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THE ROLE OF GOVERNMENT SCHEMES IN ADVANCING  
WOMEN'S FINANCIAL INCLUSION IN INDIA

Dr. Bhagyajyothi S Kannur\*

Associate Professor, Department of Commerce, Government First Grade College, Yelahanka,  
Bangalore, Karnataka, India.

\*Corresponding Author: [jyothi\\_kannur80@yahoo.co.in](mailto:jyothi_kannur80@yahoo.co.in)

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**Abstract**

Financial inclusion is a key enabler of economic empowerment and poverty reduction. For women, it offers access to credit, savings, insurance, and the formal financial system—tools that are essential for autonomy and equality. In India, various government schemes have played a critical role in bringing financial services to women, particularly in rural and marginalized communities. This paper explores the evolution, scope, and impact of key financial inclusion programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Mudra Yojana, National Rural Livelihoods Mission (NRLM), and others. It also discusses the challenges in effective implementation and offers policy recommendations to enhance women's financial participation and agency.

**1. INTRODUCTION**

Financial inclusion is defined as the availability and equality of opportunities to access financial services. The World Bank (2022) emphasizes that inclusive finance helps reduce poverty and promote sustainable economic growth. Women, especially in developing economies like India, are often excluded from formal financial systems due to societal norms, illiteracy, and lack of



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identification or collateral (Demirgüç-Kunt et al., 2022). In response, the Government of India has launched various targeted initiatives to bring women into the financial mainstream.

Women's financial inclusion is not just about opening bank accounts—it involves enabling them to access and effectively use a range of financial services such as savings, credit, insurance, and digital payments. This paper analyses the contribution of major Indian government schemes in enhancing women's financial inclusion and identifies gaps that need to be addressed.

## **2. RATIONALE FOR WOMEN'S FINANCIAL INCLUSION**

### **Economic and Social Benefits**

Women's participation in financial systems contributes significantly to household welfare and national economic development. Financially empowered women are more likely to invest in children's education, healthcare, and overall family well-being (Sanyal, 2009). Access to finance enables entrepreneurship, income generation, and decision-making power, particularly in patriarchal societies.

### **Gender Disparities**

Despite progress, significant gaps remain in women's financial inclusion. As per the Global Findex Database (Demirgüç-Kunt et al., 2022), although 77% of Indian women had a bank account in 2021, only 30% used their accounts actively. Digital exclusion, lack of mobile ownership, and cultural restrictions further inhibit access and usage.

#### **➤ Key Government Schemes Supporting Women's Financial Inclusion**

##### **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Launched in 2014, PMJDY is one of the world's largest financial inclusion programs. It provides zero-balance bank accounts with access to overdrafts, insurance, and Direct Benefit Transfers (DBTs). As of 2023, over 55% of the 48 crore Jan Dhan accounts were held by women (Ministry of Finance, 2023). The initiative significantly improved women's access to formal banking, especially in rural areas.

##### **Pradhan Mantri Mudra Yojana (PMMY)**

Launched in 2015, PMMY offers collateral-free microloans up to ₹10 lakh to micro-entrepreneurs. Women constitute nearly 69% of total Mudra loan beneficiaries (HerZindagi, 2024). The scheme empowers women to start or expand businesses, especially in handicrafts, agriculture, and food processing.

##### **Stand-Up India Scheme**

This scheme aims to promote entrepreneurship among women and SC/ST individuals by offering loans between ₹10 lakh and ₹1 crore for greenfield enterprises. Every bank branch is mandated to support at least one woman and one SC/ST entrepreneur (Government of India, 2023). The scheme has supported thousands of first-time women entrepreneurs with access to capital.

##### **National Rural Livelihoods Mission (NRLM)**



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NRLM, under the Ministry of Rural Development, has been instrumental in organizing rural women into Self-Help Groups (SHGs). These groups offer microcredit and foster community-based savings. SHGs help women become economically active and financially literate. Over 8.5 million SHGs are currently active in India (Ministry of Rural Development, 2023).

