

Financial Inclusion: Way to Women's Empowerment in India

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Introduction

Latest report by the United Nations titled, 'Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development', said that achievement of Sustainable Development Goals (SDGs) could be difficult without Gender Equality and Women's Empowerment. In real sense, development in any sphere would be incomplete without equitable participation and contribution of both the genders of society. This recent report gives the basis for robust, gender-responsive monitoring of the 2030 Agenda for Sustainable Development Goals.

- Showing how gender equality is central to the achievement of all 17 SDGs and arguing for an integrated and rights-based approach to implementation.
- Explaining gender data gaps and challenges for robust monitoring and establishing starting points and trends across a range of gender-related indicators based on available data across the globe.
- Providing concrete guidance on policies to achieve two strategic targets under SDG 5 (violence and unpaid care) and outlining how these policies are synergistic with other goals and targets; and
- Setting an agenda for strengthening accountability for gender equality commitments at global, regional, and national levels.

Focus on SDG goal No 10 (Reduce Inequities)

Up to 30% of income inequality is due to inequality within households, including between any gender. Women are also more likely than men to live below 50% of the median income. In India, the rates for females living below 50% of the median income are 1.6 percentage points higher than males – 20.5 versus 18.9, respectively.

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Inequality within and among various nations continues to be a significant concern despite growth and development in and efforts at narrowing disparities of opportunity, income and power among woman. Income inequality continues to rise in many parts of the world, even as the bottom 40 per cent of the population in many countries has experienced positive growth rates for last few years With regard to SDG no 10.

Emphasis will be needed to be place on reducing inequalities in income as well as those based on other factors of productions. However, the bottom 40 per cent received less than 25 per cent of the overall income or consumption. In many places, the increasing share of income going to the top 1 per cent of earners is of significant concern all over the world. So there is great need of effective and strong financial systems are essential for supporting equal access to financial facilities provided among the woman in India. For almost half of the 138 reporting countries, the percentage of non-performing loans to total loans was less than 5, while the average median for the period 2010–2017 was 4.3 per cent which is not good sign.

All countries in developing regions represent over 70 per cent of the membership of the General Assembly and World Trade Organization, which utilize a one member, one vote system, their voting share in other international organizations remains far below these levels. Generally more than 50 per cent of exports from developing countries are now eligible for duty-free treatment as per the efforts make by government. The increase of duty-free access in world markets was the largest for least developed countries, namely in the industrial and agricultural sector is seems to be very high. In 2017, total receipts by developing countries from donors of the Development Assistance Committee of the Organization for Economic Cooperation and Development, multilateral agencies and other key providers were \$414 billion, of which \$163 billion were ODA.

Woman and Financial Inclusion

Women and Financial Inclusion Increasing access to and use of quality financial products and services is essential to inclusive economic growth and poverty reduction. Research shows that when people participate in the financial system, they are better able to manage risk, start or invest in a business, and fund large expenditures like education or a home improvement (E.g., Ashraf et. al, 2010, Dupas and Robinson, 2013b, Cull et. al., 2014). Increasing women's financial inclusion is especially important as women disproportionately experience poverty, stemming from unequal divisions of labor and a lack of control over economic resources. Many women remain dependent upon their husbands, and about one in three married women from developing countries have no control over household spending on major purchases (United Nations, 2015). About one in 10 are not consulted about the way their own earnings are spent (United Nations, 2015). In addition, women often have more limited opportunities for educational attainment, employment outside of the household, asset and land ownership, the inheritance of assets, and control over their financial futures in general. Despite important

advances in expanding access to formal financial services in the developing world in recent years, a significant access gap remains between men and women. This is illustrated through a basic measure of financial inclusion and its account ownership. Globally, only 58 percent of women hold an account in a formal financial institution, compared to 65 percent of men (Demirguc-Kunt et al., 2015). This gender gap is even more pronounced between men and women in developing markets, with the largest gap, 18 percentage points, observed in South Asia (Demirguc-Kunt et al., 2015). Providing low-income women worldwide with effective and affordable financial tools to save and borrow money, make and receive payments, and manage risk is critical to both women's empowerment and poverty reduction. However, the path to greater women's financial inclusion is dependent upon the creation of a more gender inclusive financial system that addresses the specific demand- and supply-side barriers faced by women, supported by an inclusive regulatory environment. These barriers range from something as basic as the lack of assets for collateral to more structural constraints such as account opening requirements that disadvantage women. Figure 1 summarizes some of the potential barriers women face in accessing financial services and products. While there is a growing body of evidence surrounding the impact of financial inclusion and the importance of product design in achieving desired welfare impact outcomes, there remains much to learn about the ways in which formal financial products and services can contribute to women's economic empowerment. This review finds that, overall, financial service providers and other stakeholders can leverage appropriate product design features to overcome some of these barriers to women's financial inclusion. Even so, broader social constraints related to intra-household bargaining power and the social status of women may continue to limit the broader impact of financial inclusion on women's economic empowerment. There is a need for further evidence on effective product-led strategies to address these barriers and improve economic empowerment outcomes for women.

