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Fostering Women Empowerment through Financial Inclusion in India

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Abstract: *This study attempts to investigate how financial inclusion affects women's empowerment in India. The report offers a thorough analysis of India's current financial inclusion situation. It evaluates the success of the numerous measures made by the Indian government and the private sector to encourage financial inclusion and women's empowerment. The study also offers potential ways to address the barriers that women may face in gaining access to financial services. The report concludes with policy proposals for improving financial inclusion and advancing women's empowerment in India that are addressed to decision-makers, financial institutions, and other stakeholders. Overall, the study comes to the conclusion that financial inclusion might be extremely important for advancing women's empowerment and gender equality in India.*

Keywords: *Women empowerment, Financial inclusion, Digital sakhi, Entrepreneurship, Financial literacy*

I. INTRODUCTION

A number of policies have been implemented by the government of India in an attempt to improve access to institutional finance for the rural poor. However, there are still some people who are left behind in the race of prosperity. The poor and vulnerable in rural areas must have access to financing if poverty is to be reduced and sustainable development is to be achieved. According to NFHS 3 survey (2005-06) only 15.1% women in India had bank account but as per the NFHS 5 (2019-20) survey 78.6% women have bank accounts. These data shows that in India Financial inclusion is growing very fast through the efforts of Banks, NGOs, MFIs, SHGs and other institutions.

This research paper studies the initiative launched by the Government of India and other institutions for upliftment of women. And it also study the issues women are facing in attaining economic empowerment through financial inclusion. This paper examines the areas where improvement can be done to achieve the full financial inclusion in India.

II. WOMEN EMPOWERMENT

Empowering women is a key strategy for accelerating national development. Additionally, it would contribute to the reduction of poverty by enhancing family and community production and health, as well as by giving the next generation a better chance. In India, a number of socioeconomic concerns such as gender-based violence, disparities in reproductive health care, economic discrimination, harmful traditional practises, and other pervasive and persistent forms of inequality are putting women at a disadvantage. The most crucial factor in socioeconomic progress is the participation of women in decision-making, which must be strengthened. According to Sowjanya and V. Basil "In many areas of life, empowerment enables people to realise their identity and abilities. It entails having more freedom and access to information, resources, and decision-making, i.e., not being constrained by societal norms, beliefs, and practises."

III. FINANCIAL INCLUSION

Financial inclusion refers to the availability of, and ability to use, reasonable, responsible financial services for all individuals and organisations. The microcredit movement of the 1970s gave rise to the idea of financial inclusion, which gained popularity in the early 2000s. Generally, people with low incomes, women, and other socio-economically oppressed groups have been underserved by financial institutions.

According to M. Sharm and J. Pais "A diverse financial system has several advantages. It makes it easier to allocate productive resources effectively, potentially lowering the cost of capital. Additionally, having access to the right financial services can greatly enhance how you handle your money on a daily basis. An inclusive financial system can assist in limiting the expansion of exploitative informal lending sources like money lenders."

IV. WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION

“There are two powers in the world; one is the sword and the other is the pen. There is a third power stronger than both, that of women.”- Malala Yousafzai

Women’s financial independence is a key component of the meaningful "emancipation" of women. Increasing women's financial participation is crucial because women experience poverty at higher rates than men do as a result of unfair labour distribution and lack of control over economic resources. Women's empowerment includes the capacity to make wise life decisions in situations when it was previously impossible for them to do so. There are many factors that contribute to women's low financial knowledge and inclusion. In India, homemaking is a common occupation for women, especially in rural areas, and it is a full-time position that does not pay.

V. LITERATURE REVIEW

Md. Nur Alam Siddik (2017)

According to a study, financial inclusion raises women's income, purchasing power, level of life, and status within the family. The study also shows that after utilising financial inclusion programmes, rural women are better able to handle emergencies, provide for their children's better education, access better healthcare, and lessen their reliance on local money lenders, proving that financial inclusion programmes support women's economic empowerment.

Arpita Manta (2019)

The researcher found that due to the prevalence of patriarchal norms in poor nations, rural women worldwide confront similar types of impediments to financial inclusion. Rural women are a distinct market sector of the population with a range of characteristics and needs in terms of money. Therefore, a variety of financial products and services that are tailored to the needs of rural women must be made available to them. Women's chances of higher financial inclusion can be improved through employment in the formal sector and freedom from unpaid labour.