#### **Mahila Samman Savings Certificate (MSSC)**

Launched in 2023, MSSC offers a secure savings instrument with a 7.5% annual interest rate for a two-year period. It targets small savings among women, particularly those without access to complex financial products (Department of Economic Affairs, 2023).

#### **Sukanya Samriddhi Yojana (SSY)**

SSY is a small-deposit savings scheme for the girl child under the Beti Bachao, Beti Padhao initiative. It promotes early financial planning for daughters and offers high interest and tax benefits, thus encouraging parents to invest in girls' futures (National Savings Institute, 2022).

### **3. IMPACT OF GOVERNMENT SCHEMES ON WOMEN'S FINANCIAL INCLUSION**

#### **Bank Account Ownership**

PMJDY alone brought millions of women into the formal banking fold. As per Demirgüç-Kunt et al. (2022), the gender gap in account ownership in India fell from 17% in 2014 to 6% in 2021.

#### **Credit Access and Enterprise Growth**

PMMY and Stand-Up India have enabled women to access formal credit without collateral. However, many women entrepreneurs still face difficulties in scaling their businesses due to lack of training, market access, and digital tools (Sinha, 2021).

#### **Empowerment through SHGs**

NRLM-linked SHGs have shown promising results in building financial and social capital. SHGs also serve as platforms for awareness, literacy, and collective action. A 2024 study showed that 75.9% of SHG women in Andhra Pradesh reported annual incomes exceeding ₹2 lakh (Times of India, 2024).

#### **Digital Financial Inclusion**

While Aadhaar, UPI, and mobile banking have simplified financial access, women are less likely to own smartphones or be digitally literate. This limits the uptake of digital financial services, despite government efforts (GSMA, 2022).

### **4. CHALLENGES IN ACHIEVING FULL FINANCIAL INCLUSION FOR WOMEN**

1. **Digital Divide:** A significant number of women do not own mobile phones or lack internet access. Women are 20% less likely to use mobile internet than men (GSMA, 2022).
2. **Financial Illiteracy:** A majority of women lack knowledge about interest rates, savings products, or insurance. Many use accounts only for receiving government transfers.
3. **Patriarchal Norms:** Male members often control women's accounts, particularly in rural areas. This undermines autonomy and independent financial decision-making.



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4. **Inadequate Product Design:** Most financial products are not tailored to women's informal work or cash flow patterns. Women need flexible repayment structures and user-friendly services.
5. **Lack of Gender-Disaggregated Data:** Data on usage and outcomes is often not gender-segregated, making it difficult to evaluate the real impact of schemes.

➤ **Enablers and Best Practices**

- **Women Bank Sakhis:** Training women as banking correspondents improves trust and service uptake in villages.
- **Direct Benefit Transfers (DBTs):** Routing welfare transfers into women's accounts increases ownership and decision-making.
- **Fintech for Women:** Emerging financial technology platforms designed for women (like Mahila Money) are increasing digital access and financial literacy.

➤ **Policy Recommendations**

1. **Enhance Financial Literacy:** Launch vernacular, audio-visual, and community-based programs to improve awareness of savings, credit, insurance, and digital tools.
2. **Improve Digital Access:** Subsidize mobile phones and internet for women in SHGs and low-income households. Offer digital skills training.
3. **Design Gender-Sensitive Products:** Introduce micro-savings and credit products aligned with women's needs. Include emergency credit options and flexible repayment.
4. **Monitor Gender-Disaggregated Impact:** All schemes must report gender-wise data on access, usage, and outcomes.
5. **Expand SHG Ecosystem:** Encourage SHG-led microenterprises by providing mentorship, marketing support, and digital commerce linkages.

## 5. CONCLUSION

Government schemes in India have undeniably transformed the landscape of women's financial inclusion. Programs like PMJDY, PMMY, NRLM, and MSSC have provided foundational access to financial tools. However, usage and impact remain uneven due to persistent structural, social, and digital barriers. The future of inclusive finance lies in not just creating access but in enabling meaningful participation. A gender-intentional approach that includes policy reforms, digital inclusion, product innovation, and capacity building is essential to truly empower India's women through finance.

## 6. AUTHOR(S) CONTRIBUTION

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## 7. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

## 8. PLAGIARISM POLICY

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