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# A STUDY ON FINANCIAL INCLUSION FOR WOMEN EMPOWERMENT IN INDIA

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## Abstract

Women's financial inclusion is essential to achieving gender equality in society. Women's empowerment and economic advancement go hand in hand through higher income, skill development, access to resources and services, and decision-making authority at different stages of life. Empowering women helps they progress both socially and personally by providing them with the resources they need to seize chances and achieve their goals. The advancement of an inclusive society requires the empowerment of its women. Particularly for the disadvantaged and marginalised segments in society, inclusive growth that is built on equality for all individuals Inclusion implies the social and economic integration of all citizens. Women's true "emancipation" depends on their having financial freedom. Financial empowerment makes gender equality achievable more quickly. Nonetheless, it's estimated that 35% of women worldwide experience financial exclusion.

Lack of education is one of the biggest obstacles keeping women from accessing institutional financing. Without appropriate literacy, it is very difficult for both men and women to understand and value the significance of formal money in their lives. People usually find it difficult to use the savings and loan products provided by financial organisations because of this. To increase financial literacy, one needs to have at least a basic education. Nonetheless, the condition for female literacy is not good. By mainstreaming individuals and groups who are financially excluded, financial inclusion strives to promote inclusive growth. The supply and delivery of financial services to society's most vulnerable groups. The involvement of women in the financial system is essential for India's inclusive growth and sustainable development. The current study aims to clarify how women's empowerment via formal financial inclusion supports equitable growth.

**Keywords:** Financial inclusion, Women's empowerment, Sustainable development, Education.

## Introduction

The infrastructure of a nation forms the cornerstone of its economic development. No matter how hard we try, a poor infrastructure prevents us from building a strong system. This is the reason policymakers adopt a path that involves integrating the general populace into the official economic system in order to support efforts made for economic growth and development in any nation.

In fact, it is for this reason that "financial inclusion" makes sure that everyone has access to the advantages of economic progress, even those in the last mile. To ensure that financial inclusion reaches the last runners in development without any obstacles, the government launched the "Digital India" programme. This program's foundation was set with the intention of changing India into a society and economy based on knowledge. JAM Trio (Jan Dhan-Aadhaar-Mobile) was established in order to advance the dual objectives of financial inclusion and digital India.

The idea of financial inclusion emerged as a result of the co-operative movement, which started in India in 1999. In the course of the 1979s, the Lead Bank Plan was swiftly put into place after the top 14 commercial banks of the country were nationalised in 1989. "The process that ensures the availability, accessibility, and utilisation of the formal financial system for all members of an economy" is how Sarma & Pais (2012) define financial inclusion.

The goal of financial inclusion is to make financial services, such as loans, savings accounts, and payments, accessible to low-income and disadvantaged members of society. Also known as "inclusive finance," it. The basic goal of financial inclusion is to remove the barriers that prevent people from participating in the financial sector and to offer financial services that are tailored to each individual's needs without any kind of discrimination. Ghosh, S., & Vinod, D. (2017).

## Literature Review

In their analysis of the many financial inclusion models employed by the Government of India and the Reserve Bank of India in 2015, Gwalani and Parkhi made the observation that a diverse country like India required a custom model to capture a high level of financial inclusion. A nation's citizens must all have access to finance, according to Bansal (2016), for both economic growth and human welfare.

Financial capacity pertains to the ability to manage credit and debt, make smarter financial decisions, and choose the products and services that best suit their needs (Mason & Wilson, 2000). Financial ability is connected with the capacity to generate income through more effective budgeting and saving. Because it enables users to utilise financial products responsibly and make better financial decisions, financial aptitude is essential for increasing financial inclusion (Reddy, Bruhn, & Tan, 2014).

Financial competence is defined as "the capacity to act in one's best financial interest, given socioeconomic and environmental conditions." It also involves information (literacy), attitudes, abilities, and behaviours of consumers with relation to understanding, selecting, and using financial services. This includes the capacity to get financial services that meet one's needs (World Bank,2016).

In order to empower women, obstacles that prohibit them from gaining resources like education, jobs, and money must be removed. Moreover, women's rights in terms of social, psychological, economic, and physical mobility must be strengthened (United Nations, 2014).

Women now have more independence and the resources they need to discover employment options thanks to education. Those who are actively engaged at work can earn money and keep up social ties (Dixon-Mueller, 2017). The community gains from women's empowerment since they are the community's main protectors and are responsible for enhancing the human resource (Gupta, 2006).

