

FINANCIAL INCLUSION OF WOMEN IN INDIA: ACHIEVEMENTS, CHALLENGES, AND POLICY PATHWAYS

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Article Info	ABSTRACT
Article History: Received: 20th February 2026 Accepted: 01st March 2026 Published: 07th March 2026 Keywords: Financial Inclusion, Women Empowerment, Gender Equality, Inclusive Policies, Pradhan Mantri Jan Dhan Yojana, Self-Help Groups, Digital Divide, India	Financial inclusion is a pivotal strategy for promoting gender equality and empowering women in India. Policies such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Self-Help Groups (SHGs), Mudra Yojana, and digital financial platforms have aimed to integrate women into the formal financial system, enhancing their economic agency and social equity. This research paper evaluates the achievements of these inclusive policies, identifies persistent challenges, and proposes policy pathways to strengthen women's financial inclusion. Using a mixed-methods approach—combining secondary data analysis, case studies from Maharashtra and Uttar Pradesh, and a comprehensive literature review—the study finds that while account ownership and credit access have increased significantly, barriers such as low financial literacy, patriarchal norms, regional disparities, and the digital divide hinder progress. The paper recommends targeted interventions, including financial literacy programs, digital inclusion initiatives, and gender-sensitive policy frameworks, to ensure equitable financial access. This research contributes to the discourse on inclusive policies for women, aligning with India's commitment to Sustainable Development Goal 5 (Gender Equality).

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1. INTRODUCTION

Financial inclusion, defined as the universal access to and effective use of financial services such as banking, credit, insurance, and digital platforms, is a cornerstone of inclusive development. In India, where gender disparities in economic participation persist, ensuring women's access to financial services is critical for economic empowerment, poverty reduction, and social equity. The Government of India has implemented several policies to bridge the gender gap in financial access, including the Pradhan Mantri Jan Dhan Yojana (PMJDY), Mudra Yojana, Self-Help Groups (SHGs) under the National Rural Livelihood Mission (NRLM), and digital financial platforms like the Unified Payments Interface (UPI). These initiatives aim to enhance women's economic agency, promote entrepreneurship, and align with Sustainable Development Goal 5 (Gender Equality).

Despite significant progress, challenges such as low financial literacy, patriarchal societal norms, regional disparities, and infrastructural barriers continue to limit the effectiveness of these policies. This research paper assesses the achievements and challenges of financial inclusion policies for women in India, addressing the following research questions:

- What are the key achievements of financial inclusion policies for women in India?
- What are the primary barriers to equitable financial inclusion for women?
- How can policy interventions be strengthened to enhance women's financial inclusion?

The paper is structured as follows: Section 2 reviews the literature on financial inclusion and gender equality; Section 3 outlines the methodology; Section 4 presents the findings; Section 5 discusses the implications; Section 6 offers policy recommendations; and Section 7 concludes.

2. LITERATURE REVIEW

2.1 Financial Inclusion and Gender Equality

Financial inclusion is a key driver of economic growth and poverty alleviation. Demirgüç-Kunt et al. (2021) argue that access to financial services enables individuals to save, invest, and manage risks, thereby enhancing economic resilience. For women, financial inclusion is particularly transformative, as it increases their agency, decision-making power, and participation in economic activities (World Bank, 2020). Klapper and Singer (2017) highlight that women with bank accounts are more likely to invest in education, health, and household welfare, contributing to long-term socio-economic development. Financial inclusion also empowers women to challenge patriarchal norms, fostering gender equality (Kabeer, 2018).

2.2 Policy Framework for Financial Inclusion in India

India's financial inclusion agenda has prioritized women through targeted policies. The PMJDY, launched in 2014, aimed to provide universal banking access, with over 50% of accounts opened by women (RBI, 2023). The Mudra Yojana supports micro-entrepreneurship, with a significant proportion of loans disbursed to women entrepreneurs. SHGs, facilitated by NRLM, have empowered over 120 million women by providing access to credit, savings, and peer support (NABARD, 2022). The rise of digital financial services, particularly UPI, has expanded access by simplifying transactions and reducing dependency on physical banking infrastructure, especially in rural areas (NPCI, 2023).

