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A Study of the Role of Financial Inclusion in Women's Empowerment

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ABSTRACT

Financial inclusion is an important policy measure used by various policymakers around the world to eradicate poverty, unemployment, and promote economic growth. Financial inclusion is defined as the process of providing easy and affordable financial services to the weaker and disadvantaged segments of society, particularly the backward classes, women, and children. Many studies show that financial inclusion plays an important role in promoting women's empowerment. Women's empowerment is a recent priority issue in developing economies, owing to the fact that women hold fewer salaried jobs. Women's empowerment refers to the process by which women can make their own decisions about what is best for them. It is a freedom of choice. Women may benefit from financial inclusion. In recent years, the Government of India has implemented a number of schemes aimed specifically at women, with the goal of providing them with social dignity and earning opportunities. Many schemes aim to financially include women so that they can have control over their finances and have additional assets on their accounts. The current article discusses the role of financial inclusion in women's empowerment and the various schemes implemented by the government to make women financially included. The study is entirely based on secondary data, which was gathered from various articles, journals, government websites, financial inclusion surveys, and other sources. According to the article, financial inclusion benefits women's economic empowerment.

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INTRODUCTION

"Gender equality is more than a goal in and of itself. It is a prerequisite for meeting the challenge of reducing poverty, promoting sustainable development, and establishing good governance." Kofi Annan

The concept and definition of financial inclusion

"Financial inclusion is a critical enabler of poverty reduction and prosperity," according to the World Bank.

Increasing access to and use of quality financial products and services is critical to inclusive economic growth and poverty reduction. Financial inclusion has become an important policy measure in the world over the years, and it is critical for eradicating poverty, unemployment, and promoting women's empowerment. Financial inclusion can be defined as the process of ensuring timely and adequate credit to vulnerable groups such as the weaker sections of society and low income groups. According to the **World Bank (2014)**, "financial inclusion is the proportion of individuals and firms that use financial services." The RBI defined financial inclusion as the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. **Rangarajan (2008)** stated in his report that the main goal of 'financial inclusion' is to provide access to 'financial services' to all groups of people, particularly the underserved, underprivileged, disadvantaged, and poor, in order to reduce poverty and social cohesion.

Definition of women's empowerment

Empowerment is defined as a "social action process that encourages people, organisations, and communities to participate in gaining control of their lives in their community and larger societies" **(Stein, 1997).** Women's empowerment is a radical approach to transforming power relations in favour of the female gender, resulting in greater gender equality **(Batliwala, 2007).** Gender equality and women's empowerment are critical to global progress, and they can be enhanced by providing women with affordable financial services **(Holloway, Niazi, & Rouse, 2017).** Women's empowerment is defined in development economics as the process by which women acquire the ability to make strategic life choices in situations where this ability was previously denied to them **(Kabeer, 1999).**

Financial Inclusion in India

The Government of India and the Reserve Bank of India have used financial inclusion as a policy measure to promote inclusive growth in the economy. As it is critical for people from all segments of society to contribute to the country's development, this can only be accomplished if all people are brought under the umbrella of formal banking institutions. This is possible with the help of financial inclusion. With the passage of the Cooperative Societies Act in 1904, an initiative was launched to provide financial services to the excluded population. Following that, major commercial banks were nationalized in 1969 in order to include financially excluded populations in the formal banking system. Regional Rural Banks were established in 1975 to provide basic banking and financial services to rural communities. The National Bank for Agriculture and Rural Development (NABARD) was founded in 1982 and has made significant efforts to increase financial inclusion.

Many more measures were implemented in the country to promote financial inclusion. Some of the reforms are listed below:

1. **No-Frills Account** - The RBI introduced this concept in November 2005. This allowed the less fortunate to open bank accounts with no or low minimum balances.
2. **Basic Savings Bank Deposit Accounts** - It was implemented in 2012, and individuals were allowed to open an account with other facilities such as a cheque book, debit card, internet banking, and overdraft facility at minimal charges.
3. **Kisan Credit Card** - Farmers were given smart cards in order to obtain timely and adequate credit support from the single window banking system.
4. **General Purpose Credit Cards** - It was launched in 2005 by the RBI where banks were issued guidelines to provide General Purpose Credit Cards where individuals living in rural and semi-urban areas were allowed to avail credit worth Rs.25000/- without any collateral security.
5. **Business Facilitators (BFs)/Business Correspondents (BCs)** - This model is based on information and communication technology. Intermediaries, or BC/BFs, deliver financial products and services to the last mile. They act as a link between those in need of financial services and those who provide them.
6. **Simplified KYC Norms** - KYC Norms require consumers to provide a number of documents in order to open a bank account. To bring more rural people into the financial system, the RBI relaxed a number of rules for accounts opened by people who plan to keep balances not exceeding Rs.50,000 and whose total credit in all accounts combined is not expected to exceed Rs.100,000 in a year.
7. **Aadhar Enabled Payment Services-** In this system, any Indian citizen with an Aadhar number updates his account with the same. All accounts with an updated Aadhar number must be reported to the RBI, which then reports it to various government departments.

Objective of the study

Following are the objectives of this research article:

1. To find out the role of financial inclusion on women's economic empowerment.
2. To review various schemes launched by the Government of India for promotion of women's economic empowerment.

