

Inclusivity of Women in Access to Finance: A Review under PMJDY

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ABSTRACT: *“Gender equality is more than a moral issue; it is a vital economic issue. For the global economy to reach its potential, we need to create conditions in which all women can reach their potential.” — Maurice Obstfeld (Former IMF Economic Counsellor). For a long period of time women remained excluded from the formal banking system leading to wider gender gap. The first step towards including women under formal financial system is to have a bank account of their own. Access to formal banking system is the primary facet of financial inclusion. Research indicates that countries with higher gender equality tend to have stronger economies. The present study focuses on women enrollment under the government financial inclusion scheme, PMJDY.*

KEY WORD: *Financial inclusion, gender equality, development, PMJDY, exclusion.*

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I. INTRODUCTION

Financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong (European Commission, 2008). People of marginalised groups such as women living in rural areas, migrant workers, people with disabilities and other underserved population are often excluded from financial services impeding their economic participation and disseminating inequality. As per the Women’s World Banking, role of financial inclusion is essential in achieving the United Nations Sustainable Development Goals (UNSDGs). Out of the total goals fixed, financial inclusion contributes to the realization of 8 goals namely No poverty, Zero Hunger, Good Health and Well-being, Quality Education, Gender Equality, Decent Work and Economic Growth, Reduced Inequalities and Partnerships for Goals. Findings of a study by World Bank shows that as compared to most gender unequal economies, a higher average annual GDP growth rate of 0.8% points is experienced by countries with most gender-equal economies. World Economic Forum’s, Gender Gap Index (GGI), 2014 ranked India at 134 in terms of economic participation and opportunities. Overall, on the criterion of gender gap India was ranked 127th out of 146 countries. Banks form an integral part of financial institution, similarly having a bank account is the first step towards inclusion under the formal financial system. Global Findex 2014 highlights that, in India only 26 per cent of adult females have an account with a formal financial institution, compared to 44 per cent of male adults. Further, compared with men women worldwide have 20% less probability of having a bank account and 17% less probability of receiving a formal financial loan. A report published in 2013 by RBI indicates that women’s credit outstanding from commercial banks accounts for only 5 per cent of all credit outstanding. In a more exclusive report of 2023 by World Bank over 2 billion adults around the world are excluded from the financial system of which 1 billion are women.

Apart from various schemes introduced by RBI targeting achievement of financial inclusion, the Government of India launched Pradhan Mantri Jan Dhan Yojana (PMJDY) on 28th August 2014 with the philosophy "Sab Ka Sath Sab Ka Vikas". The objective of this National Mission on Financial inclusion was to cover all the households of India under banking facilities and emphasized on having a bank account for each household. World Bank Survey 2012 showed access to formal bank account in India was only 35% and the percentage of borrowing from a formal financial institution stood at 8%. Therefore, it was necessary to focus on the segment of population at the bottom of the pyramid and making them a part of the mainstream financial system.

The substance of PMJDY is as follows-

- i. PMJDY accounts can be opened with zero balance, i.e., minimum balance criteria is not essential.
- ii. Accounts under PMJDY are entitled to interest on deposit.
- iii. Account holders are entitled to receive RuPay debit card to be issued by National Payment Corporation of India which can be used for withdrawal and cashless payment.
- iv. Holder of RuPay debit card will be included under the accidental insurance cover of Rs. 100,000/-
- v. An additional life cover of Rs. 30,000 issued by Life Insurance Corporation of India (LIC) has been initiated for those who successfully acquire a bank account by 26th January 2015 under the scheme.
- vi. Another distinct feature of PMJDY is the overdraft facility of Rs. 5000 which can be acquired after satisfactory operation of bank account for 6 months.
- vii. Any person above age 10 can have a bank account under the scheme.
- viii. Bank account can be opened in hassle free manner and with less formality in terms of presenting whole lot of documents.
- ix. PMJDY account holders who are beneficiaries of government schemes can enjoy the Direct Benefit Transfer (DBT) in such account.

II. LITERATURE REVIEW

Holvoet (2005)¹ in the study of Southern India, established that receiving credit transfers resulted in serious shifts in the overall decision-making patterns from norm-guided behaviour and male decision-making to more joint and female decision-making. Suri and Jack (2016)² show that use of M-PESA motivated Kenyan women to move into business or retail sales beyond continuation with farming. Introducing such technological products can help in reducing exclusion at a basic level since a range of options are directly available in their hands. Hasibul Islam et al., (2022)³ pointed that women were in control of the process of making household decisions as they had access and received payment directly in their own bank account. Smriti Rao (2015)⁴ found higher inclusion of women in postal financial services rather than at financial institutions. It is also assumed that demand for financial services by female grows as countries grow richer. It is also found that offering simple unlicensed savings accounts via posts can have an impact on the financial inclusion of women. Demirgüç-Kunt et al., (2022)⁵ found that women with access and in use of financial services spend on necessities such as household appliances, education for their children and nutritious food. It also encouraged them to look for work.

