Financial Inclusion, Sweeping out the Barriers for Women’s Economic Empowerment in India

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Abstract:
Financial inclusion refers to the rendering of financial services at an affordable cost to the vast sections of disadvantaged & low-income groups. Access to finance by the vulnerable groups especially by poor women is necessary for the eradication of poverty, employment, upliftment of socio-status and economic growth. Financial inclusion has become one of the most instinct and important aspects in the context of inclusive growth and sustainable development in the developing countries like India, as “without a sound financial system a nation is like a pen without ink”. The Government of India and the RBI have been making coalescent efforts to promote financial inclusion as one of the important national objectives. Despite India leading the way, with popular banks in both the public and private sector being headed by female, access to finance by women in India has remained low. This paper focuses on the progress of financial inclusion, as a powerful instrument to empower women, initiatives taken by RBI and government of India and why women are lagging behind especially the poor women are excluded. Is there any gender related barriers exist and its reasons.

Key words: Financial Inclusion, Gender Inequality, Poverty Alleviation, Access, Women Empowerment, Labor Market.

Introduction: There is a long and poor history of financial inclusion in India. Financial inclusion was understood by the people just opening of new branches in rural unbanked and backward areas. However, nowadays financial inclusion is seen something more than just opening bank branches in unbanked areas to take formal financial services across all over the country. The beneficiary require to have at least one bank account to get help from government and enhancing smooth implementation of various Govt. policies like loans, grants, subsidies, direct transfers etc. new era with technology have been developed. Since in a logistics point of view it is very costly and time consuming to open that many physical branches all over the nation. The focus must be on opening electronic accounts. Technology adaptation showed us a tremendous progress in the field of banking and finance and also helpful in strengthening our financial system. At this present time with upgradation of people’s thought integration of internet technology equal access and opportunity to the both male and female would be an important issue in this scheme for financial inclusion in India.

Financial inclusion refers to the rendering of financial services at affordable costs to sections of disadvantaged and low income segments of the society. The term "financial inclusion" has received importance since the early 2000s, a result of findings regarding financial exclusion and its direct connection to poverty. The United Nations defines the goals of financial inclusion as follows:
1. Access. Financial inclusion or inclusive financing is the delivery of financial at a reasonable
cost for all households to a full range of financial services,
2. Sound and safe institution undertake Deposit services, payment and transfer services, credit
and insurance; Governors by strict regulation and industry performance standards;
3. Financial and institutional sustainability, to ensure regularity and certainty of investment;
And competition to ensure choice and affordability for clients.

Individuals and households can be benefited from financial inclusion, and well-functioning
financial systems will benefit the whole countries. However, there is a high inequality regarding
to the access to financial services, with low income group of people and particularly poor women
frequently the least served by existing institutions and systems.

Recently, the RBI Governor Raghuram Rajan outlined, in conceptual terms, what inclusion
should be. “Simplicity and reliability in financial inclusion in India, though not a cure all, can be
a way of liberating the poor from dependence on indifferently delivered public services and from
venal politicians,” he said. Further, “in order to draw in the poor, the products should address
their needs — a safe place to save, a reliable way to send and receive money, a quick way to
borrow in times of need or to escape the clutches of the money lender, easy to understand life
and health insurance and an avenue to engage in savings for the old age.”

Financial inclusion is aims to connect people to banks with consequential benefits, ensuring that
the financial system plays its due role in promoting inclusive growth. However, it is one of the
biggest challenges also which the emerging economies are facing. On the other hand, financial
development validate the conditions required for growth when the poor and weaker groups,
backward areas and poor segments are having access to the safe, easy and affordable credit and
other financial services will definitely help in accelerating growth and reducing income
disparities and poverty in India. Access to a sound financial system, by creating equal
opportunities for both male and female, will provide a wide platform for those economically and
socially excluded people to integrate better into the economy by their active participation in
economic activities will contribute to the nation’s development and they will able to protects
themselves from economic jolt. It is necessary to look at three concepts regarding financial
inclusion:

• Access – making financial services available and economical to users;
• Usage – getting customers to use financial services frequently and regularly, and;
• Quality – ensuring that financial services are designed according to the needs of clients.