Siddaraju V. G. (2012)

This study shows that utilizing the strength of women is essential for financial education. A woman who is financially literate and included will open the way for the inclusion of all family members, just as it is stated that an educated woman will educate the family. Given that women's levels of general and financial literacy are generally poor, efforts should be made to develop creative financial literacy programmes specifically for women.

VI. RESEARCH METHODOLOGY

Descriptive research design has been used here. This study focuses on the efforts made by the government for financial inclusion of women in India and also to evaluate the obstacle that hamper the complete financial inclusion. The data has been collected from secondary sources only like books, journals, government sites, RBI reports, newspapers etc.

VII. OBJECTIVES OF THE STUDY

- 1) To study the initiative launched for women empowerment through financial inclusion
- 2) To study the constraints in accomplishing women empowerment through financial inclusion

VIII. INITIATIVES FOR FINANCIAL INCLUSION IN INDIA

A. Pradhan Mantri Jan Dhan Yojana (PMJDY)

Narendra Modi introduced the Pradhan Mantri Jan-Dhan Yojana (PMJDY) on August 28, 2014. The objective is to make a variety of financial services, such as remittance, credit, insurance, pension, and banking savings and deposit accounts, accessible to all in an inexpensive way. There is no requirement to maintain any minimum requirement in the account. Rupay debit card is also provided to the account holder. Account holder is provided with overdraft facility of Rs. 10,000. Accident Insurance Cover of Rs.1 lakh (enhanced to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018) is available.

Beneficiaries as on 25/01/2023 (all figures in crore)

Bank name/Type	No. of Beneficiaries at rural semi urban centre bank branches	No. of rural urban female beneficiaries	No. of total beneficiaries	No. of Rupar debit cards issued to beneficiaries

Public sector banks	23.67	20.79	37.77	28.03
Private sector banks	7.67	5.13	8.90	3.44
Private sector banks	0.69	0.72	1.34	1.11
Grand Total	32.02	26.64	48.02	32.57

(Source - <https://pmjdy.gov.in/about>)

B. Digital Sakhi

For women in rural India, gaining access to financing is still a difficult task. The financial services company L&T Financial Services launched the "Digital Sakhi" programme in 2016 under its CSR department to solve this issue. The objective of this initiative is to educate and empower rural women to become Digital Sakhis so they can persuade their community, particularly the women, to adopt digital financial literacy. One Digital Sakhi has been set a goal to conduct financial literacy sessions with 1,000 people between the ages of 18 and 60 over the course of a year. The digital sakhi project has been implemented successfully in these 5 states of India - West Bengal, Tamil Nadu, Madhya Pradesh, and Maharashtra. The Digital Sakhi project, "which began in 2017 and has now produced a cadre of 960 Digital Sakhis, has assisted in the upskilling of 5,500 women business owners in rural India. Through DFL, Digital Sakhis alone empowered more than 8.60 lakh people in five states in FY 2022".

C. Stand Up India

The Stand-Up India programme was introduced in April 2016 to encourage entrepreneurship among women, people from Scheduled Castes, and people from Scheduled Tribes. Under the stand-up India scheme, at least one SC or ST borrower per bank branch, as well as at least one-woman borrower per branch, will receive a bank loan between 10 lakhs and 1 crore for setting up a greenfield project.

As on 31/03/2022

Category of borrower	No. of accounts	Amount sanctioned (in Rs. Crore)
Scheduled Caste	19,310	3,976.84
Scheduled Tribe	6,435	1,373.71
Women	1,08,250	24,809.89

(Source – Government of India)

D. Pradhan Mantri Mudra Yojana

On April 8, 2015, the Hon. Prime Minister unveiled the Pradhan Mantri MUDRA Yojana (PMMY) programme, which aims to give loans of up to 10 lakh rupees to non-corporate, non-farm small and micro enterprises.

PMMY is divided into three Categories:

- 1) Shishu – up to Rs. 50,000/-
- 2) Kishore – above Rs. 50,000/- and up to Rs. 5,00,000
- 3) Tarun – above Rs. 5 lakh and up to Rs. 10 lakhs.

