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## A study of Financial Inclusion Schemes for Rural Women by the Indian Government

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### Abstract

*Financial inclusion is a critical indicator of development as access to bank accounts, loans and other financial services helps in eliminating poverty, promoting inclusive growth and decreasing inequality. Empowering rural women through financial inclusion helps them to move out of the often-exploitative informal sector into more productive activities that would help enable themselves and their families with financial stability. Access to financial services helps them to accumulate assets and have control over their household resources by increasing their savings. This paper provides a comprehensive view of various financial inclusion schemes launched by the Government of India to empower rural women. The relevant data for this study has been collected from several research journals, articles and government websites.*

**Key words: Financial Inclusion, Rural Women, Empowerment**

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## Introduction

In India financial inclusion has been given top priority in recent years in the philosophies and plans of both financial development and economic growth. Financial inclusion intends to provide finance to the weaker sections of the society enabling better social development which in turn facilitates investment and economic growth in the country. Providing inclusive financial services, that is, financial services affordable for all, has become a basic priority in many countries including India.

Excluding women, who represent half the population, makes development process and outcomes unjust and unacceptable, leave alone unfinished. Studies show that over 70 per cent of beneficiaries of the financial inclusion agenda are women. India's newfound philosophy of 'inclusive growth' includes a route for enabling women in the growth process – of the self and the society. Gender development enhances the development of a country. Empowerment enables individuals to realise their identity and powers in all spheres of life. Women are oppressed in all spheres of life. Women need to be empowered in all walks of life in order to fight against the socially constructed gender basis. Such strength comes from the process of empowerment and empowerment will come from awareness, education and inclusive growth and development.

Women's empowerment is critical to sustainable development and the realisation of human rights for all. In India financial inclusion is regarded as one of the crucial ingredients for higher economic growth and inclusive development. Financial inclusion plays a significant role in poverty alleviation and in decreasing the vulnerability of poor people particularly women.

Financial savings is the critical factor for women empowerment, prosperity, development and welfare. In recent years, the empowerment of women has been recognised as the central issue in determining the status of women. The paper mainly focuses on the various schemes by the government of India for financial inclusion of rural women.

## Review of Literature

The study by Shetty (2018) shows that the proportion of members that started saving only after joining the group was estimated to be more than 86 per cent. Across social groups, the proportion of members that started saving only after joining the group was found to be quite higher in the case of SCs and STs as compared to that to minorities and "Others". The socially marginalised and economically disadvantaged sections of the society seem to have limited awareness about managing the risk and uncertainty by way of savings and minimising the unproductive expenditure. The study found many shared efforts and experiences to prove motivated and mobilised women's capability and confidence turning to capital resulting in a brighter future for the women themselves and their communities as a whole.

The work of Bhatia et. al. (2019) on women empowerment and financial inclusion through schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jivan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY) on women living in urban slums

in the industrial town of Ludhiana, Punjab. The data were collected from 737 females living in urban slums with PMJDY bank accounts. The result indicated that PMJDY scheme has been quite successful especially in case of women in slums and has a positive influence on social, political, and economic dimensions of women empowerment. However, women accessing APY show no significant impact on the social, political, and economic empowerment.

Sarah Hendriks (2019) in her article highlighted why the Bill & Melinda Gates Foundation has focused on financial inclusion to advance women's economic empowerment and drive progress on gender equality. The article highlights key lessons from financial inclusion-related projects the foundation has supported within the "Putting Women and Girls at the Center of Development (WGCD) Grand Challenge" in 2015.

Choudry (2022) in his study intended to examine the current state of women's engagement in banking and financial operations. The study also discusses how financial inclusion leads to women's empowerment in society. 150 rural women from Ranchi District were recruited for the study, and 13 questionnaires were created to assess their knowledge of various financial schemes, subsidies, and services offered by the Government of India. The study's findings show that women have a high level of interest in financial and banking services, financial inclusion has low but positive impact on women empowerment and there is a long way to go, illiteracy, reliance, and lack of awareness among women remain barriers to empower them.