Review of Literature

(Nandi, 2020), in the report emphasized on various strategies and recommendations to empower women in the informal sectors and agricultural sector. The roadmap proposes several key actions for empowering women in the above mentioned sectors. It has emphasized that access to credit, financial services,and training programs tailored to women's needs are also the crucial elements for achieving their economic empowermenmt.

(Singh & Singh, 2020), critically examined the various models and dimensions of women empowerment in India. It was found that gender parity has been achieved in education and political participation, but a decline was seen in economic participation, health and survival. The findings thus highlights the need for policy discussions and interventions to empower women.

(Chaudhary & Kumari, 2022), in their study has shown that financial inclusion has a positive impact on women's economic empowerment though it's not that high. Further the study shows that illiteracy, reliance and lack of awareness among women are some of the barriers in the process of their empowerment.

Holvoet (2005) compares the gender effects of two subsidized credit programmes in southern India, the Integrated Rural Development Programme (IRDP) and the Tamil Nadu Women's Development Programme (TNWDP), and finds that women's decision-making influence increases only when transfers are made to women, and only for loan decisions.

Women's empowerment entails raising women to be more aware individuals who are politically active, economically active, and independent, as well as capable of engaging in intelligent debate in matters pertaining to their lives **(Mamta, 2014).**

National macroeconomic policies that address the needs of poor women and girls take a variety of forms, including job creation programmes, employment assistance, microfinance, and business development programmes **(United Nations ESCAP, 2015).**

(Holloway, Niazi, & Rouse, 2017), in the report has highlighted the various demand and supply side barriers to women financial inclusion and also suggets the various product design that can help remove these barriers.

(Hendriks, 2019), highlighted the impact of digital fianancial services on women's economic empowerment. It was found that that mobile money, cash transfers to mobile accounts and direct payments to women's bank accounts can improve household income, women's bargaining power and their enagegement in the labour market. It also shows that fiancial inclusion is crucial for women's economic empowerment and inclusive growth.

Methodology

The research is descriptive in nature and is based entirely based on secondary data. Secondary data was gathered and compiled from various governmental websites, scholarly articles, journals, RBI reports, World Bank reports, and online sources.

Results and discussion

TABLE 1.1 this table shows the total number of accounts and total number of female accounts that were opened under various schemes in India

Scheme	Total number of Accounts	Women Accounts
PMJDY (As on 27.01.2021)	417,498,276	231,226,199
PMJJBY(As on 27.01.2021)	9,88,79,708	2,67,91,274
PMSBY (As on 27.01.2021)	22,26,96,354	8,34,94,070
APY (As on 05.02.2021)	28,510,260	12,445,034
PMMY (As on 29.01.2021)	274,761,862	186,045,718
SUPI (As on 03.02.2021)	110,333	90,185

Source: Ministry of Women and Child Development

The above table shows the total number of accounts opened under various schemes and the number of accounts that are opened by women as on January 2021. As of January 2021, there were 417 million accounts under The Pradhan Mantri Jan Dhan Yojana, out of which approximately 267 accounts are held by women. Under Pradhan Mantri Jeevan Bima Yojana, 267 million accounts out of 988 million accounts are held by women. Under Pradhan Mantri Suraksha Bima Yojana 83 million accounts out of 222 million are held by women. There were 28.5 million accounts under Atal Pension Yojana on February 5, 2021, out of which 12.4 million were held by women. As for Pradhan Mantri Mudra Yojana, there were total 274 million accounts on January 29,2021, out of which 186 million accounts were held by women. By February 3, 2021, around 9000 accounts out of 1,10,000 were held by women under the Stand-Up India Scheme.

Table 2: Total number of micro-enterprises set up from the year 2015 to 2021 and total number of micro-enterprises set up by women from the year 2015 to 2021

Year	No. of micro-enterprises setup	No of micro enterprises setup by women
2015-16	44340	11356 (26%)
2016-17	52912	14768 (28%)
2017-18	48398	15670 (33%)
2018-19	73427	25378 (35%)
2019-20	66653	24720 (37%)
2020-21	31923	11862 (37%)

Source: Ministry of Women and Child Development

The table above shows the number of micro enterprises established from 2015 to 2021, as well as the total number of businesses established by women. From 2015-2016 to 2020-2021, there has been a consistent trend of micro-enterprises establishments in India. In the starting year, 44,340 micro-enterprises were set up, with 11,356 of them being established by women. In 2018-2019, there was a significant rise in the micro-enterprises but a decline was seen in the following year, but the enterprises owned by women rose to 37% from 35%. The data indicates that women are actively participating in the entrepreneurial activities, thus signifies their progress made in promoting their economic empowerment.

Conclusion:

After reviewing various sources and reports, it is clear that the government is doing a lot in the field of financial inclusion and has implemented many schemes to promote women's financial empowerment in the economy. The number of accounts held by women is unsatisfactory, but it shows that the numbers are gradually increasing, indicating the positive role of various government schemes in bringing women into the financial mainstream. The study also reveals that financial inclusion is critical in reducing poverty and promoting women's empowerment. Many studies show that financial inclusion has resulted in an increase in the income of the poor, particularly women **(Swami, 2014).** It was also discovered that PMJDY was quite successful in influencing the social, political, and economic empowerment of females living in slums **(Bhatia & Singh, 2019)**

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