

IMPACT OF FINANCIAL INCLUSION ON SOCIO-ECONOMIC DEVELOPMENT OF WOMEN: A STUDY

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ABSTRACT

Financial inclusion is providing equal opportunities to all individual and businesses to have access on financial products and services in appropriate and affordable way on the time. There should not be any discrimination of gender to access these financial services. Women should get equal opportunity for these services so that their socio-economic development can be achieved. This research paper covers the study of impact of Financial Inclusion on socio-economic development of women.

Keywords: *Financial Inclusion, Socio-Economic Development, Financial Products.*

Introduction

Today the world, on the path of development has turned to achieve socio-economic development for this both the genders are getting involved whether men or women, earlier there was big discrimination in the gender equality and women remained disparaged and deprived in many fields of development. In the pursuit of development process, many strategies have been developed to increase women's participation in development process. For this socio-economic development of women in India, financial inclusion is playing very important role. It is providing various benefits to Indian women as our banking system is getting stronger by implementation of financial inclusion of women in system. It leads to better access to financial resources resulting We cannot deny the fact that commercial banks are playing crucial role in filling the gap between financially excluded people and formal financial sector. The Indian banks are taking many steps for financial inclusion of excluded people in the formal sector, through microfinance institutions, private banks are getting involved in rural markets for investment. The programs related to financial inclusion do not only concentrate at women, rather they ensure that the benefit of these programs should reach to women in real sense, so it has become important for us to know the importance of financial exclusion of women as women population is major part of total Indian population. To meet the objective of financial inclusion, financial sector has not only involved in designing and developing the various strategies but also monitoring that women are getting benefited or not. Many literacy programs are conducted to make the women aware regarding the financial services. These are helping in achieving the motive of financial inclusion as well as overall socio-economic development of the country. The study is intended to determine the impact of financial inclusion in socio-economic development of women with regard to sustainable banking that helps to create a better financial sector which is friendlier to vulnerable group of customers, also more viable, and more liberalized to integrate women. To make it more successful, financial literacy regarding financial services is not only important but creating awareness is also crucial for bridging this gap and my study is a step in this direction. For this one should get familiar with some basic concepts:

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Financial Inclusion

It is defined as a method of offering financial services to the deprived section of society. This includes not only services but also financial products. It focuses mainly on economically underprivileged sections of the society without any gender, income and saving discrimination. It is also promised in a very transparent way to the customers that there will be no hidden transaction cost. It aims to eliminate or minimize the barriers for getting the financial services and products by the less fortunate section of the society as most of the people of this section are less educated or completely illiterate and don't possess the required documents to access the financial services. Earlier banking benefits were only procured by middle and high classes of the society therefore to involve the deprived or economically section of the society, need of Financial inclusion arises in India. It was used for the first time in India in April 2005 by Y.Venugopal Reddy, the Governor, RBI in his Annual Policy. For the achievement of FI, several exclusive schemes are introduced like Pradhan Mantri Jan Dhan Yojana, Atal Pension Yojana, Sukanya Samridhi Yojana etc. It intends to increase the awareness among the economically underprivileged section of the society.

No-frills accounts: This is the account which requires zero or minimum balance and also the lowest charges are imposed for the banking services by the commercial banks so that a large section of population can access the services of banks. They can have overdraft facility in these accounts also. **Know-your-customer (KYC) norms relaxation:** The RBI relaxed KYC requirements for opening bank accounts August 2005, this was replaced by some other norm that the introducer of this account should have full KYC by the banks, thereby procedures got simplified. The banks started taking their identity and address proofs to satisfy themselves. Now to open this account the customers have to give only AADHAAR NO.

Engaging business facilitators (BFs): RBI gave the permission to commercial banks to get involved business facilitators (BFs) and BCs as a pool between banks and customers to render financial services. The introduction of business correspondents (BCs) leads to easy access of financial services as these are provided at their doorsteps, like deposit and withdrawal of cash, which resolved the problem of the last-mile. Earlier there were not so many BCs but now a day's not only the individual or an entity can become a BC but a profit company can also get involved to be a BC. Therefore, the list of eligible BCs is getting wider day by day. The Business correspondents (BCs), has set up the CSC with the help of Village Panchayat, CSC is a scheme launched under Digital India Program, it helps in providing e-services to rural people where there is no internet connection.

Pradhan Mantri Jan Dhan Yojana

Our present Prime Minister declared the scheme for comprehensive financial inclusion on 15 August 2014. It was introduced by banks on August 28, 2014 for inclusion of vulnerable section of population in basic banking with the approved sanction of overdraft of Rs.5, 000 after 6 months, a debit card and accident insurance of 1,00,000.