Worldwide, most unbanked adults are women

Adults without an account by gender (%), 2017

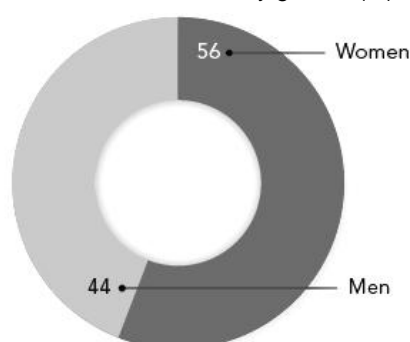


Figure 1

Source: Global Findex database.

How to Achieve Targets for Attain SDG Goal No 10

It is targeted for year 2030 that growth achieve and sustain income growth of these bottom 40 per cent of the population at a rate higher than the national average at global level. By 2030 it is targeted to “empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. Proportion of people living below 50 per cent of median income, by age, sex and persons with disabilities”.

Empowering Woman through Financial Inclusion

It is again important to provide platform where woman can able to increase representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate organization to woman across the globe.

As rightly said by President Trump in his proclamation of March 2018 as the “Women’s History Month” emphasized that ensuring access to opportunities to women is vital to a nation’s prosperity. As there is great need of financial inclusion is one such enabler that provides a level playing field to women”.

This led to a structural shift in the then existing system where woman has very less participation in the financial matters decision making process. As the gender sensitive reporting helped policy makers and financial institutions to access gaps and devise solutions for growth and development of woman which ultimately leads to overall empowerment with special reference to financial matters of woman in developing countries like India.

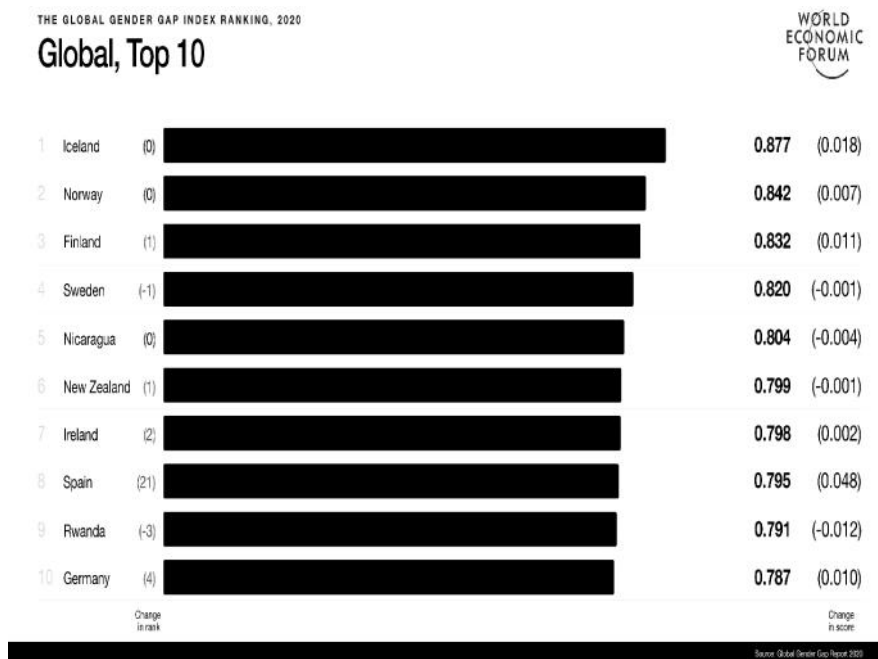
The promotional loan schemes by public sector banks are one of the tailor-made financial products aimed to incentivize women to not only save, deposit but also avail credit for personal and business growth of their small and micro business venture. Another important scheme through which financial inclusion can be done is Stand-Up India supports entrepreneurship with a special focus on women and Scheduled Caste/ Scheduled Tribe communities during last five years.

Besides this Government of India introduced various schemes are geared to provide concessional interest rates, relaxation in repayment schedules, and collateral requirements among others as some of incentives to promote the culture of business among the woman which leads them to become more empowered during the new India regime.

Woman Status Regarding Global Gender Gap Report 2020

While recent Global Gender Gap Report results may seem like a dismal report card for India, the gap represents a significant opportunity for financial service providers Gender parity has a fundamental bearing on whether or not economies and societies thrive. Developing and deploying one-half of the world’s available talent has

a huge bearing on the growth, competitiveness and future-readiness of economies and businesses worldwide. The index's rankings offer an effective means to benchmark progress. They are designed to create global awareness of the challenges that gender gaps pose, as well as the opportunities that emerge when action is taken to reduce them.



Conclusion

So as per the recent report on woman empowerment and development the major task of government is to encourage woman for becoming financial literate and good financial decision maker for their day to day working at organized or unorganized sector. It is evident from the reports that by involving woman in the formal financial system through various government schemes the woman are able to more empower and contributes towards the Gross Domestic Product of India. So we are able to achieve the target of 5 trillion economy by 2025.

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