Attaining Sustainable Development through Financial Inclusion and Women Empowerment

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Abstract- **Women empowerment and economic development are interrelated and interdependent. Women are in dire need of special attention from policy makers so that policies specific to women are made for their up-liftment. To bridge the gender inequality, different ways and measures needs to be adopted by the Governmental and Non-Governmental organization. One way to bridge the gap and increase the say of women in society, is to provide them with financial security. Financial inclusion of women with the help of banking and other financial institutions can be a way forward. Financial inclusion is expanding outreach of financial services at affordable cost to vast disadvantaged sections of society. Women having financial dependence on their male counterparts are the weaker sections of society. In order to improve their status and condition constant, sustainable support through financial inclusion will give the women access to funds and ability to take decisions for spending, thereby empowering them. Availability of funds for investment can provide the opportunities to women to start small enterprises. This will be a source of support for their families and will lead to generation of employment. The merits of financial inclusion are deeply rooted in citizen empowerment. Access to credit is a critical link between economic opportunities and outcomes. Women constitute 48.5% of the total population in India and by empowering them to cultivate economic opportunities; financial inclusion can be a powerful agent for strong and inclusive growth. Financial inclusion is mentioned under several of the United Nations Sustainable Development Goals (SDGs) (United Nations 2014). These goals also emphasize gender equality in accessibility of finance. This paper highlights the importance of financial inclusion for women empowerment, thereby leading to sustainable economic development.**

Key words: Financial inclusion, Gender inequality, Women Empowerment, Economic development, Sustainable Development Goals.

I. INTRODUCTION

Poverty is a malaise which needs to be eradicated for bringing about all round development. India is home to 26% of the global extreme poor. This means that the world's ability to end extreme poverty by 2030 - an objective originally adopted by the World Bank and now a key element of the Sustainable Development Goal - hinges on India's ability to make strong and sustained inroads in reducing poverty. Financial inclusion can make a difference in reduction of poverty. Even after 70 years of independence, a large section of Indian population still remains unbanked. This has led to generation of financial instability and pauperism among the lower income group who do not have access to financial products and services. Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable group such as weaker section and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players." (Rangarajan, 2008).

Historical Perspective of Financial Inclusion

The issue of reducing the importance of informal sectors like the money lenders and Mahajan's were discussed through Nicholas report (1895). The cooperative credit societies Act, 1904 was passed to give a legal status to cooperative credit societies.

1954: All India Rural credit survey committee report suggested Multi - agency approach for financing the rural and agricultural sector.

1963: Formation of Agricultural Refinance Corporation

1969: Nationalization of 14 major private Banks. The flow of agricultural and rural credit witnessed a rapid increase.

1972: Mandatory system of Priority sector Lending (PSL)

1975: Establishment of RRBs.

1980: Nationalization of 6 more private Banks

1982: Establishment of NABARD through the transfer of RBI's agricultural credit department.

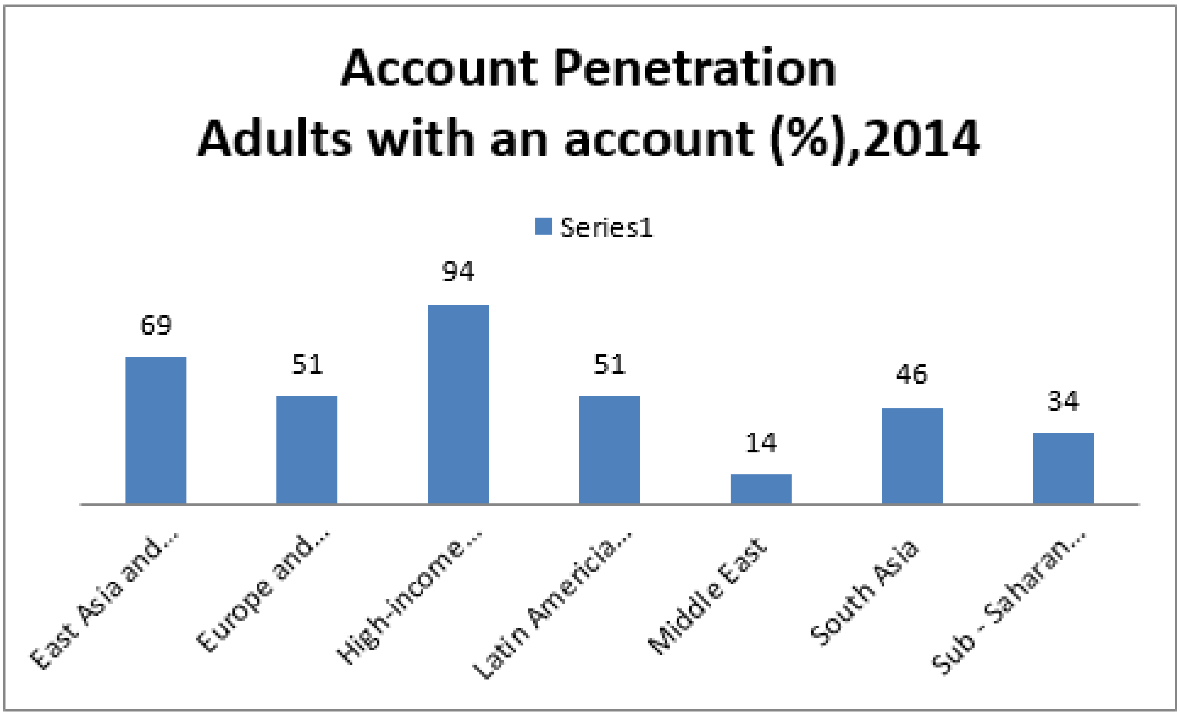
1990: Implementation of the concept of village credit planning for 15 to 20 villages allotted to each of rural, semi - urban and urban branches of PSBs and RRBs under Service Area Approach.

