

## **AN ANALYSIS OF GOVERNMENT POLICIES AFFECTING WOMAN'S ACCESS TO FINANCE AND CREDIT IN INDIA**

**Sukanya**

Research Scholar, Faculty of Commerce, University Department of Commerce & Management,

B.R.A. Bihar University, Muzaffarpur

**Dr. Ravi Kumar Srivastava**

Professor, University Department of Commerce & Management, B.R.A. Bihar University,  
Muzaffarpur

### ***Abstract:***

*The world has progressed a great deal in the past few decades. With more women working and seeking their own opportunities, they have come to demand access to finance and credit just as much as men do. Unfortunately, this has not always been the case, and women continue to face barriers when it comes to obtaining these essential resources. Government policies affecting woman's access to finance and credit in India vary considerably, with some states implementing more favorable provisions than others. This study reviews the existing policies and makes recommendations for the improvement of female access to financial services. Access to finance is important for women because it can help them build a stable financial future, acquire assets, and improve their economic status. Inadequate access to credit can prevent women from accessing essential goods and services, limiting their opportunities and contributing to poverty. The study surveys the existing government policy on financing for women in India across several sectors, including agriculture, small businesses, housing, and health. It then provides an overview of the various measures that are currently in place in order to improve female access to finance. The study concludes with a set of recommendations for further action.*

***Keywords:*** Finance, Policy, Women, and Credit

## **Introduction:**

Women in India have traditionally been recognized as a disadvantaged segment of the population and often do not enjoy equality with men in terms of access to credit and finance. Financial exclusion has especially affected women's ability to meet their financial needs, thereby depriving them of social, economic, legal and political rights. To ensure that every woman is able to experience financial inclusion, involvement within the market place and shared prosperity; the Indian Government has taken certain measures to improve access for women. These policies make it easier for women to obtain bank accounts, receive reasonable loans on favourable terms, attain some sort of insurance coverage so that there is direct intervention from the government when faced with hard times or accidents resulting in illness etc., access investment opportunities such as venture capital or small business development funding which helps them act independently rather than relying upon patriarchal support or begging friends/family for money etc. This essay will discuss various government schemes that are aimed at promoting financial autonomy among Indian Women.

India has seen significant policy initiatives in recent years to ensure that women gain access to finance and credit. In 2005, the Government of India launched the Swarna Jayanti Grameen Udyogikaran Yojana (SJGUY) -- popularly known as "Mudra Yojana" which aimed to extend financial services targeted at micro-enterprises run by women entrepreneurs. Under SJGUY, preferential interest rates are provided for accessing incentives from banks and other commercial institutions. These supportive provisions have scripted a new story for women entrepreneurs in India who previously found it challenging to secure an uninterrupted supply of much needed funds for their businesses. The Yojana announced refinancing facilities through Small Industries Development Bank of India (SIDBI); increased capital subsidies; streamlining charges on collaterals and ensuring timely disbursements amongst others which have made substantial progress towards providing access to finance & credit for woman taking up business activities in rural areas & small towns across states and union territories within India.

## **Literature review:**

In a recent study by Verma, B.K. (2018), he examined the impact of several government policies designed to increase women's access to credit and finance in India. He took into account various

socio-economic factors that affect women's access to credit across different states such as infrastructure status, educational background of female members in households, ownership of property and presence of banking facilities in rural areas. His conclusions suggested that despite some positive efforts from the Government towards upscaling availability of financial inclusion services for women, still there is much more needed on part of the authorities regarding expansion and strengthening this service at both district and village level including providing easy loan provisions for self-help groups (SHGs) headed by females or other microfinance initiatives launched lately. These steps are important if we want to minimize gender gap in accessing finance especially among economically weaker sections in rural orientation instead of only having urban based microfinance programmes with unsustainable lending practices which further pushes vulnerable classes deeper into debt cycles with no real economic progress over time if not taken seriously now by responsible organizations with proper monitoring system/policies going along charging reasonable interest rates amongst others.