(Stated by the Alliance for Financial Inclusion (AFI), as cited in AFDB, 2013.)

Objectives

1. To through light on the historical background of financial inclusion in India.
2. To bring out the reason of low female economic activity in India.
3. To make suggestion on women’s empowerment in India through financial inclusion.
Methodology: The financial inclusions have recorded significant and impressive performance. This study is aims at identifying and analyzing the factor responsible for 100 percent financial inclusion in the country and pursuing gender equality. This study will be descriptive in nature fully based on secondary data collected from thesis, articles, journal, internet etc.

Financial Inclusion in India: The prime steps towards achieving of financial inclusion in India comprises of three phases namely:

**Table 1: Government Initiatives in Financial Inclusion**

<table>
<thead>
<tr>
<th>Phase I (1960-1980)</th>
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</tr>
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<tbody>
<tr>
<td>1960</td>
<td>Social control of Banks</td>
</tr>
<tr>
<td>1969</td>
<td>Nationalisation of Banks</td>
</tr>
<tr>
<td>1969</td>
<td>Lead Bank Scheme</td>
</tr>
<tr>
<td>1972</td>
<td>Priority Sector lending stipulation by RBI</td>
</tr>
<tr>
<td>1975</td>
<td>Setting up of Regional Rural Banks</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase II (1980-2005)</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>1982</td>
<td>Integrated Rural Development programme (IRDP) promoted by Government of India</td>
</tr>
<tr>
<td>1982</td>
<td>Microfinance programme and Bank linkage facilitated by NABARD</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Phase III (2005 onwards)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Pradhan mantra jandhanyojana (PMJDY)</td>
</tr>
<tr>
<td>2015</td>
<td>Pradhan mantra jeevanjyotibimayojana(PMJJBY)</td>
</tr>
<tr>
<td>2015</td>
<td>Pradhan mantra surakshabimayojana(PMSBY)</td>
</tr>
<tr>
<td>2015</td>
<td>Atal pension yojana</td>
</tr>
</tbody>
</table>

Table 1 reveals the initiative taken by government of India and RBI for promoting financial inclusion plan in India from 1960s up to 2015 under various plan. The above table consists of three phase. Phase I(1960-1980), Phase II(1980-2005), Phase III(2005 onwards) show establishment of major financial institutions & implementation of various scheme in India. In phase III government of India and RBI launch back to back scheme as a tool to promote rapid financial inclusion in India. It has been observed that the Govt.& RBI initiative is increasing from Phase I to Phase III.

In the Indian context, in April 2005, the term ‘financial inclusion’ was used for the first time by the governor of Reserve bank of India Y. Venugopal Reddy in the Annual Policy Statement presentation. While identifying the concerns in consideration to the banking practices that tend to exclude rather than attract vast sections of population, banks were pressurized to review their existing practices to unite them with the objective of financial inclusion. In July 2005, The Report of Khan Committee the Internal Group to Examine Issues relating to Rural Credit and Microfinance get strength from this deep concern announcement on the exclusion of vast sections of the population from the formal financial system by governor Y. Venugopal Reddy.
in the Annual Policy Statement for 2005-06. In January 2006, the Reserve Bank authorized commercial banks to make use of the services of nongovernmental organizations (NGOs/SHGs), microfinance institutions, and other civil society organizations as middleman for rendering financial and banking services. Reserve Bank of India’s plan for 2020 is to open nearly 600 million new customers' accounts and service them via variety of channels by influencing on IT. However, there is high rate of illiteracy that leads to high level of unemployment and this high level of unemployment leads to the low income saving and lack of bank branches in rural areas continue to be a hurdle to financial inclusion in many states and there is insufficient legal and financial structure. The government of India recently announced “PradhanMantri Jan DhanYojna,” a national financial inclusion mission which aims to endow bank accounts to at least 75 million people by January 26, 2015.

