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Women Empowerment in Rural Area through Banking Services: The Impact of Financial Inclusion

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Abstract: *Despite making up half of the population, there is status discrimination when it comes to birth, education, health, employment rights, and pay. In India, women's empowerment has made remarkable strides during the previous ten years. In spite of the fact that women make up about half of the population in India, we still see that they lack power there. Accelerating economic progress requires empowering the female population. However, a 2018 assessment by the World Economic Forum placed India 139th out of 144 nations in terms of economic participation, with a 66% gender gap. One factor contributing to this coming gap is the nation's general lack of financial inclusion, particularly in rural areas.. The process of enabling women to make their own decisions for their own good is known as "women empowerment." One of the key factors influencing a woman's decision is her financial stability and financial awareness. This essay makes an argument for the significance of financial inclusion, Financial Inclusion Programmes, various government and RBI initiatives, etc., in promoting women's empowerment in India.*

Keywords: *Financial Inclusion, Women, Empowerment, RBI, Govt. of India, APY.*

1. Introduction

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. Prior to the arrival of the British, Indian women were active in small businesses, but with the arrival of the British, greater emphasis was placed on the manufacture of Indigo, with smart men being more involved in the process than women.

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. Empowerment is a complex concept it is integrated into many ways. It derives from the term "empower' which means to give power or authority and enable or permit. Empowering can be defined as providing authority in order for the poor and vulnerable members of the society, particularly women, to have the ability to make their own decision. United Nations' new women's flagship reports Titled Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development said that Sustainable Development Goals would be difficult to achieve without gender equality and women’s empowerment. In fact without equal involvement and contribution from women, growth in any field would be inadequate .According to research women in India are still largely financially excluded in comparison to men despite many Government approaches through programs and schemes to improve access to financial inclusion in India. 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.

2. Empowerment

No society can prosper without access to resources for men and women so that they are empowered to shape their own lives and contribute to their families and communities. The term empowerment has been used by [1] to refer to change in the balance of power in a given society, power being defined as the control over resources and ideology. In this view, empowerment involves redistribution of power, particularly within the household. The resources may be categorized into physical, human, intellectual, financial, and self; including self-esteem, confidence, and creativity. However, resources should not be confined to conventional economic resources such as land and equipment, finance and working capital; but also the various human and social resources, which serve to enhance the ability to exercise choice. Empowerment of women means developing women as more aware individuals who are politically active, economically active and independent and able to make intelligent discussions in matters that affect their lives [2]. The process of women empowerment results in enabling women to gain equal access and control over the resources (material, human and intellectual). The

economic dimension of women empowerment requires that women have access to, and control over productive resources, thus ensuring some degree of financial autonomy. Granting women's access to small and medium enterprises (SMEs) and other sustainable growth opportunities, and imparting them with skills and tools to scale up their businesses wherever they are in the world unleashes their potential for real job creation [3]. Increasing economic development is associated with a more broad based distribution of educational and occupational resources. Greater access to educational and occupational resources increases women's chances of professional development, creating a large pool of women eligible for power positions such as political office [4]. National macroeconomic policies that address the needs of women and girls living in poverty take multiple forms: job creation programs, employment assistance, provision of microfinance, and business development programs [5]. Owing to the fact that many women have very little education, empowering them through credit management, bookkeeping and savings mobilization is very important. Increasing women's access to user-friendly credit services provides them with opportunities to invest in agriculture and income generating activities from which they get daily income to take care of their children [6]. Financial empowerment of women would include allotment of a certain proportion of credit, foreign exchange and public expenditures to women, and strengthening and funding directly women organizations from trade unions to cooperatives [7]. The other concept used synonymously with financial empowerment is Women's economic empowerment. This is the process of achieving women's equal access to and control over economic resources, and ensuring they can use them to exert increased control over their lives [8]. It means women participation in economically productive activities; their access to savings and control over income another productive assets such as land, business and industries. Empowerment of rural women is about expanding women's assets and capabilities to participate in, negotiate with, influence, control and hold accountable the institutions that affect their lives [9]. In the economic perspective, women empowerment is about succeeding and advancing economically, and having power to benefit from economic activities. Economically empowering women is key to reducing poverty, growing economies, and building healthy and safe communities. The financial service industry has been steadily expanding efforts to improve women's financial literacy, provide more savings and credit options, and offer training and mentoring for women business owners. However, in much of the world, legal and social cultural barriers continue to limit women's access to financial products and services [10]. Access to economic opportunities is not only important for women's empowerment; it also benefits their children and their households. Being employed with cash earnings improves women's self-esteem and bargaining power within the household, increases their mobility and exposes them to new ideas [11].

