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# Women empowerment through financial inclusion – A study with reference to YSR Kadapa district of Andhra Pradesh

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**Abstract**
Financial inclusion is considered as one of the important indicator of inclusive growth. So in recent years the Indian government is giving top priority to financial inclusion. The basic concept of financial inclusion in a country like India is having a saving or current account with any bank. But in reality it includes loans, insurance and much more. In India, the term ‘financial inclusion’ was first introduced in 2005 and that too, from a pilot project in UT of Pondicherry, by K.C.Chakrabarthy, Chairman of Indian Bank. Financial inclusion is aimed at providing banking and financial services to all people in fair transparent and equitable manner at affordable cost. The present study depends on secondary data. In this study gives a clear picture about the positions of households availing banking services in YSR Kadapa District of Andhra Pradesh and initiatives towards financial inclusion in India and also identifies the causes of financial exclusion of women. It found that it is necessary to improve the financial inclusion by extending and delivering of financial services through new models and frame effective measures towards financial inclusion of women. Hence this leads to improve the financial inclusion among women’s and access timely credit for their empowerment as well as strengthen socio-economically.

**Keywords:** Banks, Financial Inclusion, NABARD, RBI, Women Empowerment

## Introduction
The Indian economy switched gears in the early part of this century and has been growing at a healthy pace since then. As India forges ahead with the vision to become an economic behemoth in the next few years, the average level of prosperity attained by its populace and the degree of equitable distribution of wealth will, in no small measure, be determined by the scale of inclusive growth that would have achieved.
Financial inclusion is not a recent phenomenon. In India it can be traced back to 1904 in India, when the co-operative movement began in the country. A focal event in its evolution was the bank nationalization program in 1969, when 14 major commercial banks were nationalized, and the lead bank scheme was, subsequently, introduced. As a consequence, branches were opened in large numbers across the nation, even in areas that were until then unreached by banks.
The agenda for financial inclusion was electrified in the early 2000s in India following the publication of a series of findings about financial exclusion and its direct correlation to poverty. Some of the studies have proved that exclusion from the banking system results in a loss of 1 per cent to the country’s Gross Domestic Product (GDP).
Complementing the government’s efforts, the Reserve Bank of India (RBI) has over the years, undertaken numerous initiatives such as introduction of priority sector lending requirements for banks, establishment of Regional Rural Banks (RRBs), Self-Help Group-Bank Linkage Programme, Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevana Jyothi Beema Yojana (PMJJBY), Pradhan Mantri Jeevana Jyothi Suraksha Beema Yojana (PMJJSBY), Atal Pension Yojana (APY), MUDRA Bank, Small Finance Banks and Payment Banks to supplement the availability of financial services to the poor and marginalized segments of general public.

**Definition of Financial Inclusion**

Although the target groups may be different from county to country or region to region, financial inclusion refers, in its broadest sense, to the delivery of financial services at affordable costs to all sections, particularly weaker section.

A Committee on financial inclusion (2008) headed by Dr.C. Rangarajan defined financial inclusion as, "The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost".

CRISIL defines financial inclusion (2013) as, "The extent of access by all sections of society to formal financial services, such as credit, deposit, insurance and pension services".

Financial products & services are identified as basic banking services like deposits accounts, institutional loans, access to payment, remittance facilities & also life & non life insurance services. The following are the denotation & connotation of financial inclusion in India.

- Affordable credit
- Savings bank account
- Payments & Remittances
- Financial advice
- Credit/Debit cards
- Insurance facility
- Cheque facility
- Access to Financial Markets
- Overdraft facility
- Empowering SHGs (Self Help Groups)
- Pension for old age and investment schemes

**Background of Financial Inclusion**

The efforts to include the financially excluded segments of the society in the formal financial system in India are not new. The concept was first introduced by the RBI in 2005 and branchless banking through banking agents called Bank Mitra (Business Correspondent) was started in the year 2006. In the year 2011, the Government of India gave a serious push to the program by undertaking the "Swabhimaan" campaign to cover over 74,000 villages, with a population more than 2,000 (as per 2001 census), with banking facilities.

