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Financial Inclusion and the Indian Woman

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Abstract

Financial inclusion is aimed at providing banking/financial services to all people in a fair, transparent and equitable manner and at an affordable cost. The Rangarajan Committee (2008) viewed financial inclusion as imperative for inclusive growth and finance. An inclusive financial system facilitates efficient allocation of productive resources and thus can reduce the cost of capital. Leveraging with financial deepening of innovative products and services can make profitable inroads for a broad-based and inclusive financial system. This paper focuses on the need for financial products and services for women. Women face greater challenges in accessing formal finance due to several factors. The relatively low use of financial products by women may increase their vulnerability to income shocks and reduce their ability to invest, save and plan for the future. The relevance of access to financial products and services among women for development, poverty reduction and gender-equality is an issue receiving great attention. Women still do not derive their deserved benefit from institutional credit and capital flows. Women's financial inclusion can make an important contribution to women's economic empowerment. Improved financial inclusion and financial access for women, designed according to their needs, increases their opportunities to contribute to economic growth and better access to health and educational services. Women's financial inclusion also has a significant impact on sustainable development. Designing financial literacy campaigns can help in bringing gender-sensitive information about financial markets, products and services in capital and money markets etc. Women leadership models can also strengthen associations of women with financial institutions. This paper tries to explain the causes for relatively less use of financial products and services of women and how they can be brought under the umbrella of financial inclusion for inclusive growth and sustainable development.

Keywords: Financial inclusion, financial services, empowerment, financial literacy, leadership, gender sensitivity, sustainable development

Introduction:

Balubai Jaggu Jadhav lives in Shingnapur. As a daily wage labourer she would make her ends meet with a lot of effort and sweat. Her husband married another woman and she filed for divorce. But her husband transferred their farmland to someone else and refused to appear for court dates. Mounting expenses and the need to support her daughter and her daughter's children led Balubai to start a small business. Still she continued to face many problems. This made her to take a loan from Mandeshi Mahila Bank. With the loan money she started a 'Bhasma' business and become the member of a Self-Help Group. Balubai also participated in the "Deshi Entrepreneurs Program" of Mann Deshi bank which worked towards promoting women entrepreneurs. This helped her to advertise her business and get marketing information about the business. She learned how to maintain a financial diary for her business. Today she is self sufficient and looks after her family well.

The Analysis of the above case study reveals the following:-

- The Mandeshi Bank can reach out rural poor women with the help of these projects.
- It can try to market any product in rural areas since the trust of the consumers has already been developed.
- A higher turnover and improved business performance can be achieved with conscious effort.
- While working the way up, an entrepreneur can build upon social capital.

Objectives: The objectives of this paper are –

- To assess the problems faced by women in availing of financial services.
- To assess the actual extent of financial inclusion of women especially in rural areas.
- To make suggestions for improved participation of women in the financial arena.

Research Methodology: The topic under consideration calls for extensive use of secondary data by analyzing mid-term and final reports of banks, co-operatives and non-governmental organisations. Primary data would be obtained by interviewing local women entrepreneurs regarding the financial services they have availed of from banks and co-operatives.

Matter: The above example of Balubai Jaggu is a revelation of the problems faced by women, the steps they can take to face the situation and the role of the financial intermediary in uplifting the lot of women. That also brings us to the importance of financial inclusion. Financial inclusion is based on the principle of equity and inclusive growth. It is an ongoing process that aims at making timely and affordable services available to the economically weaker lots and that too in a transparent manner so that they are not excluded from the mainstream by large institutional operators. The strategies for financial inclusion include-

- Refining existing credit delivery systems.
- Strengthening credit absorption capacities.
- Devising new models for effective outreach.
- Leveraging ICT and technology-based solutions.

The objectives of financial inclusion encompass all of the factors mentioned below (as per RBI):- A basic no-frills banking account for making /receiving payments.

- Saving facilities suited to the pattern of cash flows of poor households.
- Easily accessible credit and overdrafts,
- Easy remittance facilities.
- Micro insurance (life and non-life).
- Micro pension.
- Credit and financial education/literacy integral to the process of building basic financial skills.