According to the United Nations, women's emancipation is crucial for an economy's overall expansion (2010). The process of empowering women involves giving them the freedom to use and control resources anyway they see fit. In their 1996 study, Hashemi, Schuler, and Riley found a strong correlation between a woman's ability to acquire credit and her family's financial stability.

Rahman (2016) found that although the male family member frequently uses the loan money, women do not immediately benefit from loans they take out. The women who are using all or a portion of the loan amount have a significant impact on family decision-making, whether they act alone or jointly with their husbands. Pitt and Khandker (2017) predicted that if more women had access to credit, household consumption would rise and women's influence over household decision-making would grow.

**Nature and Scope of the Study**

The study's objectives are both descriptive and analytical. With relation to women's empowerment in India, it studies the effects of financial capacity and inclusion. Researchers, financial analysts, RBI officials, and employees of commercial banks will benefit from the proposed study in evaluating the impact of financial inclusion on women's empowerment as well as testing other important relationships, such as the one between financial inclusion and socio-economic empowerment, the relationship between financial inclusion and poverty reduction, and the relationship between financial inclusion and area development.

**Objectives of the Study**

- To determine key indicators of India's financial competence and inclusion.
- To investigate how financial inclusion and women's empowerment interact.
- To examine how financial inclusion affects the development of local women and the fight against poverty.

**Financial inclusion**

Although having access to financial services is an essential facilitator for women, financial inclusion is still a high focus at the provincial and federal levels. State governments run a number of programmes independently, even as they continue to work with the centre to promote inclusivity through a range of nationally sponsored or managed schemes. These initiatives include assistance programmes like pensions and insurance, as well as loans and credit support for both agricultural and nonagricultural companies. Singh, N. (2017).

According to the Rangarajan Committee, financial inclusion is the process of ensuring that vulnerable groups, such as weaker segments and low-income groups, have access to financial services and timely and sufficient credit when needed at a reasonable price (2014). Statistics from many sources indicated that India still has a long way to go before financial inclusion. In comparison to the 46% reported by the Mor Committee, the World Bank Findex Survey estimated that 55% of Indians were financially included (2016).

The primary federal financial inclusion programmes are the Pradhan Mantri Jan Dhan Yojana and the Pradhan Mantri MUDRA Yojana, both of which were very recently established. Stand up India and the Rashtriya Mahila Kosh Loan Program are two smaller programmes that offer loans to women from particular social categories. Despite the fact that each state has its own programmes, even at the state level, central programmes are frequently the most important ones. A significant share of women are moderately to highly engage in several of these programmes. Numerous obstacles must be overcome in order for financial inclusion programmes to be implemented, such as problems with language, documentation requirements, the terms and conditions of formal financial services, the availability of bank branches, lack of awareness, a lack of financial literacy, inappropriate product design, inability to meet eligibility requirements, etc. Nanziri, E. L. (2016).

In comparison to an estimated 53% of Indian people in 2016, 80% of Indian adults today have a bank account, according to the World Bank's Global Financial Inclusion Database or Global Findex Report-2017. On the one hand, it assists the less fortunate members of society in saving money for current and future needs, and on the other, it provides incentives for them to participate in various financial products like banking services, insurance, and pension products in order to profit from the nation's economic activities. Demirgüç-Kunt, A., & Singer, D. (2017).

Yet, it also aids the nation in accelerating the rate of "capital formation." The money that is generated as a result of this flows into the economy of the nation and stimulates business activity. Prior to now, private financial institutions (payment banks like Paytm, Airtel Money, and Jio Money) did not actively engage with customers who had limited income. However, times have changed, and they now actively engage with this segment as they have realised that including the poor in the financial system benefits both the poor and their business models. Financial inclusion enables the government to pay the subsidy amount directly to the beneficiary's account rather than subsidising the products, which aids in closing gaps and preventing misappropriation in government subsidies and welfare programmes. Birochi, R., & Pozzebon, M. (2016).

