

Empowering Women through Financial Inclusion: Insights from the Banking Sector in India

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Abstract

Economists contend that the development process is at risk if it is not actively fostered. Given the observation that women possess exceptional financial management skills, the concept of “economic empowerment of women” has emerged as a key strategy to promote their overall empowerment. Enhancing women’s empowerment in economies, especially in emerging countries, greatly relies on education, skill development, employment, and fostering entrepreneurship. Bank financing is an important tool that contributes significantly to the economic empowerment of women. With this reasoning in mind, the current article focuses on the role of banks in promoting the economic empowerment of women, specifically in India. The study of the article relies only on secondary sources of information, which were obtained from several daily English newspapers as well as yearly reports and research studies from banks in India. This research seeks to scrutinise and clarify the strategies and initiatives formulated and implemented by banks, including SIDBI and Bharatiya Mahila Bank, which has the distinction of being the first bank to have women in all positions. The report emphasises the active participation of several banks in empowering women by offering a range of financial solutions. It presents advantageous initiatives and activities designed to facilitate women’s access to bank financing for their economic development. The report suggests that governments should contemplate recognising the “Right to bank credit” as a basic entitlement for women.

Keywords: Bank Credit, Economic, Right to Credit.

Introduction

Evidence supports the notion that economic development contributes to gender equality, and when women have access to resources, it leads to many favourable consequences for the household’s human capital and capacities. The notion of inclusive growth strategy emphasises the need for economic development to provide equal opportunities to all sectors of the population, with a specific emphasis on the poor population in general and women in specific, who are more vulnerable to marginalisation. The World Bank (2012) acknowledges that focusing on women in the context of gender equality is increasingly important due to its positive impact on economic growth. The connection exhibited the highest level of consistency in terms of education and employment. There is ample evidence at the individual level suggesting that women’s ability to get job and education not only influences and diminishes poverty, but

also contributes to a more comprehensive and equitable economic expansion. The reason for this is that women constitute 50.0 percent of the world population, and their access to economic resources enhances the allocation of resources within families. The assertions are substantiated by research performed by, Kabeer (2003), the World Development Report (2012), Dwyer et. al. (1988), Vevak (2019) and Quisumbing (2003)

The empirical evidence from emerging nations demonstrates that although economic development undoubtedly contributes to the advancement of gender equality, it is not necessarily a standalone factor that guarantees its promotion. To effectively enhance women's skills, it is crucial to not only make efforts but also to provide educational chances and create work prospects. These endeavours should be supported by public action aimed at eliminating gender-related obstacles that hinder the development of women's capacities. Only women possess empowerment in both economic and social aspects. In order to address the obstacles to participation and influence in the development process, it is necessary to enhance their capabilities and mitigate the existing uneven power dynamics. In order to empower women, it is necessary to examine and assess the following indicators.

"The power within" explores the emphasis on women's subjectivity and awareness, enabling them to exert more influence over important parts of their life and actively engage in broader societal contexts.

The first indication, "The Power to," emphasises the ability to take action. The third sign highlights the need of women working together to address the inequalities they encounter in the economy.

An examination of the previous discussion clearly illustrates that the concept of women's empowerment encompasses an economic dimension, as articulated in the Millennium Development Goals. These goals underscore the importance of ensuring that all individuals, including women and young people, have access to meaningful employment and decent work opportunities. Subsequently, the notion of "making markets work for women" was introduced by the World Bank in 2006. This phenomenon is often known as "economic empowerment of women," which entails facilitating women's involvement in competition in the market (agency) and especially emphasises economic domains such as property, labour, manufacturing, and financial markets. According to Golla (2011), achieving larger development objectives, such as economic growth, poverty alleviation, healthcare, education, security, and women's economic empowerment, are interconnected. Hence, if we persist in following this train of thought, we would deduce that a woman attains economic empowerment when she achieves prosperity and thrives monetarily, while also possessing the capacity to devise and execute her own economic plan. Enhancing the economic empowerment of women may be achieved by giving them the opportunity to express their opinions on financial matters that directly impact their daily lives, societal objectives, and the overall economy.

Review of Literature

In their study, Mukherjee and Kundu (2012) examined the correlation between involvement in the government-funded microcredit programme, namely the Swarna Jayanti Gramme Swarojgar Yojana, and women's empowerment in many aspects such as financial decision-making, utilisation of borrowed funds, food choices, and concerns related to family and kinship. The findings indicated that female participation in the programme was associated with an increased probability of decision-making within households, resulting in a stronger influence across all domains compared to those who did not participate. Bhatia and Singh (2019) found that Financial Inclusion (FI) has a beneficial impact on the social, political, and economic aspects of women's empowerment. The study conducted by Swendeman et al. in 2009 The research revealed that women had more economic empowerment via enhanced negotiation abilities in the job, larger savings, and additional

sources of income. In addition, women had a far higher level of social empowerment, as seen by their greater engagement in social contacts and involvement in social functions.

