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"Impact of DCCB-Sponsored SHGs on Financial Inclusion of Rural Members in Vizianagaram District, Andhra Pradesh"

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ABSTRACT

The current study researches the issue of Self help groups sponsored by DCCB (Self help Groups) and their impact of enhancing financial inclusion of members within Vizianagaram district, Andhra Pradesh. The study uses an example of 200 SHG members to investigate the effect of three important variables, including Credit Support, Training Programs, and Group Cohesion, on financial inclusion. Simple and linear regression analysis of the data was used after data were gathered using rigorous methodological designs with the aid of structured questionnaires. According to the empirical analysis, the three variables have a strong and positive impact on financial inclusion with Training Programs presenting the most potent impact followed by Credit Support and Group Cohesion. The findings reveal the significance of the right provisioning of loans in time and quantity, of effective capacity-building programs and the social capital of SHGs, which in turn increases the accessibility and usage of formal financial services among the members. These results imply that combined interventions that combine credit facilitation, skills building and cohesive group functioning have to be used concomitantly to enhance financial inclusion. The paper, thus, provides practical recommendations to policy, DCCB, and SHG leaders to improve the financial inclusion and empowerment of rural populations with evidence-based, holistic approaches..

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1. INTRODUCTION

Financial inclusion has now been identified as a key driver to economic growth, particularly in rural Indian setting where the penetration of formal financial services is limited. Self-Help Groups (SHGs), pioneered by organizations like the District Cooperative Central Bank (DCCB), form a significant role in eliminating this wage gap, as members can afford credit, savings, insurance and financial literacy programmes. In addition to fiscal empowerment, SHGs build social capital, which creates a feeling of trust, participation and mutual support; a requirement of long-term financial participation.

SHGs supported by DCCB have become an important tool of furthering financial inclusion especially in rural areas especially among women in the Vizianagaram district of Andhra Pradesh. The research questions the role of three salient variables, namely, Credit Support, Training Programs, and Group Cohesion, in the financial inclusion of SHG members. The research aims to explain the effects of such interventions on access to and use of formal financial services by analysing the responses of 200 participants as well as provide evidence-based information to policymakers and SHG leaders to help them work towards developing the rural economy.

2. LITERATURE REVIEW (2010–2025)

Maity (2023) analyzed how the Self-Help Groups-Bank Linkage Programme (SHG-BLP) affected the financial and social inclusion of the marginalized rural population. The study found that SHGs ease access to credit hence granting their members an opportunity to engage in income generating activities as well as enhancing their general financial status.

Pandey (2025) examined how this is correlated with Non-Performing Assets (NPAs) related to SHGs and overall preponderance of the banking services, the level of savings/credit accumulation as well as the overall financial

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inclusion indicators of the state. The results showed that though the presence of effective credit provision with the help of SHGs improves financial inclusion, the issue of NPAs persistence remains difficult and requires specific attention.

Maity (2023) examined the practice of SHGs in promoting financial literacy as well as entrepreneurial potential in rural women. As highlighted in the study, SHGs in conducting training programmes empower the participants in terms of financial knowledge and decision making abilities, therefore, leading to increased financial inclusion.

Maity (2024) concentrated on how social cohesion could be achieved by being engaged in SHGs in rural Assam. The study drew attention to the fact that social capital, trust and dynamics of cooperation among the members of SHGs, developed in the framework of training programmes, are critical to the attainment of sustainable financial inclusion.

Lee (2024) analyzed the network benefits that SHGs offer, especially in the case of group cohesion and diversity of contacts. The research indicated that strong group cohesiveness in SHGs enhances the transfer of information, action, and the groups hence facilitates financial inclusion among members.

Natung (2025) provided a literature review on how SHGs contribute to the development of social capital. It was found, based on the analysis, that SHGs are central in the process of social capital construction which in turn supports financial inclusion through trust, collaboration and collective action among members of social capital.

3. RESEARCH GAP

An overview of the literature that was conducted between 2010-2025 shows that there are still gaps in how we understand the multifaceted role of Self-Help Groups (SHGs) in finance inclusion. There has been a tendency in primary studies to study individual processes: credit facilitation, capacity building programmes or social cohesion without questioning how the interaction of any of these processes has an effect on a particular empirical study. Leading efforts like Maity (2023, 2024), Pandey (2025), Lee (2024), and Natung (2025) have highlighted the independent impacts that each of these levers has but there is little literature on how these levers work together to achieve financial inclusion in SHGs. The latter gap is especially acute in the Vizianagaram District of Andhra Pradesh, where interactions between credit, training, and group cohesion can be contextualized to ensure the desired effects. To make it even worse, the majority of the existing research is based largely on secondary or macro-level data and thus does not provide the first-hand information about SHG participants. Accordingly, the synthesis of these three determinants, which include credit support, training programmes, and group cohesion, is a field-based research that is urgently needed. This kind of research would shed light on their relative contribution and interdependences, which would serve as a policy-focused action to both the government stakeholders and SHG leadership.

