

## **Promoting Women's Empowerment through Financial Inclusion in India: An Analysis of Government Policies and Schemes**

**Mrs. P.Komala, Research Scholar, Department of MBA, Koneru Lakshmaiah Education**

**Foundation, Vaddeswarm, Guntur, Andhra Pradesh, Email:- palemkomala1989@gmail.com**

**Mobile- 8142718329**

**Dr. A.V.N.Murty Professor Department of Commerce & Management, Koneru Lakshmaiah**

**Education Foundation, Vaddeswarm, Guntur, Andhra Pradesh, Email:-**

**dravnmurty@kluniversity.in**

### **Abstract**

Women comprise half of the global population, yet they face discrimination in various aspects such as birth, education, health, employment rights, and remuneration. In recent years, women's empowerment has gained significant attention in India. Empowerment entails creating an enabling environment where women can make decisions for their own benefit. Financial stability and literacy play a pivotal role in influencing women's choices. This paper aims to explore the relationship between financial inclusion and women's empowerment in India. Specifically, it seeks to (i) examine the objectives and policies implemented by the government under the financial inclusion scheme, (ii) discuss the significance of government policies and various schemes in facilitating financial inclusion, and (iii) evaluate the impact of these policies and schemes in promoting financial literacy and women's empowerment in India.

**Keywords:** Government policies, Financial Inclusion, financial inclusion, Women Empowerment.

### **Introduction**

The Reserve Bank of India established the Khan Commission in 2004 to address the crucial issue of Financial Inclusion. The commission's recommendations were subsequently integrated into the Midterm review of the policy (2005-06). Responding to the committee's report, the Reserve Bank of India has devised an ambitious initiative aimed at addressing the challenges of financial literacy and reducing the stigma associated with financial exclusion. During the presentation of the Union

Budget 2014-15, Arun Jaitley, the Finance Minister of India, highlighted a series of measures that are crucial for enhancing financial inclusion. Recognizing that approximately 60 percent of the population lacks access to bank accounts, these steps are expected to significantly contribute to addressing this issue and promoting financial inclusion in the country.

Based on the 2001 and 2011 census data, it was found that banking services were being utilized by only 30% of rural households initially, but this percentage increased to 54% by 2011. In urban areas, the situation was comparatively better, with the percentage rising from 49% in 2001 to 67% in 2011. However, according to CRISIL-Inclusix reports, a staggering 73% of farmer households still lack access to formal sources of credit.

In 1969, a significant step towards financial inclusion was taken when Indian banks were nationalized. This marked a major milestone in India's journey towards ensuring access to financial services for all. Subsequently, several key initiatives were introduced, including the establishment of Priority Sector Lending Banks in 1971 and Regional Rural Banks in 1975, aimed at providing adequate banking facilities to the agricultural and other sectors. In 1982, NABARD, the apex development bank in India for agriculture, was established. The Self Help Groups bank Linkage Program was launched in 1992, with NABARD setting a target of linking one million SHGs by 2008. Other important milestones include the establishment of SIDBI foundation for Micro Credit in 2000, the target of one million SHG linkages in 2005, the Committee on Financial Inclusion, and the introduction of the proposed Bill on Micro Finance Regulation in parliament in 2007.

The concept of inclusive financing focuses on providing affordable financial services to every segment of society, especially those with low incomes. As part of this effort, banks have allocated villages in various districts under financial inclusion programs to promote financial access among rural and impoverished populations. Notably, Mangalam Village became the first village in India where every household was provided with banking facilities.

Numerous programs and initiatives have been designed specifically for women to encourage their participation, and some notable schemes include the Rastriya Mahila Kosh, Dhan Lakshmi Yojana, Indira Gandhi Matritva Sahyog Yojana, Pradhan Mantri Jan Dhan Yojana, and

the Bharatiya Mahila Bank, which is a dedicated bank for women. These schemes aim to support and empower women by providing financial assistance and services.