Numerous experts argue that although fiscal addition enterprises are targeted towards the general population (including women), most enterprises are introduced without comprehensive understanding about women's socio- profitable conditions, intra-household logrolling position, and restrictions on mobility. For illustration, pastoral women are laboriously engaged in husbandry, yet, numerous of them face constraints when getting husbandry credit because credit blessing requires power of material means(to serve as collateral). Traditionally, women's lack of access to land and other means poses significant constraints on their access to husbandry services, including credit, that bear formal power of land. Public and private banks do offer fiscal products designed especially for women. For illustration, both Self- Help Groups '(SHGs) lending and microcredit lending by Microfinance Institutions(MFIs) have seen an unprecedented growth in enrolling women clients in recent times. For illustration, starting with a small number of 620 SHGs linked with banks in the early 1990s, banks had expended credit to over2.23 million SHGs cumulatively by 2006, and to4.78 million SHGs by 2011(Tankha 2012). still, not all women from India have access to these services; data indicates that outreach is substantially confined to the southern corridor of India(Puhazhendhi 2012). Time and again, exploration has indicated that formal saving products could help women save more effectively(Dupas and Robinson 2010). moment, numerous state governments have espoused the dereliction savings options by mandatorily delivering all stipend to actors of government schemes and programmes through formal saving accounts. For illustration, the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) states that at least one- third of its heirs should be women and their payments should be delivered via electronic transfers to bank accounts. also, the government allows SHGs to mobilise savings, where a group of women come together and save on a regular base. Despite these provisions, institutional savings by women in India are low. Only 13 of total deposits (savings) held at listed marketable banks belong to women(RBI report 2013). The success of the SHG model in mobilising savings is also debatable as per the data by the end of March 2012, indeed though further SHGs were linked with banks, compared to former times, there was a drop in the accretive savings quantum(Puhazhendhi 2012). For illustration, the report states that the total SHG saving quantum during 2011-12 wasRs.65.51 billion, which wasRs.3.74 billion lower than the former time's savings quantum. The same report indicates that in recent times, SHG members have been more focused on bank loans and therefore, are saving only the ' necessary minimum quantum ' to qualify for loans. Another area of concern is the unwarranted rejection of women from being covered under colorful government insurance and pension schemes. The government has handed a number of insurance and pension schemes similar as Aam Aadmi Bima Yojana, Indira Gandhi National Old Age Pension Scheme(IGNOPS) and widow pension scheme. still, only the head of the family or one earning member in the family of the menage is covered under most of the social security schemes. generally, in low- income homes, the oldest worker in the menage is designated as the head of the menage or the principal decision maker, anyhow of whether he's the primary source of profitable support. As a result, women are inadvertently barred from these schemes. Suggestions-

1. Fiscal service providers must understand that women constitute a profitable client base. Providers must also admit the legal, social and artistic surroundings that limit women's access to fiscal services. For illustration, several studies have reported that women guests find interacting with male staff at banks an intimidating experience. To overcome similar cerebral walls, fiscal institutions can increase the number of female staff, and appoint devoted women staff to serve women guests. Another approach could be for fiscal institutions to take enterprise to enhance gender sensitization and promote mindfulness of their own staff (including men) by furnishing trainings and shops.
2. Fiscal providers must promote the significance of women as fiscal decision makers when selling their products. The general perception can be changed by showing successful women micro-entrepreneurs taking loans for their businesses, or mothers depositing savings in banks for their children's education.

3. Exploration indicates that furnishing credit via SHGs and MFIs alone is inadequate in enhancing profitable growth and commission among entrepreneurial women. Financial consulting is essential in helping women elect fiscal products applicable for their particular business requirements and re-investing in their businesses. Policymakers must consider constituting obligatory fiscal comforting from providers when credit products are issued to women, to enhance mortal capital and entrepreneurial chops.
4. Women face constraints when plying rights to admit equal share in paternal property or when entering property as a partner. Access to palpable means via heritage is limited, but entrepreneurial women are needed to show evidence of palpable means to admit formal credit. This puts entrepreneurial women at a disadvantage compared to entrepreneurial men. thus, relaxing Know Your client (KYC) guidelines, particularly for women entrepreneurs, might accommodate a larger section of women with limited access to credit.
5. Knowledge and training backing is required for the poor women to profit from pastoral marketing programmes.
6. Diversified use of microfinance would be effective to ameliorate the status of women entrepreneurs in businesses.
7. Suitable products with proper staffing pattern for the SHGs should be provided.
8. Numerous SHGs suffer from absence of fiscal discipline and internal controls. This can be avoided only through structured practices and a good system.
9. Profitable commission of SHGs can be made by educating them, creating mindfulness about the social immoralities, public private cooperation, development programmes exercising IT.
10. SHGs should be encouraged to get PCs, which can be used to display their products either as pop ups or as announcements or in the doors of e- commerce companies.

Conclusion:

Addressing the extent of financial inclusion for women remains a complex area for intervention and research. Financial inclusion as a newer discipline of study involves new concepts and there remains considerable scope for development of better products, technologies and models. More research is needed to broaden the study of financial inclusion of women in India. There is a dearth of accurate ground level data about the quality of financial access and also regarding their use. There are unlimited opportunities to tap the potential of women as direct contributors of economic growth but they still remain the financially excluded lot. Regions in India which lack proper financial access for women must also been identified. The viability of financial products and services should also be studied. As factors and challenges affecting financial deepening are region specific, so evaluation and a comparative study of financial products and services according to their use by women are needed. The trust deficit between financial sectors and women population should be looked into. Building trusted relationships is the crux of financial inclusion of women.

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