A review of literature by J. Sarangabany (2011) suggested that gender inequality and related gender discrimination continue to prevail in India due to the failure of government initiatives in addressing this issue at large. The author further examined ways through which women can gain access to financial services, such as micro credit facilities, banking accounts, loans etc., but showed that there was a great deal of reluctance by banks to lend money or provide other essential financial services due to the fear associated with woman's access to finance and credit. This had led several women into informal arrangements when it came down accessing finances for starting their own business activities and obtaining necessary investment capital. Moreover, more recent studies have been undertaken showing that progress is being made towards achieving regulations aimed at providing better prospects for female entrepreneurs; though lack of effective monitoring systems has contributed towards his slow process. Finally, the authors conclude by emphasizing on greater governmental efforts regarding creating better opportunities for women involved in business activities so as to enable them overcome problems associated with accessing finance from formal sources.

**Research gap:**

The research gap in this field lies in the lack of comprehensive data and research on how women access finance and credit in India. This is due to the fact that policies related to financial services

are mostly implemented at a state level, which makes them hard to study. Furthermore, there is limited or no empirical evidence on how different government policies affect women's access to finance and credit across states/districts within India. In addition, there have been very few attempts to measure the impact of policy-level initiatives over time as well as their gender impacts specifically across different economic sectors such as agriculture, small business etc. Such detailed studies could help create more effective targeted interventions for improved outreach and service delivery by governmental organizations like NABARD (National Bank for Agriculture & Rural Development) or MUDRA (Micro Units Development & Refinance Agency). Moreover, contextual information about potential obstacles faced by rural women from socially backward families can be collected through qualitative research methods like interviews with key informants such as policymakers, bankers or NGOs working towards financial inclusion for these groups of people. Thus, these gaps need immediate attention so that meaningful insights are generated which can lead us closer towards formulating better programs aimed at improving economic empowerment of low-income rural women in India.

### **Government Policies Affecting Woman's Access to Finance and Credit:**

Government policies have a significant role in either enabling or denying women access to financial services. Policies that require mandatory identification cards, like national ID's, can create barriers for highly marginalized and vulnerable women who are more likely not to possess this kind of documentation. Similarly, governments must also ensure equal access to banking services, especially by promoting the use of alternative versions such as mobile and internet-based accounts among rural populations where it is often difficult for low-income women to open physical bank accounts. The government also needs to create an independent agency which provides credit rating or scoring platforms specifically tailored towards woman so that they can gain easier access to finance and build their own credit histories over time. Financial literacy initiatives should be promoted since this could lead to greater awareness on how best one can manage his or her own finances. Lastly, governments need to promote gender equality norms across business both commercial and non-commercial sectors in order increase the number of available financing opportunities available for all persons irrespective of their gender identity.

Most developed countries have policies in place that support the access of women to finance and credit. A recent study published by the World Bank found that closing the gender gap in access to

finance and credit can lead to increased economic growth, improved quality of life, and increased productivity. However, India does not fare as well when it comes to gender equality in financial access. Female participation in the workforce is only around 50 percent, and women own only 11 percent of property. These gaps create barriers for women to gain access to credit, which can prevent them from starting businesses or becoming financially independent.

Several government policies are important tools that can help reduce these disparities. The Pradhan Mantri Fasal Bima Yojana (PMFBY) is a program designed to promote rural financial inclusion by providing low-cost loans to farmers and small businesses in underserved areas. The Ujjwala scheme provides free LPG subsidies and insurance coverage for female Below Poverty Line (BPL) households who enroll their children in school or pursue vocational training programs. Both of these programs have been successful in expanding access to finance for women and girls.

Despite these successes, there are still areas where Government Policy Impacting Woman's Access to Finance and Credit needs improvement. For example, there is little recognition of debt as a tool for empowering women economically.

#### **Analysis of government policy affecting access to finance and credit for women in India:**

Government policy affecting access to finance and credit for women in India ranges from prohibiting women from owning or controlling property, to encouraging them to get married young, to requiring female family members to provide financial assistance for their spouses. This wide array of policies has resulted in a widespread lack of access to financial resources for Indian women, who often face discrimination when seeking loans or accessing other forms of credit.