To accomplish this target, it’s important for both service providers and policy makers to have readily available information to outline the gaps in access and derive collective tools that help better understand the context at the district level.

Table 2: Position of households availing banking services in India As follow:

<table>
<thead>
<tr>
<th>Households</th>
<th>As per Census 2001</th>
<th>As per Census 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number of households</td>
<td>Number of households availing banking services</td>
</tr>
<tr>
<td>Rural</td>
<td>138,271,559</td>
<td>41,639,949</td>
</tr>
<tr>
<td>Urban</td>
<td>53,692,376</td>
<td>26,590,693</td>
</tr>
<tr>
<td>Total</td>
<td>191,963,935</td>
<td>68,230,642</td>
</tr>
</tbody>
</table>

Source: financialservices.gov.in

Table 2 makes comparison between the total no of household from rural and urban background availing banking services in India. as per census 2001 and census 2011.it has been observed that total no of households availing banking services as per census 2011 is more than number of households availing banking services as per census 2001.Rural households increases to 54.40% from 30.1% and Urban households increases to 67.8% from 49.5%.it is clearly understood that there is a disparity in access to financial services in rural and urban areas of India.

Schemes to Promote Financial Inclusion in India:

Swabhimaan Scheme: Earlier, under the Swabhimaan campaign, the Banks were authorized to provide appropriate banking services to areas having a population in excess of 2000 (as per 2001 census) by March 2012. The banks identified approximately 74000 basti across the country having a population of over 2000 for rendering banking facilities. As per reports received from Banks, 74351 villages with population of above 2000 have been included with banking facilities either by branches; Business Correspondents, mobile banking etc. by March 31, 2012.
(i) **Direct Benefit Transfer (DBT)**: Direct benefit transfer was launched in the country from January, 2013 and was raised in a phased manner, starting with 25 welfare schemes, in 43 districts and extended to additional 78 districts and additional 3 schemes from 1st July, 2013. Presently DBT in 35 schemes have been expanded across the entire country.

(ii) **Direct Benefit Transfer for LPG (DBTL)**: DBTL scheme was launched in 291 districts in the country from 1st June 2013 in six phases. While preliminary results indicated that the scheme met its primary objectives to check out leakages in the distribution system, the speed at which it was rolled out and inclusion of low Aadhaar districts gave rise to consumer grievances. After a detailed study of the scheme design, architecture and implementation, audit reports, consumer feedback and interactions with the stakeholders strongly recommended that DBTL scheme should be restart as it is a very efficient way to disburse subsidies. Union Cabinet in its meeting held on 18.10.2014 decided to re-launch modified DBTL as **PAHAL Scheme** from 15.11.2014 in 54 districts and in the entire country from 1.1.2015.

**PradhanMantri Jan-DhanYojana (PMJDY)**: This Yojana facilitates universal access to banking facilities with at least one basic banking account for every household, financial literacy, and access to credit, insurance and pension. The account holder will get a Repay Debit Card having inbuilt accident insurance covers of Rs.1 lakh. In addition there is a life insurance cover of Rs.30000/- to those people who opened their bank accounts for the first time between 15.08.2014 to 26.01.2015 and meet other eligibility conditions of the Yojana. Banks have opened 12.54 crore accounts as on 31 January 2015. Out of this, 7.5 crore accounts were opened in rural areas and the rest in urban branches. Government data show that a total of 11 crores Rupay cards have been issued until January and Jan Dhan accounts have about Rs 10,500 crore deposits. Range of facilities under pradhan mantra jandhanyojana are as follows:

- Free debit card
- 5,000 over draft facility to meet contingency
- 30,000 accidental insurance
- Insurance policy of Rs. 1 lakh

Pradhan Mantra Jandhanyojana has shown an impressive progress. One can easily depict from the below table:

**Table 3: PradhanMantri Jan –Dhan Yojana (Accounts Opened up to 15.06.2016)**

(All Figures in Crores)

