

THE ROLE OF WOMEN IN FINANCIAL EMPOWERMENT IN INDIA

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Abstract

This article explores the critical role of women in financial empowerment in India, highlighting the transformative impact of financial independence on their socio-economic status. Despite facing numerous barriers, such as cultural prejudices and limited access to financial services, women in India have increasingly become involved in various economic activities, driving both personal and community development. This study examines initiatives aimed at promoting financial literacy, access to credit and entrepreneurial skills of women, particularly through Self Help Groups (SHGs) and government schemes. It evaluates the positive outcomes of these initiatives, including improved household income, increased decision-making power, and increased labor force participation. The paper also discusses remaining challenges and calls for a concerted effort by policymakers, financial institutions and civil society to create an inclusive financial ecosystem that further empowers women. Ultimately, financially empowering women is not only essential for gender equality but is also a catalyst for holistic national development in India.

Key words: financial empowerment, micro, SHGs, entrepreneurial skills, gender equality

Introduction

Financial empowerment is pivotal for the economic development of any nation. In India, the role of women in this sphere has evolved significantly in recent decades, penetrating traditional barriers and creating pathways for improved socio-economic status. This chapter examines the multifaceted dimensions of women's financial empowerment in India, exploring their participation in the workforce, access to financial services, and the influence of various government policies and initiatives.

Historical Context

Historically, Indian society has been patriarchal, with women often relegated to domestic roles. However, the latter half of the 20th century marked a shift. Women began to actively participate in various sectors, catalyzed by socio-economic changes, higher educational attainment, and employment opportunities. This shift was not merely a social transformation but an economic necessity, driven by increasing household expenses and economic pressures.

Women in the Workforce

The National Sample Survey Office (NSSO) in India indicates a gradual increase in women's participation in the labor force. While the overall workforce participation of women remains comparatively lower than that of men, an increase in women in formal and informal sectors is noteworthy. As of recent reports from 2021, approximately 21% of women were engaged in the labor force, a figure that reflects both challenges and progress (NSSO, 2021).

Women are engaged in various sectors ranging from agriculture to information technology. In rural areas, women contribute significantly to agriculture, often without formal recognition. An

estimated 80% of agricultural laborers in India are women, who play crucial roles in food production and sustainability (FAO, 2011). Despite their contributions, women often face barriers concerning access to training, resources, and land ownership, limiting their financial independence and empowerment.

Access to Financial Services

Access to financial services is crucial for women's financial empowerment. Microfinance institutions (MFIs) have gained prominence in India by providing financial products tailored to women, thereby fostering entrepreneurship. According to the Microfinance India State of the Sector Report 2020, approximately 85% of the borrowers from MFIs are women, highlighting the pivotal role of microfinance in supporting women's self-employment and income generation.

Government initiatives like the Pradhan Mantri Mudra Yojana (PMMY) have further emphasized facilitating credit access for women entrepreneurs. The scheme offers loans up to ₹10 lac (around \$13,000) without collateral requirements, aiming to empower women by fostering their entrepreneurial ambitions. Between 2015 and 2020, over 22% of the total loans disbursed under this scheme went to women, representing an increasing acknowledgment of their potential as entrepreneurs (PMMY Annual Report, 2020).

Role of Self-Help Groups

Self-Help Groups (SHGs) have emerged as pivotal platforms for women's financial empowerment in India. The SHG movement, initiated in the early 1990s, has created a supportive ecosystem for women, encouraging savings, group lending, and income-generating activities. SHGs allow women to pool their resources, learn financial management skills, and access larger markets. As of 2021, over 8 million SHGs have been formed, impacting the lives of more than 100 million women nationwide (Deendayal Antyodaya Yojana, 2021).

The SHG model has diversified income sources for women, providing loans for small businesses and facilitating access to higher education for their children. It has also empowered women to participate in community governance and social issues, thereby raising their voices in the public sphere. Studies have shown that women's participation in SHGs significantly contributes to their financial literacy and decision-making power within families (Kumar & Singh, 2015).

Education and Financial Literacy

Education plays a critical role in enhancing women's financial empowerment. Improved educational attainment among women correlates with better financial decision-making and management skills. The National Education Policy (NEP) 2020 emphasizes increasing female enrollment in higher education institutions and vocational training, establishing a framework for women to acquire skills relevant to various sectors.

Moreover, financial literacy programs aimed specifically at women have gained traction. Initiatives by the Reserve Bank of India (RBI) and various non-governmental organizations focus on improving women's understanding of banking, savings, investment, and credit. These efforts not only enhance women's confidence in managing finances but also empower them to make informed financial decisions.

Government Policies and Support

The Indian government has recognized the importance of women's financial empowerment, implementing various policies and programs. The Women Entrepreneurship Platform (WEP), launched by NITI Aayog, aims to support women entrepreneurs through mentorship, networking, and access to funding (NITI Aayog, 2019). This platform serves as an incubator for start-ups led by women, promoting innovation and entrepreneurship.

Additionally, government schemes aimed at women's health, safety, and education also indirectly bolster financial empowerment. By addressing fundamental issues like health and education, these initiatives create a more enabling environment for women to engage economically.

Challenges and the Road Ahead

Despite significant progress, several challenges hinder women's financial empowerment in India. Cultural norms, gender discrimination, and lack of access to education continue to pose barriers. Women in rural areas, in particular, face systemic challenges that require targeted interventions.

To enhance women's financial empowerment further, a multi-pronged approach is essential. This includes:

1. Increasing awareness and reach of financial literacy programs.
2. Enhancing access to credit and financial products tailored for women.
3. Encouraging male participation in household financial decisions to promote equality.
4. Strengthening social safety nets and policies that protect women's rights.

Conclusion

The role of women in financial empowerment in India is critical for inclusive growth and sustainable development. As women continue to enter the workforce and gain access to financial resources, they are not only improving their own economic statuses but also contributing to the nation's economy. A sustained focus on education, access to financial services, and supportive government policies will ensure that women's financial empowerment remains a cornerstone of India's development trajectory.

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