**Women Empowerment**

The word 'Women Empowerment' has gained its importance in the ninth five-year plan of the country and that year (2001) is declared as Women Empowerment year. In general, women empowerment refers to an increase in economic, social, spiritual and political strength of women which boosts their self-confidence and self-esteem, decision making power, better access to resources, improved ability to learn skills and a positive attitude above all.

According to the UN definition, Women's Empowerment has five components,

- Women's sense of self-worth;
- Right to have and to determine choices;
- Right to have access to opportunities and resources;
- Right to have the power of control their own lives, both within and outside home;
- Ability to influence the direction of social change to create more social and economic order, nationally and internationally.

Empowerment of women is very necessary for the development of society. A woman is empowered when she is valued or treated as a normal human being of society who has a freedom to participate in public activities. Women who are educated are empowered because they know their rights. As our Constitution provides so many fundamental rights to women, but women of rural areas are mostly illiterate so they were not given any rights, they are supposed to do domestic work and look after the children.

In spite of the fact that in so many parts of India women are still confined only to the four walls of houses performing household activities. This does not mean that they are not able to do activities like academics, politics, administration, social work and so on. Therefore, whenever women got an opportunity to prove herself to the world she manifested that she is second to none and also shown as a better saver and loan repayers than men.

Women Empowerment is important because,

- Talented
- Economic benefits
- Reduce Poverty
- National Development
- Reduction in corruption
- Reduction in domestic violence
- Irreplaceable in some sectors
- Overall development of society
- Underemployed and unemployed
- Equally competent and intelligent

Despite a Government's approach to improve access to financial inclusion in India, research shows that in comparison to men, women are largely financially excluded. The Global Financial Inclusion (Global Findex) data base suggests that only 26 per cent of female adults in India have an account with a formal financial institution as compared to 44 per cent of male adults (World Bank 2014).

**Literature Review**

Pratisha Padmasri Deka, (2015) [1] entitled "Financial Literacy and Financial Inclusion for Women Empowerment: A Study", deals with significance of women's financial inclusion; Specific financial needs of women's in respect to men's; Functions of finance and role of women; Growth, development and financial inclusion; Financial literacy as a tool for women empowerment; Institutional framework in India for financial education; Economic and Social development of women and financial inclusion; Gender inequality and lack of access to financial services; Certain issues and aspects related with financial inclusion and women empowerment. The paper shows women empowerment through financial inclusion and financial literacy.

Nirmala Chandra Roy and Debasish Biswas, (2016) [2] entitled "Women Empowerment Through SHGs and Financial Inclusion: A Case Study on Lataguri Region in West Bengal" it has observed that there is a huge impact of SHGs on financial inclusion and empowerment of rural women and found that the scenario has changed drastically after joining to the SHGs of the women. After joining to the SHGs they opened saving accounts, taking sufficient amount of loans for buying Sal leaf sewing machine and puffing machine, using ATM, etc. on the other hand spending sufficient amount in the family affaires. Finally say that they are now financially included and socially empowered.

Santosh *et al*., (2016) [3] entitled "Major Milestones of Financial Inclusion in India: An Analytical Study", states that SHG - Bank Linkage Programme (SBLP) and Pradhan Mantri Jan Dhan Yojana (PMJDY) are the major milestones of financial inclusion in India and it plays a major role in financial inclusion in India and found that the two milestones are very progressive especially PMJDY results showed that majority of the accounts opened in the rural areas and it helps to improve greater financial inclusion in India. This can be lead to the inclusive growth for the Indian economy.

**Statement of the Problem**

The merits of financial inclusion are deeply rooted in citizen empowerment. Access to credit is a critical link between economic opportunities and outcomes. By empowering individuals and families to cultivate economic opportunities, financial inclusion can be a powerful agent for strong and inclusive growth. With women constituting half the population, their equal participation in society is imperative for sustainable development. Women's inclusion in banking has a huge impact on empowerment. Studies suggest that when a woman has ownership of an account and access to money, it is used into benefit the family's health or educate children. Women are also found to be more regular in loan repayment than men.

