

Financial Inclusion through RAJEEVIKA: An invigorating fuel for Rural Development in Rajasthan

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Abstract:

Financial inclusion is one of the most significant drivers of empowering the rural community within the challenging environment of various multifaceted traditional socio-economic factors in Rajasthan. The combination of financial inclusion and rural employment programs like RAJEEVIKA has the ability to unveil the full potential of the rural development strategies. It helps in addressing the challenges posed by geographical, infrastructural, and cultural limitation in the state. By integrating financial inclusions with livelihood programs, the goals of rural developments can be achieved. The present paper attempts to highlight the role and significance of financial inclusion in rural development programs with special reference to RAJEEVIKA.

Keywords: Financial inclusion, Self-Help Group, Digital Financial Services (DFS), Skill Development

Introduction:

Financial inclusion plays an important role in empowering ordinary men and including them in the mainstream of the economic and social framework. It is even more significant in the case of rural areas where the various economic, social, cultural and geographic factor present unique challenges for communities. Rajasthan is the biggest state in the country and has diverse cultural and social barriers to rural development. The economy of the state relies heavily on the active participation of its rural populace in various development initiatives. The issue of unemployment is crucial and needs to be addressed with extraordinary attention and promptness. The economic progress of the state is highly dependent on the demographic and geographic conditions. The agriculture and allied activities are undefined due to uncertain rain and drought. The unemployment rate is increasing and the urban cities are facing a precarious problem of migration. The other severe issue is the low literacy rate in the rural areas which pushes the situation of unemployment into a more dangerous zone. In order to address these issues in an inclusive manner, the employment generation programs are playing significant roles. Including financial inclusion in these programs can contribute to curbing the unemployment problem as well as uplifting the economic conditions of rural communities by providing easy access to banking and other financial services to the unprivileged segment of remote areas. The lack of access to formal financial services has continued a cycle of financial marginalisation, delaying the realization of the full potential of the rural community of Rajasthan. Financial inclusion emerges as an essential element for catalysing sustainable development within the socio- economic complications in the state.

The Government of India (2008) defines financial inclusion “as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost. The meaning of financial inclusion is the delivery of financial services to low-income groups, especially the excluded sections of the population, with the provision of equal opportunities. The main target is access to financial services for a better standard of living and income.”

Rajasthan's rural employment programs, including the MGNREGA, RAJEEVIKA and others, aim to uplift the socio-economic status of the rural population by providing employment opportunities and enhancing social security for rural communities. The impact of MGNREGA is often diluted by the absence of essence of financial inclusion however employment program under RAJEEVIKA caters to the specific needs financial inclusion for the rural community. The participants are provided access to formal banking channels to enhance their ability to manage savings and investments. The employment generation programs with financial inclusion have to face many challenges because of the remote area, financial illiteracy, and lack of banking infrastructural and social barriers. Digital financial services (DFS) has emerged as a potential solution to counter these issues but the digital literacy, connectivity issues, and a mistrust of technology in rural communities create congestion. In order to address these challenges, a multi-faceted rural development strategy that includes a section-specific approach to generating employment opportunities with financial inclusion is imperative. The strategy should be socially sensitive, recognizing the specific social, educational and economic backgrounds of the rural population and foster collaborative efforts for employment generation with effective delivery of community-specific financial inclusion. Overcoming these barriers, initiatives like the Pradhan Mantri Jan Dhan Yojana, which aims to provide universal access to banking facilities, is a way forward towards the goal. Self-help groups (SHGs) of RAJEEVIKA play a crucial role in promoting financial inclusion at the grassroots level to generate self-employment. The objective is to provide small loans and financial services tailored to the specific needs of rural entrepreneurs and to cease the cycle of poverty and increase financial independence.

Integrating financial inclusion within rural employment programs will not only bring economic well-being in the lives of rural people but also address social inequalities through women and marginalized community empowerment. Women, in Rajasthan, face problems of gender-based disparities and do not get the position and credit in that society they deserve. Despite being a significant portion of the rural workforce, they are not included in financial decisions in their families. Recognizing the unique financial needs of women and the weaker section of rural community, RAJEEVIKA has contributed in augmenting the economic opportunities and empowerment of the rural poor with a focus on women and the underprivileged segments of Rajasthan. It is executing all rural livelihoods programs associated with SHG-based institutional architecture.