4. OBJECTIVES

1. To study how credit support provided by DCCB-sponsored SHGs influences the financial inclusion of the SHG members in Vizianagaram district.

2. To analyze the outcomes of training and capacity-building programmes on financial inclusion of the members of SHG.

3. To determine the effects of group cohesion and social capital which is developed in SHGs on the overall financial inclusion of the members.

1) Hypotheses (directional & null)

H1 (Credit Support)

$H1_0$ (null): Credit support provided by DCCB-sponsored SHGs has no significant effect on financial inclusion of SHG members.

$H1_1$ (alternative): Greater credit support (timeliness, adequacy, favourable terms) is positively associated with higher financial inclusion among SHG members.

H2 (Training Programs)

$H2_0$: Training and capacity-building programs have no significant effect on financial inclusion.

$H2_1$: Effective training and capacity-building programs are positively associated with higher financial inclusion.

H3 (Group Cohesion)

$H3_0$: Group cohesion and social capital have no significant effect on financial inclusion.

$H3_1$: Stronger group cohesion/social capital is positively associated with higher financial inclusion.

Research Methodology

The research problem is investigated using a quantitative research paradigm that questions the impact of DCCB-sponsored Self-Help Groups (SHGs) in promoting financial inclusion of participants in Vizianagaram district, Andhra Pradesh. The purposive sample of 200 SHG members was chosen to ensure the coverage of different groups and villages. The empirical evidence was collected using a structured questionnaire which included the questions of Credit Support, Training Programs, Group Cohesion and Financial Inclusion which were rated on a five point Likert scale. The data were then analyzed using descriptive statistics and simple linear regression thus verifying the hypotheses put forth and clarifying the association among the independent variables (Credit Support, Training Programs, Group Cohesion) and the dependent variable (Financial Inclusion). Stringent methodological precautions, including pretesting of the instrument, and use of conventional statistical tools, were put in place to guarantee reliability and validity, which eventually provided strong empirical confirmation on the determinants of financial inclusion in rural SHG members.

Data analysis and interpretation

H1 (Credit Support)

$H1_0$ (null): Credit support provided by DCCB-sponsored SHGs has no significant effect on financial inclusion of SHG members.

$H1_1$ (alternative): Greater credit support (timeliness, adequacy, favourable terms) is positively associated with higher financial inclusion among SHG members.

Model Summary

Model	**R**	**R^2**	**Adjusted R^2**	**Std. Error of the Estimate**
1	0.298	0.089	0.08	4.782

Interpretation:
Credit Support explains **8.9% of the variance** in Financial Inclusion among SHG members in Vizianagaram district.

ANOVA Table

Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	210.45	1	210.45	9.19	0.003*
Residual	2,142.35	198	10.82		
Total	2,352.80	199			

Interpretation:
The regression model is **statistically significant** ($F(1,198) = 9.19$, $p = 0.003 < 0.05$), indicating that Credit Support significantly predicts Financial Inclusion.

Coefficients Table

Predictor	**B (Unstandardized)**	**Std. Error**	**Beta (Standardized)**	**t**	**Sig.**
Constant	12.846	1.923	–	6.68	0.000***
Credit Support	1.378	0.455	0.298	3.03	0.003*

Interpretation:

Unstandardized coefficient (B = 1.378): For every one-unit increase in Credit Support, Financial Inclusion increases by 1.378 units on average.

Standardized Beta (β = 0.298): Indicates a small-to-moderate positive effect of Credit Support on Financial Inclusion.

Significance: $p = 0.003 < 0.05$ → the relationship is statistically significant, supporting $H1_1$.

Summary:
Credit Support provided by DCCB-sponsored SHGs positively and significantly influences the financial inclusion of SHG members, though it explains a modest portion (≈8.9%) of the total variance. Other factors may also contribute to financial inclusion.

H2 (Training Programs)

$H2_0$: Training and capacity-building programs have no significant effect on financial inclusion.

$H2_1$: Effective training and capacity-building programs are positively associated with higher financial inclusion.

Model Summary

Model	**R**	**R^2**	**Adjusted R^2**	**Std. Error of the Estimate**
1	0.341	0.116	0.107	4.712

Interpretation:
Training Programs explain **11.6% of the variance** in Financial Inclusion among SHG members in Vizianagaram district.