PRADHAN MANTRI MUDRA YOJANA DETAILS (2016-2023)

Financial year	No. of PMMY Loan sanctioned	Amount sanctioned	Amount disbursed
2015-16	3,48,80,924	1,37,449.27	1,32,954.73
2016-17	3,97,01,047	1,80,528.54	1,75,312.13
2017-18	4,81,30,593	2,53,677.10	2,46,437.40
2018-19	5,98,70,318	3,21,722.79	3,11,811.38
2019-20	6,22,47,606	3,37,495.53	3,29,715.03
2020-21	5,07,35,046	3,21,759.25	3,11,754.47
2021-22	5,37,95,526	3,39,110.35	3,31,402.20
2022-23	3,81,98,955	2,87,582.72	2,80,514.22

(Source - <https://www.mudra.org.in/>)

E. Udyami Sakhi Mandal

This initiative is designed to empower rural women in Jharkhand and encourage them to engage in business has been announced by the state government. This scheme enables a group of 15 women to get financial assistance for launching their businesses. Till date, 82,000 mandals have been formed. Through this, more than 9.7 lakh rural women have been added to Sakhi Mandals. Under the NRLM, about 34.57 lakh rural women have been linked to a total of 2.76 lakh sakhi mandals in Jharkhand. About 21 lakh families associated with Sakhi Mandal have been connected with the means of livelihood.

F. Sukanya Samridhhi Yojana

SSY scheme was launched in 22 January 2015 by Prime Minister Narendra Modi. This scheme Aims to improve the prospects of girls in the country, the scheme eliminates sex discrimination, gender determination, and protects girls and increases their participation in education. SSY is a government savings programme known as the Sukanya Samridhhi Yojana was developed with the goal of helping female children as part of the "Beti Bachao - Beti Padhao" effort. Under this programme, a girl's parent or legal guardian who is 10 years old or younger may open an account.

Statement showing details of state with highest number of accounts

Name of the state/UT	No. of accounts as on 31.10.2021
Uttar Pradesh	29,12,632
Tamil Nadu	26,03,872
Maharashtra	23,13,584
Madhya Pradesh	22,17,375
Karnataka	21,08,078

(Source – Ministry of finance)

IX. CONSTRAINT IN ACHIEVING FINANCIAL INCLUSION FOR WOMEN EMPOWERMENT

- Digital Exclusion-** Digital divide is defined as the differences in access to the internet and ICT between those who have and those who do not. According to the National Family Health Survey 2019–21 ("NFHS") reveals a far wider gender disparity in internet usage. As per their report, just 33.3 percent of women and 57.1 percent of men had ever used the internet Women in rural areas are unable to access various financial services due to a lack of digital literacy, and even though they own smartphones, they are not very digitally proficient.
- Lack Of Basic Education-** Women find it challenging to comprehend formal languages and different documentation processes since they lack a foundational education. Women find it challenging to comprehend formal languages and different documentation processes since they lack a foundational education.
- Lack Of Proper Document –** The majority of women in rural regions lack the basic documentation needed to create bank accounts and access other banking services.
- Lack Of Financial Literacy-** One of the key components of financial inclusion is financial literacy. People from rural areas who are more knowledgeable about financial services are more likely to be included into formal financial institutions. Whereas people those who are not financially literate have more chance to get exploited in informal sectors.
- Inadequate Incentives To BC-** Bank correspondents assist the locals in opening bank accounts. For every new account opened, every transaction completed through them, every loan application handled, etc., business correspondents receive commission from the bank. Inadequate incentives make business correspondents unmotivated. That’s why they should be provided with adequate incentives so that they can provide better services in return.

X. CONCLUSION AND SUGGESTION

According to the study, women in India are currently benefitting from various financial inclusion schemes implemented by the Government and other organizations in the country. In the last few years, there has clearly been an increase in banking financial services accessibility in India's unbanked areas. In addition, women who belong to marginalized sections of society have gained empowerment as a result of bank penetration. Moreover, financial inclusion of women has brought about a revolution in the field of women education, women entrepreneurship, and the development of women in general.

Providing women with quality education and making them aware of their basic human rights would be a great initiative by the Indian government.



Women in rural areas must be educated about USSD services in order to solve the problem of internet accessibility because USSD services do not require internet connection. Women should be educated about the advantages of financial literacy, its services, and how it helps with their overall empowerment. More than empathy and sympathy, women need to be empowered and that can only be done through financial inclusion only.

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