Review of Literature:

Sahu, B.K. (2003) advocates rural development for its holistic nature that steadily cultivates the societal structure through systematic utilization of available resources. He appreciates equal opportunities for all groups of rural society with no room for nepotism and favouritisms. As per the author, rural development is a comprehensive advancement of rural life with employment opportunities, poverty elimination, improved agricultural productivity, connectivity, and infrastructure development. **S.L. Doshi and P.C. Jain (2017)** illustrate the significance of organised and comparative methodology of rural development that understands the core of village-specific rural socio-cultural aspects and understands financial tapestry. As per authors, rural development strategies should not be generalized. Instead, rural sociology should emphasis on investigating the wider human society influencing various aspects of rural life. **Choudhary, R (2019)** inspects the socio-economic impact of rural development programs on landless underprivileged farmers of Rajasthan and observes that these programs have a significant changing impact on the socio-economic conditions of the rural population. **Vaidya and Singh (2011)** explores the impact of rural development programs on livelihood, food security, and migration to urban areas. The study reveals that household income and standard of life of beneficiaries increases through the work given through these initiatives. The **National Institute of Rural Development and Panchayati Raj (NIRDPR)** supports rural development for impartial development of all sections of the rural community and their active participation in the relevant developmental activities leading to socio-economic development, poverty elimination, livelihood opportunities, and overall progress of rural

India. **Varisha Parvez (2022)**, summaries the role and use of technological advancements in financial inclusion and promotes it as a key driver of inclusive development in the modern era. There are many challenges and opportunities that persist in the way of achieving a sustainable, digitally inclusive rural society. The expansion of digital financial inclusion is influenced by the collaboration and transparency among the rural users which helps in forming a digitally inclusive ecosystem. **Vyas V and Jain P (2021)** attempts to determine the role of digital technology adoption in order to achieve goals of financial inclusion in a rural development context. The outcomes suggest that there is a reflective impact of the extended digital technology on financial inclusion in rural areas. **Jha, S. S. (2018)** studies the effect of regional rural banks on the financial inclusion process in rural India. The study discussed that regional banks in rural areas play an important role in promoting financial inclusion due to their in-depth presence in remote areas. Financial inclusion through RAJEEVIKA and other rural employment programs has extraordinary support from RRBs that encourages BCs, NGOs, SHG and Micro-finance institutions to achieve their goals of livelihood and financial inclusion. **Aggarwal, S. and Bamba, M. (2017)** studied the level of awareness regarding the various financial inclusion schemes launched by the government.

Rural Development in Rajasthan:

The problems of unemployment and poverty complement each other. They are interrelated and exacerbate with each other. Unemployment has been one of the serious problems since independence and is the cause of poverty in the rural areas. It restricts the development in society and of the well-being of rural households. According to CMIE, the unemployment rate in Rajasthan in 2023 is 26.4%, which is the second highest in the country. The numbers indicate that unemployment has appeared as one of the most imperative issue that needs the utmost attention and solution. It also obstructs the socio-economic growth of the people of the state. This problem is even more critical in rural areas due to drought, uneven rain, inadequate infrastructure, and lack of quality education and healthcare facilities. To provide reasonable opportunities for employment and livelihood is fundamentally necessary. The rural development strategies must include it for sustainable growth of the state. Rajasthan has been one of the most backward states in economic growth, infrastructure, and economic activities. The majority of the rural population is dependent upon rain-based agriculture and allied options for their livelihoods. In these times of the advance technology, the fate of rural population cannot be left in the hands of nature's uncertainty. In order to deal with the uncertainty of crops due to limited rain, alternative employment options must be created for the rural population for inclusive development. Skill development and entrepreneurship programs are the keys to generate employment opportunities.

The limited resources in the desert and tribal areas double the seriousness of unemployment. It is the main cause of poor socio-economic conditions of the rural community, which prevails in the form of poverty, gender inequality, illiteracy and social disparity. Rural development in the state is the need of the hour. Although geographical conditions of the state are unfavourable in the appropriate implementation of various schemes of rural development, the following are the main blockades and challenges for rural development programs in Rajasthan.

- Poverty
- Inadequate Infrastructure
- Connectivity
- Geographical Conditions
- Uneven Rain and Drought
- Low Illiteracy
- Higher Unemployment Rate
- Gender Inequality & Social Disparity
- Cultural Barriers

In order to achieve the goals of sustainable development in rural areas, the rate of unemployment must be reduced. It is crucial to create job opportunities and also the scope for self-employment and entrepreneurship.