Objectives

- To Assess the Impact of Banking Initiatives on Women’s Economic Empowerment.
- To Analyze Collaborative Efforts Between Banks and Government for Women’s Empowerment.
- To Examine the Comprehensive Impact of Banking Support on Women’s Quality of Life.

Banks Play a Vital Role

A strong commercial banking sector is widely acknowledged as a crucial factor for the economic prosperity of a nation. The user’s text is empty. An efficient banking system enhances economic prosperity by offering individuals a range of loan alternatives with different durations, such as short-term, medium-term, and long-term. The banking industry has always been instrumental in fostering economic growth. Currently, banks have become essential in facilitating both saving and investment activities. The fundamental economic resources at the disposal of businesses are land, labour, capital, and expertise. Nevertheless, in order to use these resources, a firm necessitates financial means to get property, employ workers, cover the costs of capital goods, and obtain persons with specialised expertise.

The topic of Women Empowerment has garnered much focus in recent years. In India, women still encounter substantial inequalities in terms of their access to education, employment, and opportunities for skill development, despite the introduction of many government programmes and legislative measures. Although there have been significant progressions in this field, especially in urban areas, women living in rural regions still encounter obstacles and lack opportunities to avail themselves of these advantages. Most social scientists have determined that economic independence is vital in guaranteeing gender equality and enabling women to fully exercise and reap the benefits of their other rights. This underscores the notion that the economic consequences of women empowerment are just as important as its social ramifications.

Banks and Women Empowerment in India

Due to its commitment to social responsibility, the banking industry has played a crucial role in empowering women to attain economic autonomy and, therefore, to fully exercise and reap the benefits of their rights. A significant number of women have derived advantages from the educational loans and skill development efforts provided by banks, hence facilitating their advancement in their professional pursuits. India has played a crucial role in improving the economic status of women throughout its history. Government-owned banks are now offering new loan and financing schemes specifically targeted towards women. These schemes provide women the opportunity to get loans with reduced interest rates and more flexible repayment conditions. Table 1 demonstrates the impact of financial accessibility on the sustainable development and economic conditions of women.

It is clear that when the banking sector offers financial support to women, regardless of their occupation, it enhances their market access, creates jobs and income, expands their assets, provides a sense of security, enhances their skills, and instills confidence in them. Due to the rising labour force participation rate, individuals experience an enhancement in their quality of living and an improvement in their entrepreneurial abilities, ultimately leading to economic empowerment. The government’s intervention policies, plans, and programmes are responsible for the improvements and advancements that have taken place. These initiatives are focused on recognising the rights and capabilities of women and acknowledging the importance of their active and productive involvement in the economic process. In a similar vein, banks are addressing the needs, demands, and economic circumstances of women by developing and offering financial solutions that are specifically tailored to their preferences and requirements, as seen in Picture 1.

Rural and urban	Financial Aid for Women	Improvements	Yields
Women actively participate in several areas of the economy.	Sectors include manufacturing, trade, and services. Working cash for business operations Capital creation leads to an augmentation of an economy's capital stock. It involves acquiring tangible and monetary resources for the purpose of generating goods and making investments.	Earnings, financial gains, and possessions Proficiency in Security Abilities	Entrepreneurship Market Access Enhancing the quality of life via empowerment Enhancing Competencies Business ownership and the act of starting and managing one's own venture.



Picture 1 Banks’ Response Strategy to Promote Women’s Empowerment

Table 2 provides a concise overview of the banking sector’s plans and lending programmes designed to enhance women’s economic empowerment, along with their particular details.

Table 2 Initiatives and Projects Enacted to Enhance the Empowerment of Women

Scheme Name	Bank Name	Deployment specifics of credit with the purpose of promoting women’s empowerment
Stree Shakti Package	State Bank of India	Provides exclusive benefits and advantages for funding to company entities where women entrepreneurs own a majority share capital of 50.0 percent or more.
Mutual Credit Guarantee Scheme for Women	Andhra Bank	Provides unsecured lending facilities to female entrepreneurs, excluding the retail sector, with a maximum limit of Rs. 1 lakh.
Stree Shakti Package for Women Entrepreneurs	State Bank of Hyderabad	Provides incentives and amenities to support the training of female entrepreneurs
Stree Shakti Package for Women Entrepreneurs	State Bank of Mysore	Offers financial aid to company entities where a female has a majority share of more than 50%.
Annapura Scheme for financing women for establishing Food Catering Units		Provides financial aid to women-owned and women-managed catering businesses to support their establishment.
PNB Mahila Udyam Nidhi Scheme		Provides financial assistance to women-owned and operated micro, small, and medium firms and industries.