The study conducted by Bala (2020) was aimed to determine the impact of financial inclusion in socio-economic development of women with regard to sustainable banking that helps to create a better financial sector which is friendlier to vulnerable group of customers, also more viable, and more liberalized to integrate women.

Women empowerment is the process of creating an environment where women can take their own decision for their benefit. The financial soundness and financial literacy of a female is one of the major indicators influencing the decision of women. The research paper by Shanthi (2022) argues about the importance of financial inclusion, Financial Inclusion Schemes, different initiatives are taken by RBI and Government, etc. towards women empowerment in India.

## Research Methodology

- To study various schemes initiated by the Indian Government for empowering rural women
- To analyse the extent these schemes have empowered rural women.

## Scope of Study

Women face a lack of finance as they generally do not have enough assets in their names to show as collaterals and borrow funds. Additionally, lending institutions find them less credit worthy and are not forthcoming. In such a scenario, it is for the Government to support and encourage women on financial grounds. This paper provides a comprehensive view of various financial inclusion schemes initiated by the Government of India to empower rural women and the extent to which women have benefitted by it.

## Analysis

Financial inclusion of women was always a priority for the Indian Government since independence. Many programs have been aimed to improve the position of rural women by provision of livelihood opportunities, access to education, productive resources, capacity building, skill development, healthcare facilities and diversified livelihood opportunities.

This study analysis the follows schemes launched for financial empowerment of rural women:

- Department of Financial Services
- Ministry of Micro, Small and Medium Enterprises
- Ministry of Rural Development
- Rashtirya Mahila Kosh

### Schemes by the Department of Financial Services

The Department of Financial Services has launched six schemes targeted for financial inclusion and entrepreneurship development for all Indians. The share of women who have benefitted from these schemes as of 2021 can be seen below from Table 1.

**Table 1: Schemes by the Department of Financial Services**

Scheme	Total number of Accounts	Women Accounts
Pradhan Mantri Jan-Dhan Yojana	417,498,276	231,226,199
Pradhan Mantri Jeevan Jyoti Bima Yojana	9,88,79,708	2,67,91,274
Pradhan Mantri Suraksha Bima Yojana	22,26,96,354	8,34,94,070
Atal Pension Yojana	28,510,260	12,445,034
Pradhan Mantri Mudra Yojana	274,761,862	186,045,718
Stand-Up India	110,333	90,185

Source: Press Information Bureau, Government of India, Ministry of Women and Child Development

It can be seen that more than 50% of accounts have been opened by women in Pradhan Mantri Jan-Dhan Yojana. Women have benefitted greatly from the Stand-Up India scheme. They hold a large share of accounts in Pradhan Mantri Mudra Yojana. Atal Pension Yojana shows a lesser number of women shares. Women are found to have less accounts in the Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana schemes. More awareness programs would help to increase women beneficiaries

### **Schemes by the Ministry of Micro, Small and Medium Enterprises**

The Ministry of Micro, Small and Medium Enterprises assists traditional artisans and unemployed youth to establish microenterprises in the non-farming sector. These benefits come under the Prime Minister's Employment Generation Program. The share of women who have benefited from these schemes can be observed from Table 2 below:

**Table 2: Schemes by the Ministry of Micro, Small and Medium Enterprises**

<b>Year</b>	<b>No of micro-enterprises setup</b>	<b>No of microenterprises setup by women</b>
2015-2016	44340	11356 (26%)
2016-2017	52912	14768 (28%)
2017-2018	48398	15670 (33%)
2018-2019	73427	25378 (35%)
2019-2020	66653	24720 (37%)
2020-2021	31923	11862 (37%)

Source: Press Information Bureau, Government of India, Ministry of Women and Child Development

Analysis clearly indicates a steadily increasing percentage of women embracing entrepreneurship and benefitting from the programs.

