate levels of digital literacy, institutional support, infrastructural development and trust of users. Digital financial inclusion must therefore be treated as complementary to other strategies of financial inclusion. In terms of theoretical contribution, the study integrates several theoretical frameworks into a unified theory. An integration approach allows one to obtain better understanding of institutional mechanisms behind the impact of SHGs on financial inclusion, thus providing a solid theoretical base for future empirical studies. Moreover, the proposed theoretical framework extends previous literature as it places financial inclusion as a mediating variable linking SHG membership with various socioeconomic outcomes such as women economic empowerment, entrepreneurial development, increased household income, poverty alleviation and sustainable rural development. Practical implications of this research are associated with recommendations for policy makers,

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financial institutions, development organizations and NGOs. In summary, SHGs signify much more than being just financial intermediaries; they are vibrant organizations that have the potential to revolutionize the socio-economic scenario of rural areas. Through their ability to combine finance with social mobilization, institutional support, capacity development, and technological advancements, SHGs have the capacity to become effective tools for attaining financial inclusion and sustainable rural development. This conceptual framework presented in this study will serve as an effective base for further research, as well as policy formulation on financial inclusion by SHGs in Haryana and similar areas.

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