

Financial Inclusion, Banking and Technology for women entrepreneurs: Strategic Vision for India's Economic Growth by 2047

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ABSTRACT:

This Paper explores the roadmap for enhancing financial inclusion policies and strategies for women entrepreneurs in India, with a focus on promoting sustainable economic growth by 2047. Financial Inclusion is defined as “The method of offering banking and financial solutions and services to every individual in the society without any discrimination”. Despite their significant contributions to India's economy, women entrepreneurs to face significant challenges in accessing financial resources, receiving adequate support, and overcoming systematic barriers. This roadmap identifies critical gaps for intervention, including access to finance, financial literacy, mentorship, Education Technology and the development of a supportive ecosystems.

Some of the Pragmatic Strategies to empower women entrepreneurs through 5A's of financial inclusion are Access, Availability, Affordability, Awareness and Appropriateness. They represents key aspects to ensure comprehensive financial inclusion strategies. It includes implementing targeted microfinance initiatives, providing financial education, and creating networking opportunities to empower women entrepreneurs. The roadmap identifies the role of government and institutional support to establish gender –sensitive policies and regulatory frameworks that encourage women's participation in the entrepreneurial landscape.

Furthermore, the paper highlights the role of technology in fostering financial inclusion. It promotes the use of digital platforms to enhance market access and financial services. By prioritizing these approaches, India can unlock the potential of women entrepreneurs, fostering innovation, job creation, and inclusive economic growth.

This roadmap serves as a strategic frame work for policymakers, financial institutions, and stakeholders to collaboratively work towards achieving social progress and gender equality in entrepreneurship, ultimately, this will contribute to India's goal of becoming a \$ 5 trillion economy by 2047.

Keywords: Financial literacy, innovation, economic growth, sustainable development.

Introduction:

Financial inclusion of women entrepreneurs is an engine of economic growth and gender equality, especially in a diverse and rapidly developing country like India. As the nation sets its sights on becoming a \$5 trillion economy by 2025 and achieving overall development by 2047, empowering women entrepreneurs emerges as a pivotal strategy. Financial inclusion strategy for 2024 is “Access to formal finance can boost job creation, reduce vulnerability to economic shocks and increase investments in human

capital". In recent year's women plays a significant progress as an entrepreneur. The Reserve Bank of India's FI Index, which measures financial inclusion, nationwide, rose to 64.2 in March 2024 from 60.1 in March 2023. This index reflects growth across all key parameters (access- 35%, Usage -45%, Quality -20%) of financial inclusion. At the same time they are facing the challenges for accessing finance, resources and support systems necessary for entrepreneurial success.

Some of the policies and strategies specifically designed for women entrepreneurs in India, identifying their challenges and potential by fostering an inclusive ecosystem that promotes access to credit, financial literacy and capacity building, India can unlock the full economic potential of its women entrepreneurs. Such efforts will not only to enhance women's participation in the workforce but also contribute to sustainable economic growth, innovation, and job creation.

As we move towards 2047, it is very crucial to establish a framework that addresses these challenges, leveraging technology, partnerships, and tailored financial products to create an environment, where women can thrive as entrepreneurs. This roadmap aims to set the foundation for a prosperous and equitable future, ensuring that women plays an important role in India's economic growth.

Review of Literature:

This paper written on the basis of Thematic Literature review methodology, to analyse the existing literature through various search engines. Financial inclusion is essential for economic growth and the empowerment of women entrepreneurs in India from 2020 to 2024, focusing on Key trends.