So the present study is undertaken to analyze status and position of households availing banking services and its role in empowerment of women in YSR Kadapa District of Andhra Pradesh and also review the initiatives towards financial inclusion in India and identify the causes of financial exclusion of women.

**Objectives of the Study**

The following are the objectives of the present study.

- To know the position households availing banking services in YSR Kadapa District of Andhra Pradesh.
- To review the initiatives towards financial inclusion in India.
- To identify the causes of financial exclusion of women.

**Research Methodology**

The present study depends on secondary data. Data published by various institutions such as Government of India (GOI), National Bank for Agriculture and Rural Development (NABARD), Reserve Bank of India (RBI) etc. are used for the purpose of the present paper.

**Position of Households availing Banking Services in India**

The following table presents position of households availing banking services as per Census 2001 and 2011.

**Table 1:** Position of Households availing Banking Services in India

| | As per Census 2001 | | | As per Census 2011 | | |
|---|---|---|---|---|---|---|
| **Households** | **Total No. of Households** | **No. of households availing banking services** | **Per cent** | **Total No. of Households** | **No. of households availing banking services** | **Per cent** |
| Rural | 138,271,559 | 41,639,949 | 30.1 | 167,826,730 | 91,369,805 | 54.4 |
| Urban | 53,692,376 | 26,590,693 | 49.5 | 78,865,937 | 53,444,983 | 67.8 |
| Total | 191,963,935 | 68,230,642 | 35.5 | 246,692,667 | 144,814,788 | 58.7 |

Source: www.financialservices.gov.in

The above table states that the position of households availing banking services in India as per Census 2001 nearly 35.5 per cent it means 64.5 per cent of the population didn't have any formal financial services but as per Census 2011 it was 58.7 per cent it means 41.3 per cent of Indian people didn't get banking services. It can be observed that in the rural area number of households availing banking services as per Census 2001 is 30.1 per cent and it is increased to 54.4 per cent as per Census 2011 followed by in the urban area as per Census 2001 it is 49.5 per cent and it is increased to 67.8 per cent as per Census 2011.

**Position of Households availing Banking Services YSR Kadapa District and Andhra Pradesh State as per Census 2011**

The following table presents position of households availing banking services as per Census 2011.

**Table 2:** Position of Households availing Banking Services

| | Andhra Pradesh State | | | YSR Kadapa District of A.P | | |
|---|---|---|---|---|---|---|
| **Households** | **Total No. of Households** | **No. of households availing banking services** | **Per cent** | **Total No. of Households** | **No. of households availing banking services** | **Per cent** |
| Rural | 14,246,309 | 7,183,503 | 50.42 | 475,919 | 290,378 | 61.01 |
| Urban | 6,778,225 | 3,979,780 | 58.71 | 227,217 | 132,835 | 58.46 |
| Total | 21,024,534 | 11,163,283 | 53.10 | 703,136 | 423,213 | 60.19 |

Source: www.censusindia.gov.in

The above table states that the position of households availing banking services in YSR Kadapa District and Andhra Pradesh State as per Census 2011. It can be observed that position of households availing banking services in Andhra Pradesh is 53.10 per cent it means 46.90 per cent of households didn't access to banking services and in YSR Kadapa District position of households availing banking services is 60.19 per cent it means 39.81 per cent of households didn't access to formal financial services. It can be observed that in the rural area number of households availing banking services in Andhra Pradesh is 50.42 per cent and in the YSR Kadapa District rural areas households availing banking services is 61.01 per cent. It found that in the position households availing banking services in rural areas of YSR Kadapa District is more percentage than the Andhra Pradesh State level households availing banking services.

**Major Initiatives towards Financial Inclusion in India**

The following table presents major initiatives towards financial inclusion in India.