<table>
<thead>
<tr>
<th>Bank name</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
<th>No of rupay cards</th>
<th>Aadhaar seeded</th>
<th>Balance in accounts</th>
<th>% of zero balance accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector bank</td>
<td>9.71</td>
<td>7.66</td>
<td>17.37</td>
<td>14.60</td>
<td>8.61</td>
<td>30628.53</td>
<td>25.88</td>
</tr>
<tr>
<td>Regional rural bank</td>
<td>3.38</td>
<td>0.55</td>
<td>3.93</td>
<td>2.78</td>
<td>1.40</td>
<td>6720.64</td>
<td>21.63</td>
</tr>
<tr>
<td>Private sector bank</td>
<td>0.51</td>
<td>0.31</td>
<td>0.82</td>
<td>0.77</td>
<td>0.34</td>
<td>1430.61</td>
<td>37.54</td>
</tr>
<tr>
<td>Total</td>
<td>13.60</td>
<td>8.52</td>
<td>22.12</td>
<td>18.15</td>
<td>10.35</td>
<td>38779.78</td>
<td>25.56</td>
</tr>
</tbody>
</table>
Table 3 reveals that public sector bank, regional rural bank & private sector bank altogether contributed very much to the financial inclusion in India by opening crores of new bank account under the scheme of pradhanmantri jand hanyojana 2015. It has been observed that pradhanmantri jandhanyojana showed an impressive progress and able to cater unbanked rural areas by opening **13.60 crores** new bank account and public sector bank played a dominant role in financial inclusion by opening **17.37 crores** new bank accounts in total. (**9.71 crores** in rural & **7.66 crores** in urban areas)

**Reason of Low Female Economic Activity in India**

As we know India is a male dominant economy. Here people respect female very much they use to worship goddess but they don’t realized on female economic status. There is existence of some old aged tradition that female are only mean for unpaid works like housekeeping and child take care and male are the earner of the family who participate in the economic activities. Despite of deep rooted contribution of women to the agriculture sector, their work is considered just an extension of household domain and remains non-monetized.

From the colonial period Indian history witnessed that women has been faced lots of challenges mainly gender specific barriers to access education health, employment. In our country where women represent approximately 46% of total population, most of them are marginalized & live in utmost poverty. Poverty does not mean just scarcity of resources to meet the basic requirement, but has larger connotations like rights denied, opportunities curtailed & voices silenced (CARE, 2005). The potential, capabilities as well as self-confidence of women get hinder only just because of their economic dependence on men folk. India is a male dominant economy but gender inequality hinder the growth prospective of an economy. As the thinking persist women are weaker than men, women were forced to face inequality in many field.

![Chart with data](image)

**Source census 2011**

The female of India are restricted from economic activities due to the following reasons:

- Lack of education. (Illiterate)
- Old aged tradition or mindset. (Women were not allowed to go outside to earn their livelihood)
Heavy burden of household works.
Gender inequalities in the labor market. (That women are weaker the men).
Gender inequalities in paid and unpaid work. (Women get low wage in compare to men)

In India female literacy is much lower than male that’s why women of our country are unable to grab job opportunity. Among the poor, especially the poor women are most disadvantaged –they are characterized by lack of education and access of resources, both of two are immense important to make them capable of work their way out of poverty and for upward economic and social mobility. The problem is more acute for women in countries like India, despite the fact that women’s labor makes a critical contribution to the economy. This is due to the low social status and lack of access to education and resources. Evidence shows that groups of women are better customers than men, the better managers of resources. For instance, statutory laws of many countries in the world have explicitly discriminated against women. In data reviewed from 141 countries in the world, the World Bank/IFC (2011) found widespread evidence of legal differences between men and women

- Which differentiated their incentives or capacity to engage in waged work or
- To set up their own businesses.

Along with formalized gender discrimination, attitudes and behavior on the part of factors in the public arena can further curtail women’s capacity to take advantage of economic opportunities. Women’s accesses to employment and education opportunities reduce the likelihood of household poverty, strengthen the economy and lead to women welfare.

