

# **WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION**

**Volume - 2**

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## WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION

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First Edition: 2023

ISBN: 978-93-5811-136-1

Price: ₹580

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### *Printed at*

**SHANLAXPUBLICATIONS**  
61, 66 T.P.K. Main Road  
Vasantha Nagar  
Madurai - 625003  
Tamil Nadu, India

*Ph:* 0452-4208765,

*Mobile:* 7639303383

[email:publisher@shanlaxpublications.com](mailto:publisher@shanlaxpublications.com)

[web: www.shanlaxpublications.com](http://www.shanlaxpublications.com)

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# FINANCIAL INCLUSION – A WAY FOR WOMEN EMPOWERMENT

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## **Abstract**

*Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and the low-income groups. The various financial services include access to saving, credit, insurance, bank account etc. It is an indicator for development and well-being of the society around the world. Financial Inclusion is a major step which leads to inclusive growth of a nation. Providing inclusive financial services has become a basic priority in many countries including India. G-20 Nations have stressed on financial inclusion as a facilitator for achieving gender equality and other sustainable development goals. Women empowerment is a major approach concerned with transforming power relations in favour of female gender and considered essential for global progress. Gender equality and women empowerment can be enhanced by providing affordable financial services to women. Financial tools can empower women within households to make decisions and gain greater control over resource allocation. Improved gender equality is associated with higher levels of human development and faster economic growth. Access to financial service through financial inclusion has impact upon the social and financial empowerment of women. This paper examines women empowerment associated with financial inclusion.*

**Keywords:** *Financial Inclusion, Financial Services, Women Empowerment*

## **Introduction**

Financial Inclusion includes loans, credit, cashless transactions, savings accounts, and traditional banking services. People are often excluded due to socioeconomic situation, poor-income status, or inability to satisfy banking service requirements. To overcome the situation Dr. Y. Venugopal Reddy, the then-Governor of the Reserve Bank of India, first introduced financial inclusion in India in the Annual Policy Statement in April 2005. The main objective was to transform them from financially excluded to financially included. The Government of India's Committee on Financial Inclusion in India defines "Financial services and timely adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost". Inclusion as the process of ensuring access to financial services and timely adequate access to Financial Inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.

Financial inclusion is essential for economic growth and sustainable development; for women, it is a pathway to economic and social empowerment. Expanding financial access

for women is proven to have a positive impact not only on the women themselves but, consequently, on household incomes. Financial tools can empower women within households to make decisions and gain greater control over resource allocation. Women's access to individual private savings accounts not only fosters economic resilience by increasing women's savings, but also enables women to make financial choices, buy more durable goods, and increased women's bargaining power in the household. Women's financial inclusion can result in better outcomes for children, household nutrition, and the wider community.

### **Financial Inclusion and Women Empowerment**

Poverty alleviation and economic growth are both aided by financial inclusion. Access to basic financial services assists the poor and vulnerable, particularly women, in breaking free from the vicious cycle of poverty and empowering themselves and their family. In India, financial inclusion is regarded as one of the most important factors in attaining overall inclusive economic growth and community development. "There is mounting evidence that financial inclusion has a multiplier effect on total economic production, poverty reduction, and income inequality reduction at the national level." Women's financial inclusion is critical for gender equality and economic development, according to the RBI's National Strategy for Financial Inclusion (NFSI). 'Empowerment is defined as a multi-dimensional social process that enables people to gain control over their own lives. It is a process that fosters power in people, for use in their lives, their communities, and in their society, by acting on issues that they define as important'.

### **Why Financial Inclusion Matters for Women**

Women account for roughly half of the country's overall human population. As a result, women's contributions to the country's progress and prosperity are just as essential as men's, but women continue to experience discrimination based on health, literacy, finance, birth, employment rights, and pay. As a result of the lack of social and economic advancement for women, they eventually became a burden to the household as they were homemakers. In India, women's empowerment has been a major concern over the past decade. Women's empowerment is the process of creating an environment where women can take their own decision. A woman's financial stability and financial literacy are two significant factors that influence her decision.

The Government of India and RBI have introduced a policy of "Financial Inclusion". Financial Inclusion's main objective is to provide financial services at an affordable cost to each and every segment of the society, especially vulnerable and deprived sections. Many programs and schemes have been started by the Government of India for financial inclusion including, the Pradhan Mantri Jan Dhan Yojna (PMJDY) and Rashtriya Mahila Kosh. Women who opened bank accounts under the Pradhan Mantri Jan Dhan Yojna (PMJDY) have also benefited from numerous other schemes related to enterprenureships, insurance, and pension schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana (PJJBY),

Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), and Start Up India.

Being financially included can have transformative effects for women. When women actively participate in the financial system, they can better manage risk, smooth consumption in the face of shocks, or fund household expenditures like education. Providing low-income women with the right financial tools to save and borrow money, make and receive payments, and manage risk is important for women's empowerment, but also for poverty reduction, especially since women disproportionately experience poverty. Women's access to individual secure savings accounts can foster economic resilience and increase control over financial resources for women, including those with less household decision-making power. Financial tools can empower women within households to make decisions and gain greater control over resource allocation. Women's access to individual private savings accounts not only fosters economic resilience by increasing women's savings, but also enables women to make financial choices, buy more durable goods, and increased women's bargaining power in the household.

Since the launch of the Pradhan Mantri Jan Dhan Yojana, there has been a rapid financial inclusion of women. Out of total savings accounts, there were overall 27 % female accounts in March 2014. However, under PMJDY, women accounts consist of 55 % of the total Jan Dhan accounts, 67 % of Jan Dhan accounts are in rural and semi-urban areas as of 18.08.2021.

### **Conclusion**

Financial Inclusion practices are quite challenging in the country like India where there are more economically deprived class people. Significant eliminations is possible due to Digitalized Financial Inclusion (DFI) approach as the access to technology is limited or restricted among particular sect of people. Rural India seems to be partially served with the high end facilities and services due to the discriminative and defective policies and programmes that is prevailing in Independent India. Hence, the Reserve Bank of India and Government of India should take necessary measures for the complete socio-economic inclusion at the earliest. Education and training programs for the illiterates and needy women population serves to be the need of the hour.

Financial inclusion has a positive impact on women's empowerment. Women's basic level of education and financial literacy must be the first step in improving women's financial inclusion. Another notable effort that the Government of India can make is to involve women in different economic upliftment programmes and campaigns for financial inclusion schemes such as the Pradhan Mantri Jivan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), Start Up India (SUI) in rural areas to receive benefits from the same and increase their source of income. Another step taken by the Indian government should be the proper utilisation of funds received from states and governments in the true sense. Regular monitoring will aid in tracking the benefits received from schemes as well as rectification of the problems encountered by

account holders. Monitoring will also aid in the tracking of active accounts and accounts that aren't used very often.

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