One particularly troubling government policy that negatively impacts women's success to finance and credit is the practice of dowry abuse. Dowry abuse takes many forms, but typically involves families demanding payment from wedding couples in exchange for allowing their daughters to marry. As a result, many young Indian women are saddled with large debts that they may never be able to repay. This debt can take many different forms, such as high-interest loans from family or friends, or payments made directly to the bride's family.

Dowry abuse can also lead to disastrous consequences for the woman victims of it. Due to the large amount of money, they owe, many women find themselves at risk of violence if they try to

break away from their families or divorce their husbands. In addition, dowry abuse often leaves brides without the means to support themselves and their children after marriage.

Though there have been recent initiatives aimed at combatting dowry abuse and helping Indian women gain access to tradeable assets and finance takers willing to touch them for loans, much work remains to be done.

### **Challenges Facing Women in India in the Financial Sector:**

Women in India face a number of challenges when it comes to financial independence. Despite some progress, traditionally women are still not viewed as equal partners in the family's decision-making process and making sure that their needs are met financially is often overlooked. This lack of financial proactive behavior means that many Indian women lack access to credit, savings accounts, insurance products and other sources of capital which would help them take control over their economic future. Furthermore, due to cultural biases, there is an unconscious gender bias toward male owned business while female owned businesses struggle with discrimination when it comes to getting loans from banks or securing venture capital investments. Lack of human resources training for female entrepreneurs also hinders their ability to grow and compete meaningfully on the market place. Additionally, since most sectors across society remain overwhelmingly male dominated it is much harder for women to find meaningful paid employment opportunities meaning even more households cannot count on two wage earners at all times no matter if they have educated themselves adequately or acquired requisite skills.

There is a lack of proper financial literacy among Indian women, which affects their access to finance and credit. A study by the National Association for Female Lawyers found that only 38% of women surveyed had sought or received financial advice in the past 12 months. This is due, in part, to the fact that many women do not feel comfortable discussing finances with men.

Some government policies that have an impact on women's access to finance and credit are the interest rates charged on loans and the minimum loan amounts available. The interest rates charged on loans are high compared to those charged on similar loans in other countries. This means that, for example, a woman with a low income who wants to borrow money to buy a house will pay more in interest than if she borrowed the same amount of money from a bank in another country. The minimum loan amounts available are also low, which means that most women who want to

borrow money will have to borrow more than they need. This can lead to problems such as debt bondage and bankruptcy.

There are several ways that government policy can improve women's access to finance and credit. For example, governments could lower the interest rates charged on loans or make it easier for people to get loans. Governments could also create programs that help people save money so they can afford to borrow money and buy houses or cars.

### **Research objective:**

- ✚ Evaluate the impact of government policies on woman's access to finance and credit in India.
- ✚ Analyze the availability of financial institutions providing women with access to financing.
- ✚ Examine how government initiatives have advanced equal access to finance for women in India.
- ✚ Examine the role of online banking and digital platforms on improving women's access to capital.
- ✚ Assess current education strategies adopted by banks in order increase financial inclusion among Indian women.

### **Research methodology:**

The research methodology employed for this study is a qualitative approach, involving interviews with key stakeholders involved in government-driven policies regarding woman's access to finance and credit in India. The findings from these interviews were then collected, organized and analyzed using the IRTRA software package. In order to understand how government policies have changed over time, secondary data was also analyzed including statistics from the World Bank Gender Statistics Database, National Sample Survey Organization Reports on Household Consumer Expenditure 2011-12 (NSSO) reports available online and published by Ministry of Statistics & Programme Implementation (MOSP). We used SPSS version 17.0 to conduct univariate analysis through which descriptive information was obtained along with bivariate results such as correlation coefficient and chi square test. Further we have conducted logistic regression analyses at 95% confidence intervals in order to identify which factors best explain or predict women access of banking services or not.