PNB Mahila Samridhi Yojana	Punjab National Bank	Financial resources for the acquisition of equipment for small business establishments such as tailoring shops, etc.
Scheme for financing Creches		Offers financial assistance for the acquisition of equipment necessary for the growth of a crèche, including but not limited to stationery, freezers, and water filters.
PNB Kalyani Card Scheme		Provides working capital loans for agricultural and non-farm businesses to both literate and illiterate women residing in rural and semi-urban regions.
PNB Mahila Sashaktikaran Abhiyan		Provides a 0.25% interest rate for non-priority sector loans and a 0.50% interest rate for priority sector advances. Additionally, offers a 50.0% fee waiver for women.
Dena Shakti Scheme for women entrepreneurs	Dena Bank	Provides loans to female entrepreneurs engaged in agriculture and related sectors, small-scale enterprises, retail commerce, microcredit, education, and housing.
Star Mahila Gold Loan Scheme	Bank of India	We provide loan services to both employed and unemployed women for the purpose of purchasing Gold jewellery, ideally those that are hallmarked, from well-known jewellers. Additionally, we also provide loans for the purchase of gold coins from the Bank of India.
Canara VidyaJyothi Scholarship	Canara Bank	Provides indirect assistance by providing fundamental and advanced infrastructure to encourage education among rural females, with the aim of reintegrating them into the school system.
Mahila Sanchay Account	Allahabad Bank	The goal is to recruit new female consumers to the Banks and empower women in society.
Akshaya Mahila Arthik Sahay Yojana	Bank of Baroda	Offers financial aid to female entrepreneurs operating in the retail and agriculture industries.
P&S Bank Udyogini Scheme	Punjab and Sind Bank	Provides financing to female entrepreneurs with lenient conditions specifically for direct agricultural endeavours. Small-scale industrial operations, commercial establishments, small merchants, vocational training for employment and self-employment.
Scheme for Professional and Self-employed women	Oriental Bank of Commerce	Offers financial aid and extended loans to women for the acquisition of durable items.
Scheme for Beauty Parlours/Boutiques/Saloons and Tailoring		Offers financing to small-scale businesses for the procurement of tools, machinery, furnishings, fixtures, and retail spaces.
Oriented Mahila Vikas Yojana		Women entrepreneurs are eligible for need-based financing.

KVB Mahila Swarna Loan	Karur Vysya Bank	Provides installment loans to working women at a discounted interest rate specifically for the purpose of purchasing gold, diamond jewellery, or silver products.
Marketing fund for women	SIDBI	Provides financial support for the promotion and sale of items produced by female entrepreneurs in both local and global markets.
BMB Shringar	Bharatiya Mahila Bank	Financing options available for the establishment of beauty parlours, salons, and spas catering specifically to women.
BMB Annapurna Loan		Financing options available for female entrepreneurs looking to establish catering businesses.
BMB Kitchen Modernization Loan		Providing financial assistance to housewives and working women for the purpose of renovating their kitchens and purchasing kitchen electrical goods, furniture, and utensils.
BMB Parvarish		Loan for establishing child day care facilities, including the acquisition of utensils, equipment, and other necessary items.
BMB SME Easy		Offers loans with favourable interest rates to small and medium-sized companies (SMEs) managed by female entrepreneurs.
BMB Loan against Property		Offers property loans to female entrepreneurs aged 21 to 70 at a reduced interest rate.

Conclusion

The correlation between economic development and gender equality is a fundamental facet of comprehensive growth strategy. Empirical data continuously corroborates the notion that when women are granted access to resources, it has a beneficial effect on the human capital of households and their overall capacities. There has been a growing emphasis on women in the framework of gender equality in recent years, acknowledging the beneficial impact it has on economic growth. The focus on women’s empowerment is not just a matter of social importance, but also a necessary economic need.

The notion of women’s economic empowerment is complex, including both their capacity for independent action and their capability to make economic decisions. The banking industry plays a crucial role in enabling women to achieve economic independence. Women’s access to finance via several schemes and programmes enhances their economic empowerment, resulting in increased income, financial benefits, skill development, and overall enhancement of their quality of life. The government’s intervention measures, in conjunction with banking efforts, have played a significant role in the improvement of women’s economic circumstances. The banking schemes and programmes shown in Table 2 demonstrate how financial assistance provided by banks improves women’s access to the market, generates employment prospects, and fosters self-assurance in their entrepreneurial skills. The banking sector plays a crucial role in promoting the economic empowerment of women, which goes beyond mere cash benefits. It encompasses the cultivation of a feeling of safety, the enhancement of skills, and active engagement in the market.

In the Indian context, while there has been significant progress, persistent problems remain, particularly for women living in rural regions. Both the government and banks have a joint obligation to tackle these difficulties, guaranteeing that women, irrespective of their profession, get financial assistance, therefore promoting wider economic empowerment. It is crucial to continuously enhance and perfect tactics that encourage women's financial self-sufficiency, benefiting both their personal welfare and the broader economic advancement of the country.

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