3. Review of Literature

[12] revealed that in districts of Punjab, microfinance services have been offered largely as there are enough provisions made by the banks. But, women are using around 31% of the aforesaid services. On the contrary, the performance of SHGs is remarkable with respect to credit availability, employment generation, income generation and training, marketing linkages, confidence-building, and women empowerment. [13] studied the extent to which financial inclusion for women has been taken place in India and the period of study was from 1996 to 2006. There are unlimited opportunities to enhance the potential of women toward the direct contributors of economic growth but they are still the financially excluded lots and the northern region needs more attention. [14] states that the Empowerment of women means when a woman is having economic liberty and financial decision-making authority. Nearly half of the population of a country is females and hence it is extremely necessary to make this population involved in the economic activity of a country. But there is of course gender-based discrimination in society. [15] conducted a study on 500 rural women living

in the Kurigram and Gaibandha district of Bangladesh from January to February 2017. The study reveals that financial inclusion increases women's income, purchasing power, living standard, and position in the family. The study also reveals that after availing of financial inclusion progrmmes, rural women become able to meet their emergencies, give children a better education, get a better medical facility, reduce dependency on local money lenders which means that financial inclusion programmes promote women's economic empowerment. [16], Gender differences in financial inclusion put women at a further disadvantage, especially in times of crisis. Women are generally paid less than men and lack the financial literacy skills and confidence needed to invest their money. The situation that women face when it comes to financial wellbeing is dire and must be addressed. Due to several factors including systemic inequalities, gender stereotypes, and roles, women earn and save less money, and they are less likely to optimize how they invest to build wealth. Gender differences in financial inclusion have far-reaching effects on women's quality of life and autonomy, their families, and their communities, putting them at risk of financial fragility and poverty, especially in times of crisis. Financial inclusion refers access to a range of financial services including savings, credit, insurance, remittance and other banking/payment services to all bankable households and enterprises at reasonable cost [17]. Similarly, [18] defined financial inclusion as the delivery of financial services at affordable costs to vast sections of the disadvantaged and low-income society. This is extremely important in the growth of an economy as it enables a large number of rural households to fund for the growth of their livelihoods. The 2014 World bank financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet the needs – transactions, payments, savings, credit, and insurance; delivered in a responsible and sustainable way [19].

Access to a transaction account is the first step towards broader financial inclusion since it allows people to store money, send and receive payments. While [20] seem to agree on the accessibility of a wide range of financial services, Singh highlights the affordability of these services to the intended customers. Supplying financial services such as banking and payment services to the entire population should be without discrimination by any public policy. In a related view, [21] observed that financial inclusion has two elements: good financial decision-making and access to suitable products and services. Good financial decision-making constitutes the demand side while access to suitable products and services constitutes the supply side. Providing access to financial services, helps lift the poor out of the cycle of poverty. It should be further noted that financial inclusion can be measured in two ways: access to financial services and use of financial services. According to [22], access to financial services includes access to a bank account and access to a