Socio-Economic Development of Women

Women in India are also a deprived section of the society as our country has male dominance. A study shows that if there is no gender discrimination in FI, it could affect positively in smoothing consumption, increasing saving and investment rates. Women can manage financial resources in a better way and can contribute to growth. It also helps them to reduce their vulnerability, can contribute to economic growth of the nation, reduce gender inequality, leads to their social inclusion. If we want their socio-economic development, it can be achieved by FI. There are several obstacles which our women are facing, undoubtedly leads to limited access to the Financial services for example: financial illiteracy, lack of proof of their identification, mobility constraint etc. To overcome from this problem, has a solution that banks come forward with better align products and services to cater the needs of women. To eliminate the mobility constraint, banks are getting digitalized. Increasing the involvement of women in businesses and women led businesses can improve their socio-economic development. Financial literacy is the key to achieve it. Account ownership economically empowers women- by providing a safe place to keep money outside the home and enabling them to handle their finances with greater privacy and efficiency because of that they have sense of security. They do not feel exploited and dependent on others for their personal needs. Women are more desperate to save in comparison of men for risk mitigation to protect their families from any kind of contingencies and also save for children's marriages and their education. They are more concerned about the future of their children and want to save for providing better status to their children. Various steps have been taken by government to bridge the gap between these financial services and this excluded sector like opening of Mahila banks and social enterprises.

Literature Review

Poor households are getting many benefits from financial inclusion as now they have access to financial services and by taking loans, they can boost their FMCG consumption and demand for the durable goods, better education, nutrition, health, improve the social status, accumulation of assets etc. (Collins, Morduch, Rutherford, and Ruthven 2009(link is external)). There is one more financial product, insurance, which help the poor to manage risks. Various studies show that financial inclusion can exhibit in women's economic empowerment. There are many macroeconomic evidences which establish that income inequality can be reduced and economies can grow speedily with deeper financial intermediation (Beck, Demirgüç-Kunt, and Levine 2007(link is external)). Financial inclusion's significance can be estimated in India by the factor that India is one of the members of G20 countries of GPF (GLOBAL PARTNERSHIP FOR FINANCIAL INCLUSION). G20 summit held in Seoul, financial inclusion has been witnessed as the main pillar of global development by the G20 leaders. They signed on a concrete plan regarding financial inclusion. Leader's declaration included financial inclusion as an eminent component in agenda and Seoul Development Consensus distinguished it as a key factor and the agenda was amended by financial sectors. Later on, establishment of the GPF was promulgated by the Leaders to regulate and pursue the work which had been begun by the Financial Inclusion Experts Group (FIEG) in 2010. The GPF was officially launched on 10 December 2010 in Seoul. Socially and economically excluded people can protect themselves against economic shocks if they are well connected with financial systems; have equal opportunities to access them. In this way they can also be well integrated with the economy of a country. In the world of Industrialization, the 3 decades were considered as the "golden age of capitalism" but in the world of development it was quoted as the "age of developmental state" (Marglin and Schor, 1990; Wade, 1990). For the rapid development in an economy and for inclusive growth, it was observed that the Government of a state played an important role and intervention by the state in policy making also boost the speed of economic development (Epstein and Grabel, 2007). The idea of development economics (Krugman, 1995) were considered as revolution and significant and also instructed for intellectual furtherance. Economic paradigm is the most important as well as the most complex issue for any developing country (Ray, 1998). 'Empowerment is an enabling process and authorizing communities to control themselves, to take action, to think, to take decisions about their lives in an autonomous way. It enables an individual to gain control over own life and destiny. It enables an individual to have control over resources and ideology like physical, financial, human resources, beliefs, attitudes and values. (Baltiwala,1994). By participation in Credit programs, women play important role in taking decisions regarding their house hold activities. It also leads to greater access to economic financial and resources, they involve themselves in social networks, have more bargaining power with their family members and enjoy more freedom of mobility (Sharma 2007)'. Through microfinance programs women avail credit which in turn increase their spousal communication about family planning and parenting. With the help microfinance programs, developing countries are providing access to formal financial services to millions of people (Anil 2011). Both men and women have different perspective for development. Some researchers suggest that, for women improvement of family well-being through use of resources is development. Holvoet (2005), compared the gender effectiveness through two subsidized credit programs in southern India, the Integrated Rural Development Program (IRDP) and the Tamil Nadu women's development program (TNWDP) and it was observed that on implementation of credit transfer to women leads to greater decision-making influence. Swaminathan, Du Bois, and Findeis (2010) it was found that employment- related outcomes, status and self-esteem are related with "recipient gender". Almost identical studies in different area like Uganda, Malawi and Bangladesh established that there is direct relation between FI programs intended for women and their well being. However, some research findings deny this view point that there is positive correlation between financial inclusion programs and their well being. They also contradict with the view point of economic upliftment of the poor families due to increased participation of women with the implementation of FI programs (Navajas et al, 2000; Mosley, 2001; Kabeer, 2001; and Montgomery and Weiss, 2011). Swamy (2014) executed a study in depth about Financial Inclusion, Gender and Economic Impact analysis. This study established the impact of FI related to Gender on economic development in different regions of India through its comparative study and empirical evidences. Various researches have revealed the results of financial inclusion scheme. Different significant results are drawn by implementation of different financial inclusion schemes on different women. (Esplen and Brody 2007; Bridge 2007; field Jayachandu and Pandu (2010), Hashem, (2011); Institute of Development Studies (2010); International Financial Corporation 2011; Kabur, 1999; Khim et., all 2007; Lettle field 2003; world bank (2007), recently economic development through financial inclusion has been acknowledged by G20 under the kern presidency, at the Seoul summit in Nov. 2010. Many studies have determined that wellbeing of the family as a whole can be increased by an increase in women's resources (Hashemi et al. 1996; Hulme and Mosley, 1996; Kabeer, 2001; Mayoux,