**Women empowerment**

One such crucial subject that has dominated the news for the past few years is women's empowerment. Women in India continue to be denied equal chances in terms of education, employment, and skill development in spite of numerous government programmes and policy decisions. However there have been some notable advancements in this area, particularly in urban centres. However, there are still numerous perks denied to women who live in rural areas. According to many social scientists, in order for women to be empowered and have access to equal possibilities in society, economic independence must be ensured. We are all aware of the critical role women play in creating a just society. The social empowerment of women also heavily depends on economic issues relating to women. Women who have more authority can reach their full potential, accomplish their aspirations, and grow both personally and socially. Women's access to finance has improved thanks to self-help groups (SHGs), which has reduced their reliance on payday lenders and other illicit sources. Access to financial resources has allowed women to meet their needs for production and consumption while also enhancing their capacities and standard of living. Also, they have accumulated wealth, improved the educational standing of the kids, improved health and nutrition, and finally decreased poverty. Women's empowerment ultimately includes decision-making, independence, awareness of legal rights, control over one's own life and environment, etc. Women are the primary protectors and are in charge of improving the human resource, therefore empowering them benefits the community. L. T., & Kodongo, O. (2017).

**Banking Services and Women Empowerment in India**

The role of banks is vital when it comes to the empowerment of women because they are one of the main economic pillars of India. Public sector banks are present throughout India, even in the most rural regions. Historically, these institutions have assisted women with their financial requirements and savings. In order to increase women's financial engagement in the Indian economy, banks have always played a significant role. Whether it takes the form of a consistent source of support or income, or even if funding programmes to support young children's educational needs. Women have received special consideration from all the main public sector banks. Bank loan programmes for women include financial help as well as interest at special discounted rates. Also, banks have published guidelines for stress-free loans. Arun, T., & Kamath, R. (2015).

Despite all of the outstanding work done by the government and public sector banks, societal and cultural barriers prevent women from using banking services. Women are unable to use banks' services as a result of these restrictions. If we compare the numbers for women working in banking, it presents a bleak image. Women only account for 24% of all active bank accounts and 24% of all deposits in the nation. Such a level of female engagement in banking is totally unacceptable in particular when loans are being offered. The gender gap between the users of the two banking services is evident in the fact that only 12% of personal loan accounts are held by women.

**Relationship between Women Empowerment and Financial Inclusion**

One of the objectives of the fifth Sustainable Development Goal on gender equality, economic empowerment of women, depends on financial inclusion. One out of every five women in India lacks access to a bank account. Although more women now have access to bank accounts because to the nation's financial inclusion initiatives, there are still significant discrepancies in account usage, access to savings, and credit. For a variety of reasons, women still have difficulty obtaining financial services. For example, they are more likely to lack identification documents or a cell phone, to live distance from a bank, and to require assistance to open and properly operate a bank account. This article investigates the gender disparities in financial inclusion in India, identifies the barriers, and considers how digital services may be used to provide solutions. Sarkar, A. K. (2016).

The inability to perform transactions is a root cause that limits women's utilisation of formal financial services. Women are less likely than men to acquire a smartphone, which restricts their ability to master digital financial skills. Digital literacy policy initiatives, like the 2014 National Digital Literacy Mission, show how the private sector and CSOs may collaborate with the government to promote digital literacy. Self-help groups (SHGs) have traditionally contributed significantly to the financial inclusion of women in India through the SHG-Bank Linkage Programme. The National Rural Livelihoods Program prepares SHG members to serve as BCs in rural areas through its Bank Sakhis programme. The scheme has increased the access of women to financial services, which has increased transactions in rural India. Moreover, financial literacy centres for women can be run by SHGs. Programmes by SHGs to improve livelihood and skills can be combined with other efforts to promote digital financial inclusion. Roy, N. C., & Biswas,

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D. (2016).

**Conclusion**

Financial inclusion is crucial for sustainable development and economic success, and it also provides women with a path to social and economic empowerment. It has been demonstrated that increasing women's financial access benefits both the women individually and, subsequently, household incomes. By focusing on women and ensuring their participation in financial inclusion, we can boost women's access to credit, employment possibilities, and economic resilience at the household level. This will benefit households throughout any economic crisis, such as an unemployment crisis.

Financial inclusion refers to the delivery of financial services to people who are "financially excluded," such as the disadvantaged segments of society, such as women, rural inhabitants, and the poor. Financial competence is the ability to manage one's financial resources and plan ahead. Women's empowerment is the process of expanding their alternatives and improving their access to those chances to support them in achieving their intended personal and societal goals. The study examines the relationships among the aforementioned ideas of financial literacy, financial competence, and financial inclusion as well as how they impact the liberation of women. Policy and programme development for women must take into account the many components of empowerment, including social, economic, legal, and personal aspects. Women's empowerment and financial inclusion cannot be achieved simply by the government. Government departments, government agencies, public and private sector banks, corporations, NGOs, and SHGs must collaborate in order to share information and resources in order to accomplish the twin goals of financial inclusion and women's empowerment.

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