debit card; while use of financial services includes use of a bank account and use of a debit card. Access to financial service promotes thrift and develops culture of savings. Because of the efficient payment mechanism that strengthens the resource base of the financial institutions, there is vast economic growth as resources become available for efficient payment mechanisms and allocation. The strategy behind financial inclusion efforts has been to get more people to use mainstream financial products (and use fewer alternative financial services). This includes bringing the ‘unbanked’ and ‘under banked’ consumers into the regulated financial service system to access affordable and safe financial products. The unbanked population includes the vulnerable groups such as weaker sections and low-income groups. The success of mobile money for example, illustrates the transformative potential of technical progress and innovation to promote financial inclusion. Mobile money for example, which is a form of branchless, banking, has allowed people who are otherwise excluded from formal financial system to perform financial transactions in a relatively cheap, secure and reliable manner. Broadening access to financial services mobilizes greater household savings, marshal capital for investment, expand the class entrepreneurs, and enable more people to invest in themselves and their families. Access to finance enables the poor to protect themselves against adverse shocks and to balance their consumption and thus improve their welfare . As observed, households with loans tend to have higher income and consumption levels regardless of the gender dynamics within the household. Although the supply of financial services has been reported by many researchers to be good, information about access and usage or about why people do or not use formal services is still inadequate. For example, they identified lack of enough money, expensive bank accounts and that another family member already has an account; as the most frequently cited reasons for not having a formal account in low developing countries. Deepening of the financial sector is essential for a developed and mature economy. However, this is possible when individuals and households are financially literate to make informed choices about how they save, borrow and invest. Promoting greater access to financial services for low-income households and firms is a core part of their overall strategies for economic and financial development, however, there remains uncertainty as to whether financial inclusion results in financial stability. The financial stability of the economy is reflected in terms of efficient and smooth transfer of resources from savers to investors, reasonable assessment and pricing of financial risks; and the ability of the financial system to absorb financial and real economic surprises and shocks comfortably. While financial inclusion is thought to promote income equality and reduce poverty, the specific ways in which financial inclusion promotes income inequality and reduce poverty are not clear. The entry, capitalization and growth of new nonfinancial firms is associated with more efficient allocation of capital and reduced effects of financial constraints to small firm's growth. However, the introduction of many nonfinancial providers and firms threatens the balancing of risks and benefits of regulation and supervision and allocation of supervisory resources accordingly. Women's economic participation helps to drive growth at national level and reduce poverty within households. Increasing women's earnings can strengthen financial stability of families since women more than men are more likely to use their income to support families. Expansion of assets to productivity assets and economic opportunities for women creates synergies and bargaining power, which creates a critical mass for the participation of women on an equal basis. However, the financial inclusion of women is still a challenge due to lack of identity, and other key documents, poverty, costs of bank products (e.g. minimum balance and fees), inadequate and inappropriate products and services, lack of trust in financial institutions, lack of education and financial knowledge and skills [23].

4. Financial Inclusion in India

According to the census 2011, India is having a population of around 1.22 billion, and65 percent of adults across the country are excluded from the formal financial system. As per the report of the World Bank, In India, only 35.2 percent of adults above the age of 15 years have an account at formal financial institutions. 55 percent population has deposit accounts and only 9 percent population has credit accounts with formal financial institutions. Reports show that there is one bank branch per 14,000 persons. Just 18 percent are debit cardholders and less than 2 percent are credit cards holders. In India, despite the expansion of bank branches post-reform period, the total branches of commercial banks including RRB"s and SCB"s have still stood only 48000 in a country to provide service to 6 lakh villages. The Reserve Bank had advised from 2010 to 2013, all public and private sector banks to prepare and submit their board-approved financial inclusion plans (FIPs). These FIPs contained self-set targets in respect of opening of deployment of business correspondents (BCs), rural brick and mortar branches, coverage of unbanked villages through various modes, Kisan Credit Cards (KCCs), the opening of no-frills accounts and General Credit Cards (GCCs) to be issued, etc. The government of India announced "Pradhan Mantri Jan DhanYojna," in the year 2014, a national financial inclusion mission that aims to open bank accounts to at least 75 million of the population by January 26, 2015. To achieve this target, both service providers and policymakers need to have readily available information outlining gaps in access and interactive tools that help better understand the context at the district level. They concluded that India is at a moderate level regarding financial inclusion as compared to other countries regarding number of branches ,ATMs, bank credit and bank deposits. RBI have adopted various strategies such as no-frill accounts, use of regional languages, simple KYC norms etc to strengthen financial inclusion. By looking at the various milestones achieved by Axis Bank regarding financial inclusion, it can be said that banking sector plays vital role in promoting financial inclusion. To cope up with the challenges to spread financial inclusion , there is a need of viable and sustainable business models with focus on accessible and affordable products and processes , synergistic partnerships with technology service providers for efficient handling of low value, large volume transactions and appropriate regulatory and risk management policies that ensure financial inclusion Studied the extent to which financial inclusion for women has been taken place in India and the period of study was from 1996 to 2006 . There are unlimited opportunities to enhance the potential of women towards the direct contributors of economic growth but they are still the financially excluded lots and the northern region needs more attention. 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.