**Supportive Scheme in India for Women:** World’s workforce is consisting of 40% of women. In some of the backward countries economic growth and development rely heavily on women in the emerging markets SMEs with women ownership represent 30 percent to 37 percent of all SMEs (small medium enterprises). These businesses requires huge sum of finance every year. This is their biggest barrier to growth and development. Easy Access to credit though bank account can open up economic opportunities for women and will be able to use range of additional financial services. However, women entrepreneurs and employers face significantly greater challenges in availing financial services than men. GOI and RBI have simultaneously stepped up and launched several loans scheme that offer flexibility in terms of collateral security as well as interest rates to promote women economic activities in the country.

- Annapurna Scheme
- StreeShakthi Package
- BharatiyaMahila Bank
- Dena Shakti Scheme
- Udyogini Scheme
- Cent Kalyani Scheme
- MahilaUdyamNidhi Scheme
- RashtriyaMahilaKosh (National Credit Fund for Women)
Suggestions for the empowerment of Women through financial inclusion: Thus we can say that women face lots of problems in the male dominated society. Inclusive financial inclusion can strengthen women economically by sweeping out the persisting barriers by offering range of financial services. No doubt women were neglected from the very beginning there are many unwritten rules, which the society scrupulously follows. Right efforts from all areas are required in the development of women and their greater participation in the economic activities. The following measures are suggested to encourage the women to participate in economic activities:

- Implement free women higher education scheme integrated with job oriented courses, as women literacy rate is low in India, knowledge is essential for availing financial services.
- Efforts should be made in the direction to simplify the procedures. Formalities to make quick sanction of loans by the financial institution.
- Financial institution should provide soft loan and subsidies facilities to women. As in general women facing more problems in obtaining financial services from the institution.
- As in India women have very low ownership of property so Govt. should increase women’s legal access to property by making law regarding husbands and wife’s property and both husband and wife will enjoy equal ownership in both side’s property.
- In India women literacy rate is much low that’s why GOVT should launch guaranteed semi-skilled job scheme for one women from one family on part time and full time basis for at least 100 days in a year to the poor rural families in collaboration of AwaasYojana as women participation is high in construction daily waged labor force with digital payment model.
- Workshop to be set up to educate the women entrepreneur to make focus on production process and maintaining the quality and finishing of the product.
- Govt. should conduct massive awareness program through Radio and T.V. with the aim to create awareness among women about the various scheme launched by the govt. for the welfare of women.
- Govt. should undertake training programs to develop professional competencies in managerial, leadership, marketing, financial, production process, profit planning, maintaining books of accounts and other skills. This will encourage women to undertake business.
- Proper and systematic evaluation committee should be form to examined women entrepreneur both at the individual and at the firm level. In order to understand their potential and their drawbacks.
- Govt. should establish all India forums at district, state & national level to assist women entrepreneur by discussing the problem grievances and filing complaints and giving suitable decisions in the favors of women entrepreneurs and taking strict stand against the policies or strategies that obstruct the path of economic development of such group of women entrepreneurs.
Conclusion: Most of the parts included in this paper are well known to everyone. But it has been difficult to translate that known fact into planning of development policy and its implementation at all India level to facilitate fundamental and transparent transformation in the distribution of power, opportunity, and outcomes for both women and men.

Financial inclusion, no doubt play a vital role and contribute in growth of national economy from the above enlisted progress report of pradhan mantra jandhanyojana. It is necessary to link financial inclusion as a powerful instrument to sweeping out the barriers for women economic empowerment, as financial inclusion among women will help them in availing range of financial services and becoming economically independent. Therefore financial inclusion can help to achieve both gender equity objectives and eradication of poverty objectives in India. Participation of women in national economies can accelerate rapid economic growth and led to sustainable development in India. Yet female participation in the labor force has remained stagnant. The main problems of women are lack of awareness, lack of education, family and financial supports. As such, in order to promote poverty reduction and gender equity, there is requirement of creating environment with easy access to development resources to enhance financial inclusion for women. This paper provide a guideline for developing and monitoring financial services to enhance women’s financial inclusion as one tool to sweep out barriers for the economic empowerment of women.

Reference