2.3 Challenges to Women's Financial Inclusion

Despite these advancements, several barriers persist. Low financial literacy is a major obstacle, with only 27% of Indian women being financially literate (OECD, 2021). Patriarchal norms often restrict women's control over financial resources, limiting their autonomy (Buvinic & Furst-Nichols, 2016). Regional disparities exacerbate the gender gap, with rural women facing greater challenges due to limited banking infrastructure and connectivity (Ghosh & Vinod, 2017). The digital divide, marked by low smartphone ownership (34% for women vs. 67% for men) and internet access (28% for women vs. 62% for men), further hinders the adoption of digital financial services (GSMA, 2022).

3. METHODOLOGY

This study employs a mixed-methods approach to evaluate the impact of financial inclusion policies for women in India. The research design includes:

- **Secondary Data Analysis:** Quantitative data from the Reserve Bank of India (RBI), National Sample Survey Office (NSSO), Global Findex Database, and National Payments Corporation of India (NPCI) were analyzed to assess trends in women's account ownership, credit access, savings behavior, and digital financial usage. Key indicators include the percentage of women with bank accounts, loan disbursements, savings rates, and digital transaction volumes.
- **Case Studies:** Qualitative insights were gathered from case studies of women beneficiaries of PMJDY, SHGs, and Mudra Yojana in Maharashtra (urban and semi-urban context) and Uttar Pradesh (rural context). These states were selected to capture diverse socio-economic and regional dynamics. Data were collected through semi-structured interviews and focus group discussions.
- **Literature Review:** A comprehensive review of academic articles, policy reports, and government documents was conducted to contextualize the findings and identify gaps in existing research.

The analysis focuses on both quantitative outcomes (e.g., account ownership, loan disbursements) and qualitative factors (e.g., socio-cultural barriers, women's perceptions of financial services).

4. FINDINGS

4.1 Achievements in Financial Inclusion

The analysis reveals significant progress in women's financial inclusion over the past decade:

- **Increased Account Ownership:** As of 2023, 78% of Indian women have a bank account, up from 43% in 2014, driven by PMJDY (RBI, 2023). Women constitute 55% of PMJDY account holders, reflecting targeted outreach to marginalized groups. This has enabled women to access government subsidies, save, and build financial resilience.
- **Growth of SHGs:** Over 120 million women are part of SHGs, accessing microcredit and savings facilities (NABARD, 2022). SHGs have empowered women to start micro-enterprises in sectors such as tailoring, handicrafts, and retail, enhancing their economic independence.

- **Digital Financial Inclusion:** The adoption of UPI and mobile banking has surged, with 45% of urban women and 30% of rural women using digital payment systems (NPCI, 2023). Initiatives like the BHIM app and UPI QR codes have simplified transactions, particularly for small-scale entrepreneurs.
- **Entrepreneurial Support:** The Mudra Yojana has disbursed loans to over 25 million women entrepreneurs, fostering small-scale businesses in sectors like food processing, textiles, and beauty services (Ministry of Finance, 2023). Approximately 68% of Mudra loans are availed by women, highlighting their entrepreneurial potential.
- **Savings and Insurance:** Women's savings rates have increased, with 60% of PMJDY account holders maintaining active savings accounts (RBI, 2023). Micro-insurance schemes, such as Pradhan Mantri Suraksha Bima Yojana, have seen growing female participation, with 40% of enrollees being women, providing a safety net against financial risks.