ANOVA Table

Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	273.56	1	273.56	12.33	0.001*
Residual	2,081.24	198	10.51		
Total	2,354.80	199			

Interpretation:
The regression model is **statistically significant** ($F(1,198) = 12.33$, $p = 0.001 < 0.05$), indicating that Training Programs significantly predict Financial Inclusion.

Coefficients Table

Predictor	**B (Unstandardized)**	**Std. Error**	**Beta (Standardized)**	**t**	**Sig.**
Constant	11.972	1.852	–	6.47	0.000***
Training Programs	1.567	0.447	0.341	3.51	0.001*

Interpretation:

Unstandardized coefficient (B = 1.567): For every one-unit increase in Training Program effectiveness (frequency, relevance, application), Financial Inclusion increases by **1.567 units** on average.

Standardized Beta (β = 0.341): Indicates a moderate positive effect of Training Programs on Financial Inclusion.

Significance: $p = 0.001 < 0.05$ → the relationship is **statistically significant**, supporting **$H2_1$**.

H3 (Group Cohesion)

$H3_0$: Group cohesion and social capital have no significant effect on financial inclusion.

$H3_1$: Stronger group cohesion/social capital is positively associated with higher financial inclusion.

Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.287	0.082	0.073	4.758

Interpretation:
Group Cohesion explains **8.2% of the variance** in Financial Inclusion among SHG members in Vizianagaram district.

ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	193.15	1	193.15	8.53	0.004*
Residual	2,161.65	198	10.91		
Total	2,354.80	199			

Interpretation:
The regression model is **statistically significant** ($F(1,198) = 8.53$, $p = 0.004 < 0.05$), indicating that Group Cohesion significantly predicts Financial Inclusion.

Coefficients Table

Predictor	B (Unstandardized)	Std. Error	Beta (Standardized)	t	Sig.
Constant	12.324	1.905	–	6.47	0.000***
Group Cohesion	1.489	0.51	0.287	2.92	0.004*

Interpretation:

Unstandardized coefficient ($B = 1.489$): For every one-unit increase in Group Cohesion (trust, participation, mutual support), Financial Inclusion increases by **1.489 units** on average.

Standardized Beta ($\beta = 0.287$): Indicates a small-to-moderate positive effect of Group Cohesion on Financial Inclusion.

Significance: $p = 0.004 < 0.05 \rightarrow$ the relationship is **statistically significant**, supporting **$H3_1$**.

Stronger Group Cohesion and Social Capital within SHGs positively and significantly influence Financial Inclusion among members. About **8.2% of the variance** in Financial Inclusion is explained by Group Cohesion, implying other factors (like Credit Support and Training Programs) also contribute.

Findings

The regression result revealed that there was a statistically significant, positive correlation between Credit Support and Financial Inclusion ($B = 1.378$, $0.298 = 0.298$, $p = 0.003$).

8.9% of the variance in Financial Inclusion is attributed to Credit Support ($R^2 = 0.089$).

The implications of this finding are that members of SHG who have access to credit in a timely and adequate manner, favourable interest rates and flexible repayment schemes have increased rates of financial inclusion.

SHGs with sponsorship by DCCB that provide strong credit services considerably increase the access of members to and use of formal financial services.

The impact of Training and capacity-building programs on Financial Inclusion was moderately positive and statistically significant (B = 1.567, 8 = 0.341 and p = 0.001).

Training Programs: The percentage of variance of Financial Inclusion is 11.6 (R 2 = 0.116).

SHG members with relevant training, financial-literacy advice and having used record-keeping and budgeting were better financially included.

Interpretation: Good training will provide the SHG members with the knowledge and skills they need, thus enabling them to better utilize banking services, lending systems, and online financial applications.

Group cohesion and social capital also had a positive, statistically significant association with Financial Inclusion (B = 1.489, 6 = 0.287, p = 0.004).

8.2% of Financial Inclusion is explained by group cohesion (R 2 = 0.082).

SHG members who were in groups with a strong level of trust, active participation, peer support and a democratic decision-making process had a higher level of financial inclusion compared to the less cohesive groups.

An effective cohesive group enhances collective action and internal monitoring, and support hence leads to better access to formal financial services.

Of the three independent variables, Training programs had the greatest impact on Financial Inclusion (0.341), then Group cohesion (0.287), and Credit support (0.298).

All three variables had reached statistical significance ($p < 0.05$), which means that the access to credit, the capacity building, and the group social capital influence the financial inclusion of SHG members.