2000: Reforms sharply focused on agricultural credit

2014: Initiatives taken by the new government like

Pradhan Mantri Jan Dhan Yojana
Jeevan Suraksha Bandhan Yojana
Sukanya Samridhi Yojana

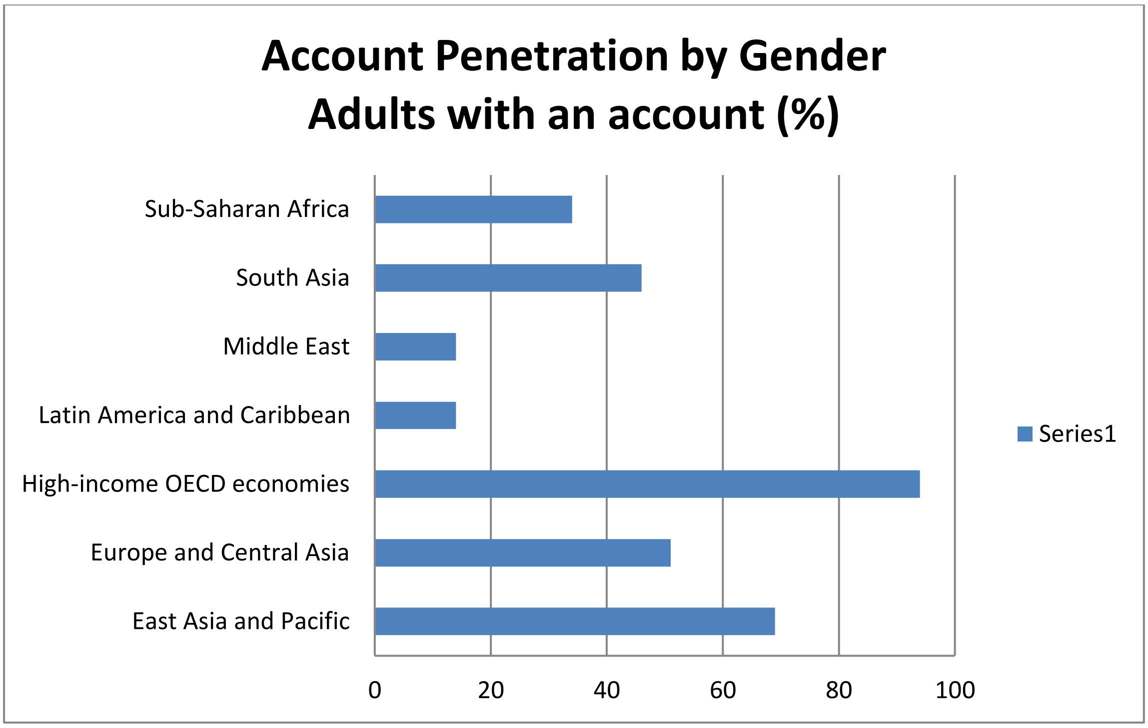
Major progress has already been made towards inclusion. World Bank notes in the Global Findex database 2014 (Findex) being banked - having some kind of account with a bank, another type of financial institution or a mobile money provider - is the first step towards financial inclusion. Since 2011 alone, the number of unbanked people worldwide has dropped 20% from 2.5 billion by 2 billion, according to Findex. This means that some 700 million people opened an account during that period. In every region of the world, the number of unbanked adults has declined. While 62% of adults worldwide were banked as of 2014, up from 51% in 2011. The difference between developed worlds versus the developing world is stark: in the developed world 94 percent are banked, compared to 54% in the developing world.