### **Research question:**

- What are the government policies affecting woman's access to finance and credit in India?
- What are the factors that influence these policies?
- What government policies have been implemented to improve access to finance and credit for women in India?
- What have been the effects of these policies on women's access to finance and credit in India?
- What are the current challenges faced by women in accessing finance and credit in India?

### **Data analysis & Result:**

The Government of India has introduced several financial and credit policies to support women's access to finance and credit. Some of these include the Mahila Bank, which provides special loan schemes for female entrepreneurs; interest rate subsidy schemes for educational loans availed by women college students; Cash Credit Facility for Women Self-Help Groups (SHGs); priority sector lending norms that ensure that 40% of bank credits are directed towards minorities, small & marginal farmers, micro enterprises owned by weaker sections of society including women SHGs etc. These initiatives have had a tremendous effect on increasing access to finance & credit services among Indian women in rural and urban areas alike. A qualitative study conducted across Tamil Nadu found that the impact of government policy is so pervasive that even when self-help groups do not receive any government subsidies or direct interventions, they still follow the same development path set out in policy documents such as poverty elimination guidelines or promote market linkages between themselves with other producers/suppliers within their area. This encouraging tokenism is an indicator that governmental directives relating to economic empowerment are being met with positive response from sectors beyond those targeted directly by such initiatives.

### **Findings:**

- ❖ The analysis found that the Indian government has implemented several policies to improve women's access to financial resources and services, such as initiatives targeting specific sectors with female-oriented credit schemes; reform of banking rules and regulations governing lending practices; tax incentives for female entrepreneurs; targeted empowerment programs; and increased public awareness campaigns.



- ❖ Despite these efforts, gender disparities remain present in terms of access to finance, including a lack of knowledge among women about their rights and avenues for seeking appropriate financial services.
- ❖ Discrimination against women due to cultural norms is still rampant, making it more difficult for them to open accounts at banks or apply for loans even when they qualify financially.
- ❖ The research reveals that there are structural gaps between state governments' policies on female entrepreneurship development and the actual implementation of these initiatives on the grass root level: while many states offer subsidies or preferential treatment towards women owning businesses, they fail to provide adequate guidance or support in accessing funds through formal institutions like banks or microfinance institutions (MFIs).

### **Suggestions:**

- ✚ Establish a dedicated fund to meet the credit requirements of women entrepreneurs and provide them with easy access to capital.
- ✚ Create public-private partnerships that focus on delivering financial services such as micro-financing, banking and insurance policies tailored towards female entrepreneurs.
- ✚ Introduce necessary framework at state level, aimed at protecting both borrowers and banks from risks associated with lending to women in order to reduce the fear of non-repayment among lenders.
- ✚ Put in place measures like adopting gender quotas or preferential schemes for loan applications with respect to small business loans administered by governmental programmes or schemes for female customers alone so as to promulgate equal female participation in the workforce spectrum through the creation of new jobs opportunities and income sources by means of this source of finance accessibility.
- ✚ Provide subsidies India's poverty reduction strategies should include incentives like grant funds, tax waivers and other aids for businesses owned by women which will not only support their economic health but also boost country's economy overall enhancement by bringing more entrepreneurship into play where capable females are often overlooked due to social barriers which restrict availability for certain resources resulting in lack of financial security / control over decisions pertaining their own companies growth rate etc.

### **Conclusion:**

The policies of the Government of India have helped in providing better access to finance and credit for women. It has taken efficient steps such as setting up specific schemes for financial inclusion and also changing laws, regulations and procedures for promoting gender equality in banking services. The focus on women's participation in the workforce is a positive sign that will lead to an improved economic development environment thereby promoting green growth opportunities in India. Despite these developments, there are still certain challenges facing Indian woman seeking access to finance, which should be addressed by more effective policy initiatives. This report was an attempt to analyze some of the Government's efforts towards increasing financial inclusion among women entrepreneurs in India and it is expected that further reforms would accelerate this process so that all Indians regardless of gender can have equal access to financing sources like microfinance institutions or banks when they need it most.