Key Trends:

1. **Mobile Banking and Digital Payment (Emerald Insight 2021):** Leveraging Technology is crucial for financial inclusion. Mobile Banking and Digital Payments Provide easy access to financial resources while reducing time and cost.
2. **Easy Access to Credit (World Bank Blogs 2021) :** Women Entrepreneurs earlier facing the financial credit challenges, but technology has now enabled easier access to bank accounts and smooth transactions, enhancing their creditworthiness. As a result, banks are more willing to provide consistent loans.
3. **Government and Institutional Support (Women-Owned BusinessesT2023):** Government Policies supporting women entrepreneurs, such as the Self Help Groups model, have successfully extended credit to the women entrepreneurs and reducing the risk-sharing, banks encouraging women entrepreneurs. Institutions like Post-offices, co-operative society's acts as a business correspondents (Agents) help for doing branchless banking.
4. **Data Indicators:** The Reserve Bank of India's FI Index, which measures financial inclusion, nationwide, rose to 64.2 in March 2024 from 60.1 in March 2023. This index reflects growth across all key parameters (access- 35%, Usage -45%, Quality -20%) of financial inclusion.
5. **Non Financial Support Services (Think Twenty 2023):** Non-financial Support Services, such as business coaching, tax-filing support and product design assistance, have been identified as crucial for improving the effectiveness of women entrepreneurs. These services help women entrepreneurs better manage their businesses and improve their credit profile, making them more attractive to lenders.

Research Methodology:

This study primarily focuses an exploratory research design, relying heavily on secondary data and qualitative insights gathered through interactions with experts, Policy makers, and program implementers

in the field of financial inclusion.

OBJECTIVES OF THE STUDY:

1. To analyse the Present Scenario of financial inclusion for women entrepreneurs in India :
2. To know the strategies adopted by the RBI for strengthening of financial inclusion.
3. To identify the relationship between banks and Self Help Groups.
4. To prepare the strategic vision for India’s economic growth by 2047.

To analyse the Present Scenario of financial inclusion for women entrepreneurs in India: The Present Scenario of financial inclusion has witnessed by significant progress emphasis on credit to a more comprehensive approach towards financial services (eg: opening bank account, mobile banking, online banking, CDMAAs, ATMs) across in India.

Banking Access : Account at any bank/other financial institution/mobile money service provider gives the percentage of persons (15 years and above and 18 years and above) who had an account individually/jointly in any bank/other financial institution/mobile money service provider as on date of survey for each of the gender at all –India leve

Percentage of persons who have an account individually or jointly in any bank/other financial institution/Mobile Money Service Provider						
Gender	15 years and above			18 years and above		
	Rural	Urban	All	Rural	Urban	All
Male	89.5	90.5	89.8	92.2	93.0	92.4
Female	84.6	84.4	84.5	86.4	85.9	86.3
Person	87.1	87.5	87.2	89.3	89.6	89.4

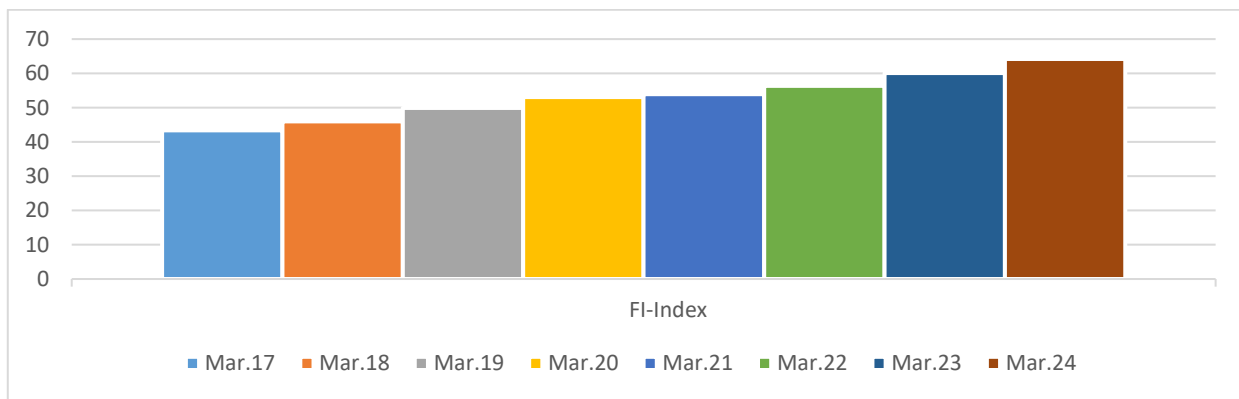
Source : Multiple Indicator Survey (GOI 2020-2021)