Source: *The Global Findex database 2014*

Reserve Bank of India in its annual report has quoted a World Bank study in April 2012, which had shown half of the world's population held accounts with formal financial institutions. In India, only 35 percent of formal accounts versus on average of 41 percent in developing economies. The disparities also remain stark for the traditionally disempowered women, youth and, rural residents the poor. The gender gap has remained unchanged at 9 % in the developing world, According to find in among the unbanked population worldwide, 55, or 1.1 billion are women.

Graph Account Penetration by gender, 2011 and 2014.



Source: The Global Findex Database 2014

There are several factors which lead to progress in financial inclusion. Regulators in many countries are changing rule to facilitate banking for the poor; policymakers are making financial inclusion a top priority; financial service providers have a growing interest in serving bottom of the pyramid customers, and the spread of mobile technology is broadening the reach and increasing the affordability of financial services.

II. NECESSITY OF FINANCIAL INCLUSION IN INDIA

Financial access and financial inclusion are prominent in the new Sustainable Development Goals. Financial access and inclusion is critical for the achievement of seven of the 17 goals. Financial inclusion is also high on the national development agenda considering some 53% of India's population is excluded from the formal and regulated financial system. India is also among the top 25 priority countries included in the World Bank Group's universal financial access initiative whose goal is to enable all adults worldwide to have access to a transaction account by 2020. The financial makers have been focusing on financial inclusion of Indian rural and semi - rural areas primarily for three most important pressing needs.

1. Conversion of informal credit to formal credit avenues - People were earlier dependent upon informal credit availability from money lenders, mahajans, friends and family members. A formal and reliable source of credit through banking channel shall allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the rural areas.

2. Plugging Loopholes in the public subsidies and welfare programmes – Government's welfare schemes and subsidies passes through several governmental beauracratic setup, which leads to poor implement of welfare measures. Benefits like money transfer don't reach the poor and needy people. Government is directly pushing for direct cash transfers to beneficiaries through three bank accounts rather than subsidizing products and making cash payments.

3. Inculcation of habit of saving - Through account opening under various small savings and insurance schemes like Pradhan Mantri Jan Dhan Yojana, Sukanya Samridhi Yojana, These schemes are attracting small savings from rural and lower income group people.

We know that financial inclusion is one of the best on-ramps for a broader introduction to the formal economy on-boarding to labor force participation that we are all so eager to see women take part in. We now have really good data linking all these things together and are able to paint a very good macro picture. "Mary Ellen Iskenderian, President and CEO, Women's World banking. Financial inclusion and well-functioning financial systems benefit individuals, households and whole country. There is a great disparity in access to financial services with poor people – and particularly poor women are least served by financial institutions and financial systems. Financial systems and projects if properly designed and implemented enhance women empowerment. It can help to achieve both gender equity objective and poverty reduction goals that benefit both male and female. To make sure that women benefit as much as possible from the programme, it is important to understand why financial inclusion for women is different from financial inclusion for men.

III. Importance of women's Financial Inclusion

Financial Inclusion of women is essential prerequisite for poverty alleviation and sustainable development. Financial Inclusion enables women for economic decision making, enhancing purchasing capacity, control over loans and control over incomes and saving. When women control their finances regarding credit and savings, they will optimize their own household's welfare leading to financial sustainability and empowerment. In a patriarchal society, women have very less ownership of property and a say in the decision making. But with the help of micro finance and small savings, they are slowly making out of their old status.

a) Financial Literacy an important tool for empowerment

Female literacy rate in 65.46% according to the 2011 census. Lower literacy rate encompassing with social structure of society desires specific financial literacy programme for women so that they are aware about the financial schemes and their access. It enables women to act smart financially, by providing them knowledge and skills to understand financial planning, savings, basics of banking, understanding need of household budgeting and asset allocation to meet financial goals.