It is compulsory to uplift the income level and ultimately the quality of lives of rural households. Considering the importance of rural development in the state, our governments (central and state governments) have been emphasising rural development. Various programs have been launched to improve the basic infrastructure in rural areas. Many development schemes have been launched for the welfare of rural community after independence. Rural development has got a place in most five-year plans. These initiatives have made substantial efforts to improve the quality of life by offering direct benefits to the poverty-stricken, backward rural households of this desert state. The success and impact of these programs have been mixed. Some of them have been impressive and some failed for various reasons. However there is ample scope for development in rural areas.

Various rural department schemes and programs are launched and executed by various agencies of the 'Rural Development and Panchayati Raj Department'. These programs mainly focus on generating employment opportunities and providing employment for rural people, especially for women and weaker categories of society. The maximum benefits of these welfare schemes for all sections of the rural belts can be ensured by proper management, operational effectiveness and participation of all stakeholders.

Several rural development programs launched and implemented by central government of India, some of them are Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), PM Awas Yojana-Gramin, Shyama Prasad Mukherji Rurban Mission (SPMRM), Saansad Adarsh Gram Yojana (SAGY), Atmanirbhar Bharat Rojgar Yojana (ABRY), PM Rojgar Protsahan Yojana (PMRPY), National Career Service (NCS) Project, PM Garib Kalyan Rojgar Abhiyaan (PMGKRA), Aajeevika - National Rural Livelihoods Mission (NRLM), Pt. Deen Dayal Upadhyaya Grameen Kaushlya Yojana (DDU-GKY), Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM), PM Employment Generation Programme (PMEGP) and PM Kaushal Vikas Yojana (PMKVY).

Major rural development programs and schemes, run by the state government are Rajasthan Grameen AajeevikaVikas Parishad (RGAVP) – RAJEEVIKA, Rajasthan Mukhyamantri Grameen Rozgar Guarantee Yojana, Yuva Sambal Yojna, Mukhyamantri Yuva Sambal Yojna , Mewat Area Development Program, Mahatma Gandhi Jan-Bhagidari Vikas Yogna (MGJVY).

Rajasthan Grameen AajeevikaVikas Parishad: RAJEEVIKA

Rajasthan Grameen Aajeevika Vikas Parishad, which is termed as RAJEEVIKA, is an autonomous society that executes all the rural livelihoods programs under the Department of Rural Development in the state. Employment and livelihood programs are designed and based on the 'Self Help Group (SHG)' concept, which provides a structural platform to improve the living standards of women and marginalized sections through economic prospects. The National Rural Livelihood Mission (NRLM) and the National Rural Economic Transformation Project (NRETP) funded by GoI are the programs which are run and executed by RAJEEVIKA.

Objectives of RAJEEVIKA are to create community-based institution network of women self-help groups (SSH). Members of these SSHs are provided with proper guidance and training for agricultural and non-agri employment livelihood options. They are supported by establishing and promoting SMEs with proper coordination among various government departments for injecting development and entrepreneurship skills in unemployed people and enhancing financial inclusion in rural areas. It is working to organising skill development and other livelihood related programs and encouraging existing major agri-based and other vocational livelihoods options in rural areas. It identifies and assists poor women to develop resource pools for taking initiatives in sustainable livelihood activities through SSHs. By providing proper trainings for community institutions and cadre, it facilitates SHGs to enhance financial inclusion and give easy access to financial and banking facilities for their livelihood.

Through substantial support in building a structural platform to improve their lifestyle, the program has empowered women and marginalized sections of the rural population. Under RAJEEVIKA, 374525 women self-help groups have been formulated that have mobilised 45.05 lac women in 352 blocks across the state. To enhance financial inclusion, it has reinforced 257081 SHGs by providing easy access to financial, banking, insurance and loan services. Nationalised banks have motivated and supported these SSHs by investing and providing financial literacy and credit support in easy conditions. A number of 28298 Village Organizations (VO) and 953 Cluster Level Federations (CLF) have been formed to serve the rural community under this program, which serve thousands of women for financial inclusion support in villages in remote areas of Rajasthan. Unemployed women and people from unprivileged sections of rural areas have been given financial education and optimum guidance to start their small livelihood venture. Self-employment have made these people more confident and financial independent. These women are contributing to livelihood and financial responsibility in their households. It has not only created a regular income source and provided financial security but also imparted a sense of social security and pride. These livelihood alternatives such as livestock, dairy, handlooms, handicrafts and other allied agricultural activities have been proved to be a boon in the lean agricultural seasons. Skill development and vocational training has been given to 141802 young people from these self-help groups, which have prepared them for self-employment and entrepreneurship. As per the district-wise community formation report, the maximum number of Gram Panchayat has been entered from Banswara district and the lowest in Kota. The maximum number of villages have been entered from Udaipur district and Sirohi was at the bottom. The highest number of self-help groups have also been formed in Udaipur and the lowest in Jaisalmer. The highest number of VO and CLF have been formed in Udaipur and the lowest in Jaisalmer. 1004630 SHGs in the SC category, 1194939 ST category and 1484115 OBC category have been formed. With the financial aid and support from RAJEEVIKA, these SHGs have been prepared to stand up and start their own small ventures. These individuals and groups are now presenting their agri-products, crafts, dairy-products, handloom goods etc. at various levels, like Haat Bazar, fairs, government exhibitions, canteens of government departments. Many daily-use products are now available on online platforms and with support of the department. A brief snapshot of its progress has been presented in the following table-