Chatterjee (2019)⁶ highlighted structural barriers like oppressive gender roles, mobility constraints, lack of financial and digital literacy as characteristics of women respondents excluded from financial services. It was also found that despite having regular cash flows respondents refrained using existing bank account as they lacked awareness about potential uses of the account. Murata and Sioson (2018)⁷ pointed insufficient documents, distance to banks, mindsets towards financial institutions and responsibilities of family or work as barriers hindering the access at a financial institution in case of women living in rural areas. Sioson and Kim (2019)⁸ found high transaction costs high at financial institutions and strict requirements for personal identification discourage many women from opening accounts. World Development Report WDR (2012)⁹ shows lack of legal protection, constraints such as discriminatory laws, unfavourable social norms and a lack of access to real and financial assets as reason for exclusion of women which, in turn affects the economies. Antonijević et al., (2022)¹⁰ found difference between men and women on various aspects of financial inclusion. The reasons pertaining to such differences are different distribution of financial resources by gender, digital skills and financial literacy, different levels of education, different technical conditions i.e. having mobile devices and internet access, as well as differences in attitudes towards digital technologies.

III. RESEARCH OBJECTIVE

- i. To identify factors behind exclusion of women from financial system.
- ii. To review the status of women inclusion under government financial inclusion scheme.

IV. RESEARCH METHODOLOGY

The present study is based on secondary data collected through e-journals, official websites of PMJDY, SLBC, World Bank. Figures are represented in tables and using percentage. Factors behind exclusion of women from financial system is reviewed through existing literature.

V. RESULTS AND DISCUSSION

The total number of beneficiaries enrolled under PMJDY from its inception till 2024 is presented in the table below.

Table 1: Number of beneficiaries enrolled under PMJDY

Year	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts (In lac)	Number of Rupay Debit Cards issued to beneficiaries
Sep-14	18111741	15382627	33494368	95913	10464277
Mar-15	86772337	58595703	145368040	1464065	129917010
Mar-16	131707034	82568440	214275474	3567201	177529672
Mar-17	168663484	113014787	281678271	6297243	219938757
Mar-18	185196106	129243023	314439129	7849399	236535009
Mar-19	208996445	143665785	352662230	9610735	279108963
Mar-20	226303702	156976259	383279961	11843441	293040724
Mar-24	345849037	173618206	519467243	23250222	353482513

Source: www.pmjdy.gov.in

It is seen that a substantial number of more than 3 crore PMJDY accounts have been created within a month of launching the scheme. Continuing the progress, on March 2015 more than 14 crore accounts have been opened with deposit of Rs 1464064.61 lac. The number of beneficiaries enrolled over the years shows an increasing trend and as on March 2024 more than 51 crore accounts have been opened under the PMJDY scheme. The number of deposits also shows significant increase from Rs. 95913 lac in 2014 to Rs 23250222 lac in 2024. Further a gap has been observed in terms of number of accounts opened and Rupay cards issued. In the initial period 33494368 accounts were opened whereas only 10464277 rupay cards were issued. It is noticeable that the gap continues to widen in the following years signifying a slow growth in the debit card network as compared to creation of PMJDY accounts.

Apart from PMJDY various other inclusion schemes were simultaneously launched by the GOI namely Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY). The table below shows the number and percentage of women beneficiaries under these schemes as on 2021.

Table 2: Women accounts under Government financial inclusion schemes.

Scheme	Total number of Accounts	Women Accounts
PMJDY (As on 27.01.2021)	417,498,276	231,226,199 (55.38%)
PMJJBY (As on 27.01.2021)	9,88,79,708	2,67,91,274 (27.09%)
PMSBY (As on 27.01.2021)	22,26,96,354	8,34,94,070 (37.49%)
APY (As on 05.02.2021)	28,510,260	12,445,034 (43.65%)
PMMY (As on 29.01.2021)	274,761,862	186,045,718 (67.71%)

Source: *Press Information Bureau, GOI, Ministry of Women and Child Development, 2021*

55.38% women beneficiaries were enrolled under PMJDY. PMJJBY and PMSBY are targeted to recognise the need for securing human life from unforeseen events and financial uncertainties. The percentage of women enrollment under these insurance schemes is found to be low. Whereas a considerable 43.65% women is enrolled under APY which covers the exigencies in the old age. It can be said that structural measures need to be taken in making women aware about the benefits of insurance schemes. A substantial number of 68% women beneficiaries are covered under the PMMY which was launched to provide loans to the non-corporate, non-farm small/micro enterprises.