b) Societal disparity, gender inequality and lack of accessibility to financial services

Women have to suffer due to their lower status than men, discrimination between male and female, lack of ownership in properties. Women's financial inclusion can make an important contribution to women's economic broader empowerment. Women specific programs should take into consideration in the multiple levels of exclusion and discrimination. The gender related barriers that inhibit women's ability to access financial services should be kept in mind.

c) Women lead different economic lives than men

Differentiation on several basis

- As property owners - women are less likely to be the formal owners of land, property and other assets.
- In the form of consumers - women are different in purchasing pattern, behavior and spending pattern. They consider the whole family in their purchases besides women related clothes, accessories and jeweler.
- As income earners - income disparity on gender basis is an important issue of contention in many fields including the rural areas. Business activities are also often divided along gender lines, with certain types of trading or production after dominated by men or women.

There are several such differences which lead to the belief that unless a financial inclusion programme is designed to specifically include women it will often exclude them, or at last impact upon them differently to men. So rules about collateral for loans might discriminate against women who are less likely to own any assets and insurance schemes undertaken will vary between men and women depending on their attitude to risk.

IV. 4. Financial power fulfills women specific requirements

Women need to be financially sound so that the specific issues related to women are not ignored. Women having financial security can take care of their health related issues, education, water, sanitation, legal right, children and family planning. Women being weaker section of society get a second hand treatment from male in their families so the women specific issues mentioned above gets ignored. There are many instances of men folk wasting money on liquor, drugs etc. and not taking care of family. Therefore, financial power to women provides well-being to the entire family.

Government banks, private sector banks, Micro finance providing institution, self - help groups are working towards women empowerment though financial inclusion. Reserve Bank of India has been instrumental in working towards financial inclusion, RBI has initiated several measures and some of them are:

- **Engagement of business correspondent (BCs) –** This model allows banks to provide door to door delivery of services, especially cash in - cash out transactions. Business correspondents have been a great help in rural areas as they with the help of Village Panchayat has set up an eco-system of Common Services Centers (CSC). Common Service Centers are a rural electronic hub with internet facilities that provides e-governance facility to the rural citizens.
- **Incorporating technology** - Technology is of great help in reaching out to the rural and remote areas. Use of biometrics for operating the account has led to illiterate people also being able to operate the accounts thus ensuring the security of transaction and enhancing confidence in the banking system.
- **Simplification of procedure for small accounts** - In 2005, knows your customer requirements were released for small accounts. Inclusion of Aadhar number for identity and address of consumers has proved beneficial for all accounts.
- **Opening of no frills accounts** - Facility to low income group of customers through no frills accounts with nil or very low minimum balance as well as charges that make such accounts accessible to such customers. Banks have to provide overdrafts in such accounts.
- **Electronic benefit transfer** - Government has start transferring payment directly to accounts of beneficiaries. This reduces the cast of transfer and monitoring. When the benefits starts to accrue to the masses, those who remain unbanked shall start looking to enter financial sector.

Besides public & private sector banks, NGOs and community organizations can be effective and efficient partners. Banks can tap into their existing networks in far flung places for acquiring new customers and for establishing distribution channels. The self Help Groups (SHGs) emerged as a component of the Indian financial system after 1996. These are small, informal and homogeneous groups. Self-help groups in remediated by micro - credit have been shown to have positive effect on women. Micro finance can improve the standard of living of economically deprived groups, improve their access to health care and education and promote women empowerment.

V. COMMUNITY INSTITUTIONS

- **Jeevika** is a program jointly supported the World Bank and Government of Bihar. This project has led to social mobilization of poor households into community managed institutions, provides financial literacy and encourages savings. 14 commercial banks have partnered with the project. More than 8,50,000 women have been mobilized into 69,561 self - help groups (SHGs) which have been integrated into higher level federations in more than 4,500 villages, " These poor women are now unstoppable and a silent revolution is brewing in Bihar," said Nitish Kumar, the Chief Minister of Bihar, during an event celebrating Jeevika's financial inclusion efforts .
- **SEWA BHARAT** - SEWA the Self-employed women's association, started in Indian in 1972. Its micro-finance program empowers women as independent financial actors. SEWA Bharat's serves the models for financial inclusion efforts

a) Self Help Groups
b) Thrift and credit Cooperatives
c) Business Correspondent model

a) Self-help groups are small economical, homogeneous, affinity groups of rural poor who contribute to a common fund to be sent to their members as per the group decision. SEWA BHARAT runs this mode in Bihar, West Bengal, Rajasthan and Uttar Pradesh.

b) Thrift and credit cooperative - This is SEWA BHARAT supported independently supported institutions which are self - managed and run by women who have risen from the grassroots level. The aim is to provide women with access to credit and dynamic needs based financial services.

c) Business correspondent (BC) model - In this model cadre of local women are trained as 'customer service points'. These women use a point of sale (pos) mobile technology to collect illiterate clients' bio-data. Details of the members are electronically registered with the bank.