4.2 PERSISTENT CHALLENGES

Despite these achievements, several barriers hinder equitable financial inclusion:

- **Low Financial Literacy:** Only 27% of women are financially literate, limiting their ability to understand and utilize financial products like loans, insurance, and digital banking (OECD, 2021). This is particularly pronounced in rural areas, where awareness of financial services is low.
- **Patriarchal Norms:** In many households, male family members control financial decisions, restricting women's access to and autonomy over bank accounts and loans (Kabeer, 2018). This is evident in both rural and urban settings, as seen in the case studies.
- **Regional Disparities:** Financial inclusion varies significantly across regions. For example, 85% of women in Maharashtra have bank accounts, compared to 65% in Uttar Pradesh (NSSO, 2022). Rural areas lag due to limited banking infrastructure, fewer ATMs, and poor connectivity.
- **Digital Divide:** Only 34% of women own smartphones, and 28% have internet access, compared to 67% and 62% for men, respectively (GSMA, 2022). This restricts access to digital financial services, particularly in rural areas where internet connectivity is unreliable.
- **Infrastructural Gaps:** Poor banking infrastructure, limited ATM availability, and unreliable internet connectivity in rural areas hinder women's ability to engage with financial services (Ghosh & Vinod, 2017). For example, only 40% of rural villages have access to a bank branch within 5 kilometers (RBI, 2023).

4.3 Case Studies

- **Maharashtra (SHG Beneficiary):** Sunita, a 35-year-old woman from Shrirampur, Maharashtra, joined an SHG under NRLM and accessed a ₹50,000 microloan to start a tailoring business. The loan enabled her to earn ₹12,000 monthly, improving her family's standard of living and enabling her to send her children to school. However, she faced challenges due to limited financial literacy, particularly in managing loan repayments, and lack of market access for her products. SHG training programs helped her improve her skills, but she emphasized the need for ongoing mentorship and market linkages to scale her business.
- **Uttar Pradesh (PMJDY Beneficiary):** Rani, a 28-year-old woman from a rural village in Uttar Pradesh, opened a PMJDY account but used it infrequently due to lack of awareness and societal

restrictions on her mobility. Her husband managed the account, depositing and withdrawing funds, which limited her financial autonomy. Rani expressed interest in financial education to better utilize her account and participate in income-generating activities.

- **Maharashtra (Mudra Yojana Beneficiary):** Meena, a 40-year-old entrepreneur from Pune, Maharashtra, received a ₹1 lakh Mudra loan to expand her food stall. The loan boosted her monthly income to ₹20,000, enabling her to hire an assistant and diversify her menu. However, she struggled with loan repayment due to high interest rates and limited financial planning skills. Meena suggested subsidized interest rates and financial counseling for women entrepreneurs to ensure sustainable businesses.

5. DISCUSSION

The findings highlight the transformative impact of financial inclusion policies on women in India. PMJDY has significantly increased account ownership, enabling women to save, access government subsidies, and build financial resilience. For example, the high proportion of women PMJDY account holders (55%) reflects the policy's success in targeting marginalized groups. SHGs have fostered economic independence by providing access to credit and peer support, as seen in Sunita's case, where her tailoring business improved her family's socio-economic status. Mudra Yojana has empowered women entrepreneurs like Meena to scale their businesses, contributing to local economies. The rise of digital financial services, particularly UPI, has democratized access, especially in urban and semi-urban areas, by simplifying transactions and reducing reliance on physical banking infrastructure.

However, access alone is insufficient for meaningful financial inclusion. Low financial literacy limits women's ability to utilize financial services effectively, as evidenced by Sunita's challenges in managing loan repayments and Rani's limited use of her PMJDY account. Patriarchal norms, which restrict women's autonomy, remain a pervasive barrier across socio-economic contexts, as seen in Rani's case, where her husband controlled her account. These socio-cultural barriers underscore the need for interventions that address gender norms alongside financial access.

Regional disparities further complicate the landscape. While Maharashtra benefits from better banking infrastructure and higher literacy rates, Uttar Pradesh lags due to limited access and socio-cultural barriers. For example, the 20% gap in account ownership between the two states highlights the need for context-specific interventions. Rural areas, in particular, require investments in banking infrastructure, such as mobile banking vans and ATMs, to bridge the access gap.