The above statistics indicating that the majority of the rural and urban population accessing the bank accounts, within a 5 km radius, covering 90% of the villages in the country. This includes efforts to make banking accessible even in the most remote and hilly areas. Digital Payments increased significantly. Financial Inclusion metrics (Rs.2.72 trillion) increased due to Business Correspondents (BCs) they Played a crucial role in this expansion, particularly in rural and underserved areas. Due to Internet, Fintech services increases largely. Now, the major challenge is consumer protection in financial inclusion, ensuring that new and existing users of financial services are safeguarded against fraud, exploitation, and financial illiteracy. The Government focuses on regulatory frameworks, enhancing financial literacy programs, and developing effective grievance redressal mechanisms to build trust and ensure that the benefits of financial inclusion are not undermined by potential risks.

Financial Inclusion Index: The RBI has developed this index to measure the progress and effectiveness of its inclusion in the country. The FI Index Scores Ranges from 0 to 100, where 0 indicates complete financial exclusion and 100 represents full financial inclusion. The index is composed of three dimensions a) Access (35%), b) Usage (45%), c) Quality (20%). Key government schemes contributing to this progress include PMJDY for banking access, PMJJBY for life insurance, and PMSBY for accident insurance.

Financial Inclusion Index

Year	FI-Index
Mar.17	43.4
Mar.18	46.0
Mar.19	49.9
Mar.20	53.1
Mar.21	53.9
Mar.22	56.4
Mar.23	60.1
Mar.24	64.2



Source : Financial Inclusion Index (RBI)

To know the strategies adopted by the RBI for strengthening of Financial Inclusion: The Reserve Bank of India released the National Strategy for Financial Inclusion 2019-2024 on January 10, 2020, with the help of Central Government and Financial Sector Regulators (SEBI, IRDA, and PFRDAI). Role of Technology, Financial Education. Financial Inclusion as the process of ensuring access to financial services, and timely adequate credit for vulnerable groups and low income groups at an affordable cost. The RBI strengthening the financial services, financial education, financial security with less cost. With the help of PMJDY is ensuring access to various financial services to the beneficiaries at Rural and Semi-Urban areas, especially female beneficiaries and households increased, the deposits increased in a large scale, debit and credit card issued for easy transaction, developed the mobile apps, digital payment (UPI) system to improve accessibility and convenience for users across the nation. Then the deep penetration at an affordable cost is possible only with the help of technology.

Bank Name/ Type	Number of Beneficiaries at Rural/Semi Urban Centre Bank Branches	Number of Beneficiaries at Urban Metro Centre Bank Branches	No. of Rural /Urban Female Beneficiaries	No. of Total Beneficiaries	Deposits in Accounts (In Crores)
Public Sector Banks	26,35	15.64	23.15	42.00	1,87,410.00

Regional Rural Banks	8.62	1.45	5.86	10.07	46.378.66
Private Sector Banks	0.74	0.92	0.90	1.66	7,257.85
Rural Co-operative Banks	0.19	0.00	0.10	0.19	0.01
Grand Total	35.90	18.02	30.01	53.92	2,41,046.60

Source : PMJDY Progress Report.(All figures in Crores)

On the basis of above data, the Public Sector Banks Plays a major role to open the PMJDY account. Deposits and Transactions increases in a large scale. The beneficiaries availing the different types of financial Products and financial services through PMJDY account. Collaborate with Private Sector and Non-Governmental Organisations to reach the bottom section level in the society. Some of the states and districts they covered the villages and hill areas (100%) through Business Correspondents, Promoting financial inclusion for Women and Small and Medium Enterprises. Strengthening Regulatory Framework it leads to consumer protection and cyber security.