- **ASHA** - A government run program in India trains female attendants known as ASHAs, to look after pregnant women in their neighborhood, incentivize them to a deliver in a health centre and later bring in their kids for immunization. These workers were compensated by cash transfer from the government. Public Financial Management System (PFMS) Health module, automated the process by moving the benefits transfer payment system into a digitized platform and depositing funds directly into recipients' bank accounts. The project is co-founded by the Bill & Melinda Gates foundation, the World Bank Group and the Government of Bihar. To receive payments, women had to get an Identification Card and open a bank account, which many didn't have. Opening a transaction account to receive these benefits has given women more independence as well as access to other financial services, which can help them better manage and plan their lives. This project has reduced waiting time, corruption and increased financial inclusion.

VI. DEVELOPMENT EMANATING FROM WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION

Growth, development and financial inclusion are interrelated. Inclusion of poor and weaker section especially women can being poverty reduction and growth. Women can plan their purchase and investments. It was found that a one percent increase in the number of bank branches led to drop in poverty of 0.34% and increase in output of 0.55% mainly because access to finance made it easier for poor people to diversify out of agriculture (Gurges and pande, from DFID 2004)

Economic and financial support to greater percentage of population provides them security. Financial institution can play a major role. An inclusive financial system helps in productive use of money and small savings of women which otherwise would have got wasted. Saving money in banks reduces the risk of loss through theft or fire. It also prevents women and families move back into poverty as a result of emergencies such as illness, death, accident or unemployment. Accessibility of mainstream financial system empowers people to succeed, driving the economy forward and ensuring financial sustainability into the future. The merits of financial inclusion are deeply rooted in women empowerment. It can be a powerful catalyst for strong and inclusive growth. Women comprise of half the population so their equal participation is imperative for sustainable development. Sustainable financial inclusion requires supply side and demand side challenges through systematic solutions. All the stakeholders of the financial inclusion ecosystem including financial institutions, regulatory agencies, technology service providers and civil society organizations, will need to play their parts effectively.

Inclusive growth is essential for India's economic development. Unless all sections of society including women enjoy the fruits of economic expansion, growth itself shall be short lived. Financial inclusion can help and if supported by robust policies it can go hand in hand in financial stability. Financial inclusion empowers individuals and families, especially women and poor, and well-functioning financial systems enrich whole countries.

Financial inclusion is mentioned under several of the United Nations Sustainable Goals (SDGS) (United Nations, 2014). Further many SDGs emphasize gender equality in access to finance as users, and as leaders at all levels of decision making. In June 2012, G 20 leaders' summit in Los Cabos, G 20 heads of state committed to take "concrete actions to overcome the barriers hindering women's full economic and social participation and to expand economic opportunities for women."

Financial inclusion is seen by most policy makers as a way to make financial development work for society. In conjunction with financial depth, this measures the overall volume of financial services and efficiency, which reflects the net costs of such services. Access and use ensures that financial development is disseminated throughout the population (Sahay and others, 2015 a). Financial access allows individual and households to plan their consumption and build capital over time, fostering the creation of business and helping to improve people's livelihoods. With regard to economic growth most types of financial inclusion, including a greater share of women users of finance increase economic growth.

VII. CONCLUSION

Financial inclusion is the fundamental cornerstone of economic and social development. Considering the size, diversity and challenges of the country it's only when all the stakeholders equally participate in this process, which includes Government, NGOs, banks both public and private and social sector. All of them have to realize the potential of untapped customers and market specially ladies and come up with innovative models for their inclusion. All the stakeholders have to realize its target's potential and benefits it can accrue to them and the society. In order to realize the Sustainable Development Goals, each stakeholder has to play its part and more so, collaborate with each other to harness the benefits and synergies of shared efforts.

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