5. Importance of Financial Inclusion

In developing countries like India, the frequency of women is more excluded. Women using financial products and services can better serve the purpose of financial inclusion in India. Financial Inclusion strengthens the availability of economic resources. Most importantly, it toughens the concept of savings among poor people living in both urban and rural areas. This way, it contributes to the progress of the economy in a consistent manner. Financial inclusion engages in including poor people in the formal banking industry to secure their minimal finances for future purposes. There are many households with people who are farmers or artisans who do not have proper facilities to save the money that they earn after putting in so much effort.

6. Financial Inclusion- Government Initiatives towards Women Empowerment

The Government of India has been introducing several schemes which just extended the financial services and became the medium of empowering women. After a lot of planning and research by several financial experts and policymakers, the government launched schemes keeping financial inclusion in mind. These schemes have been launched over different years.

1. Pradhan Mantri Jan Dhan Yojana: (PMJDY) PMJDY has recently announced a scheme to provide universal access o banking accounts with an overdraft facility and Ru-Pay debit card to all households. This was a fully loaded scheme with technological innovations like Ru-pay, mobile banking, etc.
2. Rashtriya Mahila Kosh: (RMK) Under the Ministry of Women and Child Development to provide microloans to bring socio-economic upliftment of lower-income group women in India. Various schemes have been introduced for promoting small loans with a maximum limit of 10 lakhs t6o making the females capable and self-dependent. A facility of 100% refinance to Mahila Urban Co-operative banks, gold credit passbook schemes, housing loan schemes have also been provided.
3. Mahila Samakhya Programme: (MSP) This scheme has been particularly targeting out the schoolgirls by working with the community to create learning opportunities in the alternative center and early childhood development. A National review, MSP coverage exists across 42,397 villages in 125 districts of 10 states and is planned to expand for 60-70 districts.
4. Bharatiya Mahila Bank: (BMB) BMB has opened 23 branches to support and empower women folk who want to become entrepreneurs.
5. Home loan for Women: Leading banks like SBI and HDFC have discounted their interest rates for females on both individual and joint loans where women are the first borrower.
6. Financial support to victims of rape: Article 38(1) has directed National Commission for women to evolve a Scheme, under this scheme financial support to rupees two lakhs is to provide to the rape victim. In case of injuries compensation up to rupees, 1 lakhs is transferred to the rape victim by the Ministry of Women and Child development under 'State Criminal Injuries Relief and Rehabilitation Board".
7. Indira Gandhi Matritva Sahyog Yojana: (IGMSY) Under this scheme pregnant and lactating women 19 years and above for their first two live birth will get the direct cash transfer of rupees 4000/- in three installments. The scheme targeted to address short term income support objectives with long term objectives of behavior and attitudinal change.

7. Conclusions

The researcher came to the conclusion that financial inclusion benefits women's emancipation. The first step in enhancing women's financial inclusion must be raising the basic level of education and financial literacy among women. Involving women in various economic upliftment programmes and campaigns for financial inclusion schemes like the Pradhan Mantri Jivan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), and Start Up India (SUI) in rural areas to benefit from the same and increase their source of income is another noteworthy effort that the Government of India can make. The effective use of funds obtained from states and other governments should be another action made by the Indian government. Monitoring on a regular basis will make it easier to keep track of the benefits from schemes and fix any issues that account holders run into. Monitoring will also help you keep track of both active and rarely used accounts.

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