To identify the relationship between banks and Self Help Groups:

The relationship between banks and Self Help Groups is a symbiotic and mutually beneficial, fostering financial inclusion and economic empowerment. NABARD Initiated SHG – Bank Linkage Programme it plays a significant role in achieving financial inclusion especially for women and low income families in India. Banks appointed Business Correspondents are retail agents they provided door step services in rural areas and Promoting the awareness about the banking services with less cost. RBI, NABARD, NBFC empowering women for sustainable development, integrating innovative financial technology (Fintech) making financial services more accessible to large number of people, nearly 67% of the women are adopted the fintech services and promoting their business and house hold consumption. So, Banks need to redesign their business strategies to incorporate specific plans to promote financial inclusion of low income group (Rural/Urban) treating it both business opportunity as well as a corporate social responsibility. They have to make use of all available resources including technology and expertise available with them as well as the MFI and NGOs. Introduction of smart cards on a mass scale can ensure that banking services are made accessible to the underserved masses, affordable as cost of transactions is cut down, easy and user friendly, and extendable to remote and physically inaccessible areas. If banking services, micro credit facilities, insurance and financial advice reach the under-served, they can find their livelihood, economic betterment and security on their own, safeguard themselves from economic, social and political exploitation and contribute to the overall and inclusive socio-economic development of the nation. Financial Inclusion will strengthen financial deepening and provide resources to the banks to expand credit delivery. Overall, the collaboration between banks and Self Help Groups helps in achieving broader financial inclusion goals, enabling economic stability and growth at the bottom level.

Agency-wise, Average Savings, Loan Disbursement and Loan Outstanding Per SHG									
Category of Agency wise	Average Savings of SHGs with banks			Average Loans disbursed to SHG by Banks			Average Outstanding bank Loans against SHGs		
	2022-2023	2021-2022	Change (%)	2022-2023	2021-2022	Change (%)	2022-2023	2021-2022	Change (%)
Commercial Banks	44,743	44,612	0.29	3,76,659	2,94,460	27.92	3,07,568	2,45,495	25.28
Regional Rural Banks	44,969	38,488	16.84	2,82,020	2,94,896	-4.37	2,19,851	1,94,620	12.96
Cooperative Banks	37,450	19,143	95.63	3,08,381	2,76,485	11.54	1,89,014	1,68,247	12.34
Total	43,940	39,721	10.62	3,38,027	2,93,471	15.18	2,70,343	2,24,113	20.63

Source : STATUS OF MICROFINANCE IN INDIA (2022-2023)

To Prepare the strategic vision for India’s Economic Growth by 2047:

India’s economic growth by 2047 focuses significantly on achieving comprehensive financial inclusion, particularly for women entrepreneurs .This roadmap outlines the strategic steps required to create an inclusive financial ecosystem that empowers all segments of the population and promote the economic growth. The Roadmap divided into four phases, In the Initial Phase (2024-2029) Enhancing access to financial services, Simplified Loan Procedures, Collateral Free Loans, Financial literacy Programs, Simplified Financial Products. In the Second Phase (2029-2034), Mentorship and Networking, Business Incubators and Accelerators, Digital and Technological inclusion, Fin Tech Innovations and capacity building development is needed. In the third phase (2034-2039) address Gender-Specific Challenges, Gender-Sensitive Policies, Flexible Work Arrangements, Legal and Regulatory Reforms, Safe and Secure Work Environments. In the Fourth Phase (2039-2047) Empowering Women Entrepreneurs, Easy access to credit and capital, Entrepreneurial Training and Mentorship, Monitoring and Evaluating the Progress. This roadmap outlines a strategic plan to leverage financial inclusion as a driver for India’s economic development, with a special focus on empowering women entrepreneurs and promoting equitable growth.

Conclusion

The study on financial inclusion policies and strategies for women entrepreneurs in India emphasizes the vital role women play in driving economic growth and innovation. Despite their significant contributions, women entrepreneurs continue to face complex challenges, including limited access to financial resources, low financial literacy, and socio-cultural barriers that impede their entrepreneurial goals. This roadmap for financial inclusion emphasizes the need for collaborative efforts among policy makers, financial institutions and stakeholders to create a supportive system for women entrepreneurs. As India aspires to achieve its goal of becoming a 5\$ trillion economy by 2047, prioritizing the financial inclusion of women entrepreneurs is imperative. Financial Inclusion for women entrepreneurs requires commitment,

innovation and collaboration. By investing in women's entrepreneurial capabilities, India can build a resilient and prosperous economy that benefits all its citizens

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