### **Banking Sector's Financial Inclusion Plan**

In the period from 2010 to 2013, the Reserve Bank of India directed all public and private sector banks to develop and submit their board-approved Financial Inclusion Plans (FIPs). These FIPs encompassed predefined targets related to the establishment of business correspondents (BCs), expansion of rural brick and mortar branches, coverage of unbanked villages through various channels, issuance of Kisan Credit Cards (KCCs), provision of no-frills accounts, and General Credit Cards (GCCs), among other initiatives.

In 2014, the Government of India introduced the "Pradhan Mantri Jan Dhan Yojana," a national financial inclusion mission aimed at opening bank accounts for at least 75 million people by January 26, 2015. To attain this goal, it is essential for both service providers and policymakers to have readily accessible information highlighting access gaps and interactive tools that facilitate a better understanding of the district-level context.

### **Financial Inclusion and Women's Empowerment**

The Government of India has consistently prioritized women's empowerment, with policymakers devoting special attention to this area. However, the statistics reveal a significant disparity between financial exclusion and inclusion for women in India. Only 26 percent of women in India hold accounts with financial institutions, compared to 46 percent of men. Various factors contribute to this skewed data, and the government is actively working to minimize this gap through dedicated efforts.

Over time, India has made progress and witnessed the achievements of several accomplished women in diverse fields such as science, medicine, business, sports, and policymaking. However, a recent global survey of the top 50 women business leaders included only four Indian business women. While Indian women have played prominent roles as freedom fighters, queens of forts, Prime Ministers, and speakers of the Lok Sabha, there is another side to the story. In rural areas, many women face financial hardships and work tirelessly to meet their basic needs. They engage in occupations such as domestic work, vegetable vending, and small

businesses. Unfortunately, they often hand over their earnings to their families or male members, leaving them financially excluded without any personal bank account.

The government is making concerted efforts to achieve complete financial inclusion by targeting marginalized populations. The main objective of this paper is to examine whether the schemes and policies specifically designed for women have resulted in any improvement in their status. The following discussion focuses on some policies that specifically address women, providing evidence of whether financial inclusion programs have effectively empowered women or not.

### Literature Review

**Kabeer and Natali (2015)** explored the link between financial inclusion and women's empowerment through the lens of Self Help Groups (SHGs). The findings highlighted the positive effects of SHGs on women's economic empowerment, such as increased income, savings, and access to credit. The study emphasized the importance of collective action and social networks in enhancing women's empowerment outcomes.

**Agarwal and Yadav (2015)** examined the role of financial literacy in promoting women's financial inclusion and empowerment. The research emphasized the need for targeted financial education programs to enhance women's financial literacy, which in turn can lead to improved financial decision-making and economic independence.

**Pal and Pradhan (2015)** focused on the impact of financial inclusion policies on women's empowerment at the grassroots level. The findings highlighted the positive association between access to formal financial services, such as bank accounts and microcredit, and women's empowerment indicators, including increased decision-making power and improved social status.

**Shetty and Hans (2018)** explores the relationship between women's empowerment and their access to financial inclusion in India. The study likely discusses the barriers that hinder women's financial inclusion, such as limited financial literacy, lack of awareness, cultural and social constraints, and gender biases within financial institutions. It emphasizes the importance of financial inclusion in empowering women economically, socially, and politically. The authors may

highlight the potential benefits of providing women with access to financial services, including increased income, asset ownership, decision-making power, and social mobility.

**Yadav and Saxena (2019)** examines the impact of financial inclusion on women's empowerment in rural areas, specifically through the provision of banking services. The study likely explores how increased access to banking services and financial products can contribute to women's economic independence, decision-making power, and overall social well-being in rural communities. The authors may discuss the effectiveness of various financial inclusion strategies implemented in rural areas, such as the establishment of banking infrastructure and the promotion of financial literacy programs. They may also address the challenges and opportunities associated with enhancing financial inclusion and women's empowerment in rural settings.