Various studies indicate that financial inclusion of north-eastern region is low compared to the aggregate India (Maity 2019)¹¹. The table below represents the status of PMJDY in including women in the Northeast region.

Table 3: Male and female beneficiaries under PMJDY

State	Year	Male No	Female No	Total PMJDY No.	% of female in total PMJDY
ARUNACHAL PRADESH	2021	164512	195760	360272	54.34
	2022	165105	208412	373517	55.80
	2023	177477	220154	397631	55.37
	2024	180905	213157	394062	54.09
ASSAM	2021	7700121	10563076	18263197	57.84
	2022	8529126	11637471	20166597	57.71
	2023	9267071	12476567	21743638	57.38
	2024	9857570	13718598	23576168	58.19
MANIPUR	2021	450451	590684	1041135	56.73
	2022	457066	623017	1080083	57.68
	2023	472557	629134	1101691	57.11
	2024	466955	622409	1089364	57.14
MEGHALAYA	2021	263251	382726	645977	59.25
	2022	277173	402568	679741	59.22
	2023	306757	441202	747959	58.99
	2024	377319	499541	876860	56.97
MIZORAM	2021	166275	175097	341372	51.29
	2022	154847	171715	326562	52.58
	2023	166558	184879	351437	52.61
	2024	164390	198166	362556	54.66
NAGALAND	2021	150033	174288	324321	53.74
	2022	160374	184675	345049	53.52
	2023	168931	195547	364478	53.65
	2024	169614	201142	370756	54.25

Source: SLBC

(Note: Tripura and Sikkim are not included due to non-availability of data)

The above table shows, out of total beneficiaries enrolled under PMJDY, the percentage of female is found to be high, which is similar in case of all the north eastern states. Meghalaya shows higher participation of women ranging 57-59% approximately in the given 4 years. Inclusion of women in Assam shows around 58% of total enrolled beneficiaries each year. In the year 2021 the percentage of women PMJDY accounts was recorded at 55.38% in India. If we compare the figures of NER with India, percentage of women enrollment is found to be higher in Assam, Manipur and Meghalaya during 2021.

According to the Global Findex Report 2017, 77% of women in India owned a bank account in 2017 whereas the figure was 43% in 2014, simultaneously narrowing the gender gap in account ownership from 20% to 6%, the progress which is often attributed to PMJDY. Benefits offered directly into the account of women increased their financial control and stimulate them in finding employment (Field 2021)¹². However as per the National Family Health Survey 2019–21, in terms of digital inclusion results seem lacking since only 22.5% women with mobile phones use them for financial transactions.

Challenges of scheme

The schemes launched by the GOI are designed in a way to possibly cover the basic financial services by making it easily accessible by the rural segment. These schemes have made some significant achievement

since inception, although they are not free from challenges. The possible issues of the financial inclusion schemes in general are discussed below:

- i. One of the benefits is liberal KYC compliance, which makes it open to duplication of accounts with one person having multiple bank accounts in various banks in order to avail insurance benefits.
- ii. The PMJDY has overdraft facility for Rs 5000, which raises the chance of Non-Performance Assets (NPA).
- iii. Since there is a likely hood that majority of people in rural areas are illiterate and lack financial knowledge, they are highly susceptible to frauds involving misuse of their accounts and debit cards by other people.
- iv. Another major drawback of PMJDY is inactive accounts since the basic motive behind having accounts in rural areas is just to draw the monetary benefits offered under these schemes. Therefore, people tend to keep their account inactive till they receive any such benefit. Inactive accounts can fail the entire purpose of financial inclusion. As per the Global Findex Database 2017 the percentage of inactive bank account stands at around 48% which is highest in the world and the probable reason cited is the Jan Dhan Yojana which massively increased the account ownership from 35% in 2011 to 80% in 2017.

VI. CONCLUSION

As per study by Women's World Banking 2021, women form an important and economically valuable consumer segment due to various reasons such as- they are considered more active and committed savers compared to men, they are loyal customers, they influence family members, have favourable credit repayment behaviour, act as brand ambassadors in their communities and lastly women segment is untapped. Financial inclusion of women is important for economic necessities and not limited to only matter of human rights. Financial literacy has a colossal part in achieving various dimensions of financial inclusion, particularly in the rural segment of India. However, with results showing advancement in inclusion of women under financial ambit, it can be said that through unprecedented efforts Mahatma Gandhi's vision of women empowerment as a whole is achievable.

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