### **Schemes by the Ministry of Rural Development**

The Ministry of Rural Development has initiated two welfare schemes for developing skills for rural poor youth. These schemes come under the National Rural Livelihoods Mission for eradication of poverty by gaining employment. DeenDayal Upadhyaya Grameen Kaushalya Yojana is one placement linked skill development program for wage employment. The other scheme is the skill development offered through the Rural Self Employment and Training Institutes. Trainees from these institutes are eligible for bank credit to start their own micro enterprises. These institutes are managed by banks with active co-operation from the Government of India and State Governments. Women candidates who have trained and benefitted from these schemes can be seen below:

**Table 3: Physical Achievement under Deen Dayal Upadhyaya Grameen Kaushalya Yojana**

<b>FY</b>	<b>Total Trained</b>	<b>Women Trained</b>	<b>Total Placed</b>	<b>Women Placed</b>
2015-16	236471	106419	109512	49855
2016-17	162586	63409	147883	59147
2017-18	131527	51401	75787	30307
2018-19	241080	116172	138248	55685
2019-20	238336	122617	150199	66454
2020-21 (Till December 2020)	9986	5134	36933	17362

Source: Press Information Bureau, Government of India, Ministry of Women and Child Development

Analysis of the above table shows women trained have gone down in 2016-17 and 2017-18 and have risen in 2018-19 and 2019-20. However, in women placed there is a decrease noted in 2017-18 only otherwise the figures show a gradual increase in the number of women beneficiaries.

**Table 4: Physical Achievement under Rural Self Employment and Training Institutes**

<b>FY</b>	<b>Total Trained</b>	<b>Women Trained</b>	<b>Total Settled</b>	<b>Women Settled</b>
2015-16	436385	106419	300375	181752
2016-17	445143	63409	364214	226377
2017-18	423343	51401	351266	217682
2018-19	403672	116172	298039	199931
2019-20	384028	122617	285059	204728
2020-21 (Till December 2020)	111367	5134	93874	69156

Source: Press Information Bureau, Government of India, Ministry of Women and Child Development

Examination of the table above indicates a decrease in 2016-2017 and 2017-18 in the number of women trained and after that there is a steady increase. However, it is noted that women do not make up even 50 per cent of the total trained candidates which clearly indicates the need for more awareness drive programs. It can be seen that a large number of women have benefitted and settled from the schemes offered by Rural Self Employment and Training Institutes.

## Rashtirya Mahila Kosh

The Ministry of Women and Child Development established Rashtirya Mahila Kosh in 1993. The objective was to empower Intermediary Micro Finance Organisations and Women Self Help Groups to help women socio-economically, provide micro-credit facility and build capacity which would assist them for sustenance of their existing employment or future employment generation. Their support schemes that facilitated credit for women helped in asset creation or asset redemption and to assist with their consumption, social and contingent needs. They used innovative methodologies in voluntary and formal sector to reach poor women with credit and other social services. Their objective was to increase the visibility of poor women as a vital and viable clientele with conventional institutions which was a priority for the country. Table 5 below shows the details of the women who have benefitted by the loans:

**Table 5: Women Beneficiaries from Rashtirya Mahila Kosh**

S.No	Year	Women beneficiaries
1.	2015-2016	NIL
2.	2016-2017	NIL
3.	2017-2018	2915
4.	2018-2019	2199
5.	2019-2020	810

Source: Press Information Bureau, Government of India, Ministry of Women and Child Development

The organisation is a single window facilitator for financial services for women in the unorganised sector. They provide a variety of loan services such as Loan Promotion Scheme, Main Loan Scheme, Gold Credit Scheme Housing Loan Scheme, Working Capital Term Loan scheme and Repeat Loan Scheme. It can be seen that figures of women beneficiaries are low and more women could be benefitted by increasing awareness programs and penetrating deeper into the unorganised sector.

## Conclusion

Empowerment of women is an indispensable tool for achieving growth and advancing development. The government and non-governmental organisations including media should play an active role in creating awareness and eliminating gender inequality in society. We need to focus mainly on rural women because in every society they struggle against gender norms that limit their resources and opportunities for improvement. Real and sustainable growth of India depends on positive socio-economic transformation with rural women as partners in progress, reinforcing each other's effort in removing barriers to inclusive growth. By focusing on expanding women's access to and use of digital financial services, the government can make sure that women have access to and control over their own money, which are critical to women's economic



empowerment and making sure women have the tools and resources to lift themselves and their communities out of poverty.

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