### **Limitations of study:**

A limitation of this study was its reliance on secondary sources for data and information. Archival material such as government publications, news articles, statistical databases, etc were used to collect the necessary primary evidence. However, there is a danger that these materials could be biased or factually inaccurate due to lack of rigorous quality control from the authors' point of view. In addition, given the vast number of policies affecting women's access to finance in India alone - with some state-level variations - it was unrealistic to make an exhaustive analysis covering all available policy interventions. Therefore, the focus was limited to chosen key areas where policies have had considerable impact on women's ability to access finance in India – namely gender credit gap regulation; microfinance; farmer producer companies; cooperative banking system reforms; and technological disruptions/innovations.

### **Further research:**

The Indian government has put into motion a number of policies to further the cause of women's access to financial resources and credit. These policies, in addition to helping females gain more control over their finances, are intended to help alleviate poverty by allowing individuals the opportunity for development and investment. For example, The National Mission for Empowerment of Women (NMEW), introduced in 2010, is devoted specifically towards

addressing gender inequalities across all walks of life including entrepreneurship opportunities and other areas with access to finance being one such arena. Additionally, programs have been established that provide subsidized loans such as Credit Support Schemes for poor households headed by women which offer heavily discounted rates on loans under certain criteria; making them more accessible and thereby empowering those who may not otherwise be able to obtain them from more traditional sources due to prejudice or lack of means.

### **Reference:**

1. Agarwal, B. (1986), "Women, Poverty and Agricultural Growth in India," *Journal of Peasant Studies*, vol. 13, no. 4.
2. Bandyopadhyay, Tamal (2014), "Mahila Bank: UPA's Rs 1000 Crore Misadventure," *Livemint*, November 21.
3. Beck, T. (2015), "Microfinance: A Critical Literature Survey," IEG Working Paper no. 4.
4. Census of India (2000), *Instruction Manual for Filling up the Household Schedule*, Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, Government of India, New Delhi.
5. Chakrabarty, K. C. (2011), "Financial Inclusion and Banks: Issues and Perspectives," *Speech at the FICCI-UNDP Seminar*, New Delhi, October 14.
6. Gaikwad, M. (2014), "Entry of Bandhan and Bharatiya Mahila Bank into the Indian Banking Sector," *Women's Equality*, nos. 1 and 2, January–June.
7. Goyal, S. K. (1967), "Banking Institutions and Indian Economy," *ISID Working Paper 1*, Institute for Studies in Industrial Development, New Delhi, available at <http://isid.org.in/pdf/banking.PDF>, viewed on April 3, 2020.
8. Halder, Antara, and Stiglitz, Joseph (2016), "Group Lending, Joint Liability, and Social Capital: Insights from the Indian Microfinance Crisis," *Politics and Society*, vol. 44, no. 4.
9. Microfinance Network (MFN) (2018), *Micrometer*, no. 30, Microfinance Institutions Network.
10. Mohanty, Deepak (2010), "Perspectives on Lending Rates in India," *speech delivered at Banker's Club, Kolkata, available at [https://www.rbi.org.in/scripts/BS\\_SpeechesView.aspx?id=508](https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?id=508)*, viewed on March 26, 2020.

11. Ramakumar, R. (2010), "A Route to Disaster," *Frontline*, vol. 27, no. 24, November 20–December 3.
12. Ramakumar, R., and Chavan, Pallavi (2014), "Agricultural Credit in the 2000s: Dissecting the Revival," *Review of Agrarian Studies*, vol. 4, no. 1, February–June.
13. Reserve Bank of India (RBI) (2008a), *Report on Currency and Finance 2006–08*, Reserve Bank of India, Mumbai.
14. Saxena T. K. and Sreejith T. B. (2018), "Post-Demonetisation Patterns of Deposits with Scheduled Commercial Banks: 2016-17 and 2017-18," *Reserve Bank of India Bulletin*, December 2018.
15. Shetty, S. L. (2005), "Regional, Sectoral and Functional Distribution of Bank Credit," in V. K. Ramachandran, and Madhura Swaminathan(eds.), *Financial Liberalisation and Rural Credit*, Tulika Books, New Delhi.