1997). In Uganda, according to Burkey (1993:36) economic development is a process by which production for direct consumption can be increased with the help of individual or joint efforts of people, not only consumption can be increased but they can have surplus which can be converted into cash after sale, defined by rural development workers. Social development is also defined by these workers, according to them it is a process by which people can increase their awareness of own potentials, passions through gradual change and using this apprehension to scrutinize their needs, constitute themselves for collective efforts and deploy the financial, human resources to make better their social services (Burkey 1993:39). There are many barometers like Gross Domestic Product, expectancy of life, literacy, employment levels, respectability, and freedom to form society etc. to measure the social and economic development in a society. However, field experiments held in Uganda, Malawi and Chile could not find any evidence which could establish the relationship between increasing access to financial services like no-frills bank accounts to the rural poor people and developmental outcomes. Increasing access to financial services lead to development such as increase in consumption, good schooling, and demand for better health services but no evidence was found in these areas in a set of field experiments which could establish this positive relationship. (Dupas et al.,2016). I have observed that women in rural West Bengal are full of wisdom as well as enthusiasm. What they need is some guidance and support to improve their economic condition so as to earn a better living. The rural co-operatives are better placed to support the Self-Help Groups of women folk in providing forward-backward linkages in procuring raw materials for their produce and marketing the finished products. The importance of training in acquiring technical skill for some critical vocations cannot be looked aside. The rural employment programs of the Government along with financial inclusion mooted by banks can provide required support in economic regeneration of the rural families (Ghosh Sujit Kumar). At the geographical level, magnitude of financial inclusion is measured by CRISIL Inclusix, starting from the district level. For computation of magnitude of financial inclusion at state and national levels, the index is to be aggregated. CRISIL Inclusix contemplates the banks, MFI, insurers (the service providers) on facets of credit, deposit, branch and insurance.

During the review of existing literature, it is apparent that the studies on the affect of financial inclusion on the women development related to social and economic in Delhi is not sufficient. By bridging this cavity, my research will be proved a gauge for other researchers and a referral book for finance institutions during the implementation of their programs.

Objectives of the Study

- To find out factors which affects socio-economic development of
- Women in Delhi.
- To review the measures taken by the government in relation to achieve their socio development.
- To analysis the impact of financial inclusion on socio-economic development of women in Delhi.
- To suggest the immediate steps that could help in achievement of socio-economic development.

Research Methodology

- The study will be exploratory and descriptive in nature.
- The study will be based on primary data collection among the sample of respondents.
- The respondents shall be Indian women living in Delhi beneficiaries, local govt. officials, staff members of financial institutions.
- The study will be based on both qualitative and quantitative methods of data collection
- The sampling method will be Non-probabilistic sampling. Questionnaire survey method will be used to verify the hypotheses.
- Likert's scale shall be used to measure the respondent's opinion

The concern to uplift the status of women through their socio, economic and political development has been rising in India since last several decades. Many studies have been conducted in this regard but there are very few studies based on primary data can be found. Most of the studies are based on reviews of literature and secondary data. This study uses primary data collected from Delhi rather than secondary data. There are several reasons of performing this study and the most important is that women constitute a big share in total work power of India approximately two-fifth of total work power but have little access to financial channels. A valid framework needs to be developed which shows the interrelationships between financial inclusion and socio-economic development of women. The study estimates the impact of different measures taken by government like PMJDY, APY, PMSBY etc. on development of women living in Delhi, the capital of India.

Selection of Sample

Delhi will be study area of research. Respondents are selected from different Profiles such as; Formal/Informal sector, Agriculture, self-employed, engaged in family business and also housewives. It is based on convenience. The study is confined to only 384 women who avail the financial inclusion services and determine the impact on their socio-economic development. This study helps in exploring the factors associated with the awareness of financial inclusion and the significant of factors in accelerating the financial inclusion for their socio-economic development so that in future these factors will be considered before designing the programs.

Statistical Tools

- Measure of Frequency
- Factor Analysis
- Chi-Square

Suggestions

Awareness programs should be arranged for this deprived section of the society to spread the importance of self-dependence. They should be told about the NO-FRILLS account and to open the bank account with zero balance. Importance of recurring account should also be explained in proper way. Financial literacy is the key to financial inclusion. Special help desk for women to facilitate them in dealing with bank. In Delhi, almost everyone holds smart phone therefore use of mobile apps will be very important to achieve financial inclusion.

Conclusion

The study is based on body of evidences that is primary data collected through the respondents of Delhi which will be able to correlate the degree of FI of women with their socio-economic development of women. The objective is to empower the women not only to open the bank account but also make them independent to decide how to generate the money and how to spend. It will contribute to literature as it focuses on degree of FI of women and their development through the inclusion. The study suggests the immediate steps that could help in achievement of socio-economic development through FI.

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