The digital divide is a critical challenge in the era of digital banking. While UPI has simplified transactions, low smartphone ownership and internet access among women hinder its adoption, particularly in rural areas. This necessitates policies that promote digital inclusion alongside financial inclusion, such as subsidized smartphones and vernacular-language digital platforms.

The success of SHGs, as seen in Sunita's case, highlights the value of community-based approaches, which foster collective empowerment and peer learning. Scaling up such models, while addressing their limitations (e.g., limited market linkages and financial literacy), could further enhance women's financial inclusion. The case studies also reveal the importance of ongoing support, such as

mentorship, financial counseling, and market access, to ensure the sustainability of women-led enterprises.

6. POLICY RECOMMENDATIONS

To strengthen financial inclusion for women, the following recommendations are proposed:

1. **Enhance Financial Literacy:** Implement nationwide financial education programs tailored to women, focusing on digital banking, loan management, insurance, and investment options. These should be delivered through SHGs, schools, community centers, and digital platforms in vernacular languages to ensure accessibility.
2. **Challenge Patriarchal Norms:** Launch awareness campaigns to promote women's financial autonomy and engage men as allies in gender equality. Community-based interventions, such as workshops and peer groups, can help shift societal attitudes and empower women to control their financial resources.
3. **Bridge the Digital Divide:** Subsidize smartphones and internet access for women, particularly in rural areas, and develop user-friendly digital platforms with vernacular language support. Public-private partnerships can accelerate digital inclusion by providing affordable devices and connectivity.
4. **Address Regional Disparities:** Design region-specific policies, such as expanding banking infrastructure (e.g., mobile banking vans, ATMs) and financial literacy programs in underdeveloped states like Uttar Pradesh and Bihar, to ensure equitable access.
5. **Strengthen SHGs:** Provide SHGs with market linkages, advanced training in financial management and entrepreneurship, and access to larger loans to scale their enterprises. Integrate digital literacy into SHG programs to enhance their effectiveness in the digital economy.
6. **Support Women Entrepreneurs:** Offer subsidized interest rates, flexible repayment schedules, and financial counseling for women availing Mudra loans to ensure sustainable businesses. Establish dedicated support centers for women entrepreneurs to provide mentorship and market access.
7. **Monitor and Evaluate:** Establish a robust monitoring framework to assess the impact of financial inclusion policies on women, with regular gender-disaggregated data collection and impact evaluations. This will enable policymakers to identify gaps and refine interventions.

7. CONCLUSION

Financial inclusion is a powerful tool for advancing gender equality and economic empowerment in India. Policies like PMJDY, SHGs, Mudra Yojana, and digital financial platforms have made significant strides in integrating women into the formal financial system, enabling them to save, invest, and pursue entrepreneurial ventures. These initiatives have enhanced women's economic agency, reduced poverty, and promoted social inclusion, aligning with India's commitment to Sustainable Development Goal 5 (Gender Equality).

However, challenges such as low financial literacy, patriarchal norms, regional disparities, and the digital divide limit the effectiveness of these policies. Addressing these barriers requires a multi-faceted approach that combines financial education, digital inclusion, infrastructure development, and socio-cultural change. The case studies of Sunita, Rani, and Meena illustrate both the transformative

potential of financial inclusion and the need for targeted support to overcome barriers like limited literacy and societal constraints.

By prioritizing women's financial inclusion through targeted interventions, robust monitoring, and policy innovation, India can achieve inclusive and sustainable development. This research contributes to the discourse on inclusive policies for women, offering insights into the achievements, challenges, and future pathways for financial inclusion. It underscores the need for collective action—across government, civil society, and the private sector—to ensure that all women, regardless of their socio-economic or regional context, can access and benefit from financial services.

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