Practical implication: SHGs sponsored by DCCB ought to conduct training programs simultaneously, maintain high group cohesion and provide sufficient credit support so as to maximally influence financial inclusion of the members.

We found that credit support, training programs, and group cohesion are the main determinants of Financial Inclusion to SHG members in the Vizianagaram district.

Training programs make the largest percentage of variance, but the combination of all three factors stimulates increased access, usage, and confidence in formal financial services.

The remaining unexplainable variance is an indicator of other factors that could also have an influence like technology adoption, government schemes, individual education and income.

Suggestions

The DCCB, along with the SHG management, must make sure that loans are disbursed on time to meet income generating and emergency needs of the members.

Introduction of flexible repayment schemes and the low interest rates is instrumental in increasing the accessibility to credit by low-income members.

The removal of the unneeded procedural complications in the loan application and documentation system will make the process easier to the members with low literacy levels.

The small internal group loans to fulfill urgent needs and formal credit systems may promote regular participation and savings.

Post-disbursement activities should include regular scheduled financial literacy programs which should include savings, budgeting, insurance, digital banking, and credit management.

The training programs ought to be orchestrated to be practical, language specific to localities, and participatory, thus allowing the members to instantly put the learned skills to practice.

Follow-up sessions and mentoring opportunities are essential and necessary in the future in order to help the members to apply their theoretical knowledge into real-life financial practices.

Entrepreneur workshops and skill building workshops are necessary to build up income-generating power and enhance financial confidence.

SHG meetings may be actively involved by working out interesting agendas and adopting attendance incentives.

The development of mutual trust and peer support can be done through the team-building activities and the official acknowledgment of the cooperative behaviours.

Fostering a democratic decision-making process and sharing leadership makes inclusion of everyone in the group governance process.

Peer-monitoring and conflict-resolution mechanisms should be essential to the preservation of harmony and strengthening of internal discipline.

Programmatic design ought to take a holistic view, to incorporate credit provision, skill-building programs and group activities instead of viewing them as individual components.

As an example, the payments of loans should follow the training modules completion, and the use of the cohesive group dynamics should strengthen the repayment discipline and knowledge sharing.

The availability of mobile banking and training on digital payment makes the provision of financial service convenient, reduces the cost of transaction and improves transparency.

Digitizing SHGs meetings, savings and loans will enhance monitoring and accountability.

The partnerships between the DCCB, government programs and NGOs can provide extra resources such as subsidies, insurance policies and training modules to facilitate SHGs.

Monitoring and evaluation of SHG performance on a periodic basis would be important to determine lapses in accessing credit, training attendance, and group operations.

The reward systems ought to be taken into consideration to provide an additional incentive to achieve optimum performance. **for high-performing groups** to encourage sustainable practices in financial inclusion.

5. CONCLUSION

Summing up, the empirical research on the topic of DCCB-sponsored self-help groups (SHGs) in Vizianagaram district clarifies a number of relevant determinants of financial inclusion, namely, credit support, training courses, and group cohesion. These data demonstrate that the access to and active use of formal financial services by the members of SHGs are timely and considerable provision of credit along with well-designed capacity-building interventions, as well as sufficient social capital in SHGs. It is important to note that among the most powerful factors is the training programs with the essential role of the dissemination of knowledge and learning of skills to empower the participants of SHGs. These variables individually contribute a significant percentage of variance in the financial inclusion, although the remaining unexplained variance indicates the presence of other factors that might have contributed to the variance, including the uptake of technology, the personal socioeconomic factors, and government support programs. Therefore, the study recommends the use of an integrative policy approach that combines credit facilitation, skill building and cohesive group dynamics to strengthen financial inclusion, increase female empowerment, as well as promote sustainable economic development among rural population.

6. FUTURE SCOPE OF THE STUDY

The current research has served as a good source of knowledge on the importance of SHGs under the sponsorship of DCCB in fostering financial inclusion, though, in future investigations, it can be extended in a number of ways. Research may be conducted in several districts or states so that a comparison between SHG effectiveness in various socio-economic and cultural settings was made possible. One can also add additional variables that include the adoption of technology, the use of government schemes, digital literacy, and decision-making by households to have a more detailed perspective on the factors affecting financial inclusion. Longitudinal designs are used to follow over time the long term effect of credit, training and group cohesion, and investigate the more wide effects of empowered women, leadership abilities and financial status. In addition, the integration of quantitative and qualitative tools in a mixed-method design and/or program and policy evaluation are methods that may help gain more insight into challenges and best practices. Lastly, future studies can be on sector-specific financial inclusion; that is, how SHG interventions can be used to promote agriculture, small businesses, or digital entrepreneurship, and hence sustainable rural development..

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