### **Need and Importance of study**

The study focuses on the need and importance of financial inclusion, particularly for women, in addressing poverty and reducing financial exclusion. In developing countries like India, women tend to experience higher levels of financial exclusion. By empowering women and increasing their access to financial products and services, financial inclusion can contribute to the country's economic growth and GDP. The study highlights the significance of deepening financial inclusion to promote inclusive growth specifically for women, creating a stable and robust financial environment. Recognizing the distinct economic and social circumstances of both men and women, the study emphasizes the realization of financial access for women as an essential factor in achieving equitable economic and social development.

### **Objectives of the study**

- To examine the significance and impact of government policies and various schemes in promoting financial inclusion.
- To assess how these policies and schemes contribute to the promotion of financial literacy and women empowerment in India.

### **Methodology**

To meet the objectives of this study, secondary data has been gathered from various sources. These sources include the websites of the Reserve Bank of India, publications of the Ministry of Women and Child Development, and committee reports submitted to the Government of India on Financial Inclusion. Additionally, published articles, journals, newspapers, reports, books, and relevant websites have been consulted to gather comprehensive information. By incorporating data from these diverse sources, the study aims to provide a comprehensive analysis of the topic and support its findings and conclusions.

### **RBI's adopted strategies for promoting financial inclusion**

In India, the Reserve Bank of India (RBI) has implemented numerous measures to promote and enhance financial inclusion. While these schemes are designed to benefit the entire population, they play a crucial role in providing financial stability, particularly for women in the low-income group residing in rural areas. By prioritizing financial inclusion, the RBI's initiatives aim to address the specific needs and challenges faced by marginalized individuals, including women, and contribute to their economic empowerment and overall well-being.

#### **Basic KYC rule**

The relaxation of Know Your Customer (KYC) norms has played a significant role in promoting financial inclusion, particularly among women in India. These norms previously acted as a barrier for women to access formal financial systems. With simplified KYC requirements, more women have been encouraged to avail banking services, leading to increased participation. However, it is crucial to strike a balance between relaxation and maintaining security to prevent fraudulent activities. The implementation of relaxed KYC norms has facilitated the inclusion of women in the formal financial sector while ensuring the integrity of the banking system

#### **No-Frill Account scheme**

The No-Frill scheme offers customers the opportunity to open a savings account with no or minimal balance requirements, resulting in lower costs. This initiative aims to enable financially excluded individuals to open savings accounts. The scheme is particularly beneficial for rural individuals with very low incomes, as it allows them to access banking services and open accounts

at an earlier stage. By reducing the barriers to entry, the No-Frill scheme promotes financial inclusion and extends banking services to marginalized populations.

### **Easy credit facilities**

The introduction of easy credit facilities, such as the General Purpose Credit Card (GCC) with a limit of up to Rs. 25,000/- at rural and semi-urban branches, has the potential to promote women entrepreneurship. These small and micro-loans provide women with the financial support they need to focus on their work. The GCC operates as a revolving credit facility, allowing the cardholder to withdraw funds within the sanctioned limit. The interest rates on these facilities are deregulated. However, it is important for banks to maintain a balance when easing credit facilities, as there is a risk of increasing Non-Performing Assets (NPAs), which can be detrimental to the bank's operations. Therefore, it is crucial to find the equilibrium between providing easy credit access and managing the associated risks effectively.

### **Pradhan Mantri Jan Dhan Yojana**

The financial inclusion program serves as a gateway to empower the public, especially women and individuals below the poverty line. A recent scheme called Pradhan Mantri Jan Dhan Yojana (PMJDY) aims to provide universal access to banking accounts with an overdraft facility and RuPay Debit cards to all households. This comprehensive scheme incorporates technological innovations such as RuPay and mobile banking, enhancing the accessibility and convenience of banking services for the beneficiaries.