**Table 3:** Major Initiatives towards Financial Inclusion in India

| Year | Description |
|---|---|
| 1969 | Nationalization of Banks |
| 1975 | Establishment of RRB's |
| 1980 | Nationalization of Banks |
| 1982 | Establishment of NABARD |
| 1992 | SHG Bank Linkage Programme (SBLP) launched |
| 2000 | Establishment of SIDBI foundation for Micro Credit |
| 2006 | Committee on Financial Inclusion headed by Dr.C.Rangarajan |
| 2007 | Proposed Bill on Micro Finance Regulation introduced in Parliament |
| 2008 | Rangarajan Commiittee Submitted its Final Report on Financial Inclusion to Union Finance Minister in January |
| 2011 | Swabhiman Compaign (RBI) |
| 2013 | Unique Identification Number (AADHAR) and Direct Benefit Transfer (DBT) Scheme |
| 2014 | Pradhan Mantri Jan Dhan Yojana (PMJDY), National Mission on Financial Inclusion launched by Prime Minister on 28th August, 2014. |
| 2015 | Establishment of MUDRA Bank |
| 2016 | RBI approval to setup Small Finance Banks and Payment Banks, Demonetization |
| 2017 | India Post Payments Bank (IPPB) Launched |

Source: Compiled by Author

Out of the major initiatives towards financial inclusion in India, the important steps are SHG Bank Linkage Programme (SBLP) and Pradhan Mantri Jan Dhan Yojana (PMJDY) plays a vital role for improving financial inclusion in India. The SHG Bank Linkage Programme (SBLP) plays a vital role in empowerment of women and improving financial inclusion.

**Causes of Financial Exclusion of Women**

The following are the major causes of financial exclusion of women.

- Literacy level
- Legal identity
- Gender Issues
- Lack of information
- Caste and Religion
- Cumbersome procedures
- Family discouragement
- Socio-economic factors
- Psychological factors
- Delay in obtaining credit facilities
- Lack of financial and family support
- Lack of self confidence and risk bearing capacity

**Findings**

From the above analysis the following findings are made.

- As per Census 2011, position of households availing banking services in India is 58.7 per cent it means 41.3 per cent of households didn't access to banking services.
- As per Census 2011, position of households availing banking services in Andhra Pradesh State is 53.10 per cent 46.90 per cent of households didn't access to banking services.
- As per Census 2011, position of households availing banking services in YSR Kadapa District of AP is 60.19 per cent it means 39.81 per cent of households didn't access to formal financial services.
- It found that in the position households availing banking services in rural areas of YSR Kadapa District is more percentage than the Andhra Pradesh State level households availing banking services.
- Out of the major initiatives towards financial inclusion in India. The important steps are SHG Bank Linkage Programme (SBLP) and Pradhan Mantri Jan Dhan Yojana (PMJDY) plays a vital role for improving financial inclusion in India.
- It is necessary to overcome the causes of financial exclusion and to conduct awareness campaigns on financial literacy for improving financial inclusion as well as women empowerment.
- The SHG Bank Linkage Programme (SBLP) plays a vital role in empowerment of women and improving financial inclusion.

**Suggestions**

- Most of the rural and semi-urban people are illiterates. So the banks and microfinance companies should conduct awareness campaigns about the products and services offer by them to increase the financial inclusion.
- The Banks also conduct awareness campaigns about advanced technological developments in banking services it is useful to the customer to adopt those services and also lead to improve the financial literacy in the rural areas.
- This leads to improve the financial literacy in the rural areas of women. So the women's are included in to the formal financial system and access the timely credit for their empowerment and strengthen socio-economically.
- Whenever women's are included in the formal financial system and access to timely credit. Then the women's use credit facility for establishing micro enterprises and to become an entrepreneur. This helps to increase the gross domestic product and national development.
- It is necessary to overcome the causes and as well as bottleneck problems in financial inclusion initiatives. So it is the responsibility of government and policy makers to address the problems and take necessary measures for their betterment.
- The Government of India, RBI and Banks can frame effective measures to strengthen the microfinance sector and achieve greater financial inclusion in India.

**Conclusion**

All this shows that there is a need of financial inclusion for empowering women. As a women's needs are closely linked to their socially defined gender roles, responsibilities and social structures. So, the government of India is concentrating on the issue of women empowerment through financial inclusion to bring a socio-economic change in the society. Hence it is necessary to improve the financial inclusion by adopting new models for delivering and extending of financial services to the rural areas particularly large hitherto un-served population of the country to unlock its growth potential. So it is the duty of the government to see that the banking services should be offered to all sections in the society.

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