RAJEEVIKA : Cumulative Progress	
No of Blocks Covered	352
No of Gram Panchayat Covered	11302
No of Villages Covered	37154
Total SHG Formed	332741
SHG Coopted by other Department/NGOs	41784
Total Number of HHS	4048732
Total Youth Trained	232003
Total Community Cadre	232003
No of Village Organisation (VO) promoted	28428
No of Cluster Level Federations (CLF) promoted	956
No of HHs covered under Farm Activities	1161485
No of Individual Enterprise formed	36873

Table 1: RAJEEVIKA Progress

Source: Data Compiled from RGAVP Website, as on 6 Dec 2023

RAJEEVIKA has done a tremendous job in mobilising poor households at SHGs level through financial inclusion and has contributed to poverty alleviation and inclusive growth. These groups follow principles of financial management & are supported by the 'Community Investment Fund (CIF)' through 'Micro Credit Plan (MCP)' mode for creating rural-specific livelihoods opportunities and other allied occupational requirements. Financial inclusion facilitates SHGs to access credit and financial support to join income generation and occupational activities at various levels. Thus, 'SHG Bank Linkages' has been an important feature of financial inclusion and ensures credit to poor on reasonable terms for investing in sustainable livelihoods. Intensive are also given at all levels of execution for SHG-Bank linkages, appointing Bank Sakhi, Zero NPA policy etc. a number of 425515 (First + Repeated) SHGs credit linked has been set up and disbursed credit of 5528.17 crores in FY 2023-24 up to Oct 2023. In the series of financial inclusion features, RAJEEVIKA is providing banking services to rural households at doorsteps. SHG members are appointed as 'Business Correspondents Sakhi (BC Sakhi)' and 'Digi Pay Sakhi', who works in the form of bank agents at Gram Panchayat level. In order to provide social security to SHG members, the program offer social security schemes such as life insurance, health insurance, accidental insurance and pension schemes under PMJJBY, PMSBY. APY and other schemes. For disseminating knowledge and information regarding financial products and services, the program offers financial literacy support to SHGs through trained 'Financial Literacy Community Resource Persons (FLCRP)'.

RAJEEVIKA: Financial Inclusion Progress	
SSGs Credit Linked	425515
Credit from Banks	5528.17 Cr
Bank Sakhis	2086
Bank Loan	60750
Loan Amount	100932.2 lacs
Number of SHG members deployed as BC Agents	4611
Number of SHG members deployed as Digi pay	5770
No. of SHGs trained on Financial Literacy	2,12,923
Total No. of Transactions during the FY 23-24	9.37 Lacs
No. of SHG members covered under life insurance (PMJJBY/other)	1395297
No. of SHG members covered under accidental insurance (PMSBY/other)	35,48,884
No. of SHG members subscribed to Pension products (APY/Other pension product-)	93,477
Financial Literacy Community Resource Person's (FLCRPs) trained	1,999

Table 2: RAJEEVIKA Financial Inclusion

Source: Data Compiled from RGAVP Progress Report Oct 2023

Conclusion:

The collaboration between rural employment programs like RAJEEVIKA and financial inclusion in Rajasthan is essential for unlocking the full potential of these initiatives and fostering sustainable development. The challenges posed by geographical diversity, inadequate infrastructure, and cultural distinctions demand an inclusive approach that addresses the specific needs of the rural population. By integrating targeted financial literacy, banking infrastructure expansion, DFS advancement, and empowering rural employment programs, Rajasthan can pave the way for a transformative journey towards inclusive economic growth. This paradigm shift not only uplifts the financial conditions of rural households but also drives entire rural communities towards socio-economic prosperity.

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