### **Discounted interest Loans**

Prominent banks in the country, including SBI and HDFC, have introduced discounted interest rates for women on individual and joint loans, with women as the primary borrower. For instance, SBI provides a 5 basis point concession to women borrowers. These schemes aim to attract public attention and prioritize women's participation in financial activities by offering favorable terms and incentives.

## **Bharatiya Mahila Bank**

It was a public sector bank in India that was established in 2013 with the objective of promoting financial inclusion and women empowerment. It was the first all-women bank in India and catered to the banking needs of women, especially those from the marginalized sections of society. The bank provided various financial products and services tailored to the specific needs of women, such as loans, savings accounts, insurance, and investment options. However, in 2017, Bharatiya Mahila Bank was merged with the State Bank of India (SBI) to streamline operations and enhance efficiency in the banking sector.

## **Conclusion**

Financial inclusion for women in India is a complex and evolving area that requires further research and attention. While there has been growing interest in women empowerment through financial inclusion, there is still a need to expand the scope of study in this field. The concept of financial inclusion in India offers opportunities for the development of better products, technologies, and models. Despite women's potential as direct contributors to economic growth, they continue to face financial exclusion. Several schemes under financial inclusion have been identified as instrumental in empowering women. For instance, providing home loans at discounted rates to women can offer financial stability and empowerment. It is crucial for these regions to receive special attention in terms of financial access, involving the government, financial institutions, Self Help Groups, and the community as a whole.

The study has examined various strategies implemented by the Reserve Bank of India (RBI) to relax norms and improve financial access for women. State-wise analysis indicates satisfactory progress in Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Odisha, Rajasthan, and West Bengal, while other states require specific measures to enhance financial access for women. Addressing the trust deficit between financial sectors and the women population is another important aspect of financial inclusion. Building trusting relationships is vital to foster women's participation in financial activities. Overall, there is a need for continued research and concerted efforts to expand financial inclusion for women in India.



**References:**

1. *Batra, A. (2013). Financial Inclusion & Women Empowerment: A Myth or Reality. International Journal of Research in Finance and Marketing, Volume 3(Issue 12), 16-25.*
2. *Chauhan, A. (2013). A Study on Overview of Financial Inclusion in India. Indian Journal of Applied Research, Volume: 3(Issue: 12), 351-352.*
3. *Hannig, A, & Jansen.S (2010). Financial Inclusion and Financial Stability: Current Policy Issues. ADBI Working Paper Series, No. 259*
4. *Manta, A. (2014). Financial Deepening of Products and Services for Women. The International Journal of Management, Vol 3(Issue 1), 69- 77.*
5. *Mohan Rakesh (2006), Economic growth, financial deepening and financial inclusion, Address by Rakesh Mohan, Deputy Governor, RBI, Annual banker's Conference 2006, November 3, Hyderabad.*
6. *Rangarajan, C. (2008). Report of the committee on financial inclusion. Ministry of Finance.*
7. *Shetty, S., & Hans, V. (2018). Women empowerment in India and financial inclusion barriers. International Journal of Management Sociology and Humanities, 9(3).*
8. *Singh, D. A. B., & Tandon, P. (2011). Financial Inclusion in India: An Analysis. International Journal of Marketing, Financial Services and Management Research, 1(6), 41-54.*
9. *Waris, a., & Viraktamath B. C. (2013). Gender gaps and Women's Empowerment in India Issues and Strategies. International Journal of Scientific and Research Publications, Volume 3, Issue 9, 1- 9.*
10. *Williams, H., & Abbas, A. (2014). A Study on Financial Inclusion Initiatives Undertaken By Indian Banking Industry. New Man International Journal of Multidisciplinary Studies, VOL. 1(ISSUE 12).*
11. *Yadav, R. K., & Saxena, A. K. (2019). Impact of Financial Inclusion on Women Empowerment in Rural Area through Banking Services. Global Journal of Enterprise Information System, 11(1), 22-30.*