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## Financial Inclusion and Females: State Level Analysis in India

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### Abstract

To check growing disparities, the policy makers in India have recognized financial inclusion as an important building block of inclusive growth. Financial inclusion refers to providing access to formal financial services at reasonable cost to all without any discrimination. To give a boost to promote financial inclusion in India, PMJDY was launched in August 2014. The plan envisages universal access to banking facilities with at least one basic banking account for every household. Since India is facing a daunting task of curbing gender gap disparities, so this paper attempted to measure the level of financial inclusion amongst the Indian females across all the 36 states and UTs of India. The level of financial inclusion has been measured using the number of female accounts in banks in proportion to the female population. An effort has also been made to study the usage of these accounts by females using the indicator of money deposited in these accounts. The study found that though in terms of 'one account per household' almost all the states have achieved 100% financial inclusion but in terms of gender, females lag far behind as even at the national average also the per capita female account value is less than one. Besides, the study also found presence of huge disparities in terms of female accounts across different states of India. Of the 36 states, only 11 states had at least one account per female and the remaining states cut a sorry figure in bringing their women under the umbrella of formal financial sector.

**Keywords:** Financial Inclusion, Females, States, Accounts, Deposits, Disparities

### Introduction

Indian policy makers have recognized financial inclusion as an important pillar of inclusive growth. There is a general consensus that in order to curtail the growing disparities across different areas as well as across different sectors and classes, it is crucial to reach at the people below the pyramid. To achieve this, it is essential to bring these people under the umbrella of formal financial sector to ensure easy access of credit to them. Access to safe, easy and affordable credit and other financial services by the poor and vulnerable groups, disadvantaged areas and lagging sectors is a pre-condition for accelerating growth and reducing income disparities and poverty. In view of this, Financial Inclusion has been identified as a key dimension of the overall strategy of inclusive growth in all plans and policies of the government. Financial inclusion broadly refers to providing access to formal financial services at reasonable cost to all without any discrimination. Rangarajan Committee (2008) defined it as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. As per Raghuram G. Rajan Committee (2009), financial inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.

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**Table 1:**State-wise Performance of Coverage of Each Household with One Account

States	Coverage of Households (%)
Haryana	100%
Himachal Pradesh	100%
Jammu & Kashmir	99.71%
Punjab	100%
Rajasthan	99.99%
Chandigarh	100%
Nct Of Delhi	100%
Arunachal Pradesh	100%
Assam	99.96%
Manipur	99.76%
Meghalaya	100%
Mizoram	99.92%
Nagaland	99.92%
Tripura	100%
Bihar	100%
Jharkhand	100%
Odisha	99.85%
Sikkim	100%
West Bengal	100%
Andaman & Nicobar Islands	100%
Chhattisgarh	99.98%
Madhya Pradesh	100%
Uttar Pradesh	100%
Uttarakhand	100%
Goa	100%
Gujarat	100%
Maharashtra	100%
Dadra & Nagar Haveli	100%
Daman & Diu	100%
Andhra Pradesh	100%
Karnataka	99.97%
Kerala	100%
Tamil Nadu	100%
Lakshadweep	100%
Puducherry	100%
Telangana	100%

Source: <https://www.pmjdy.gov.in/statewise-statistics>

To give a boost to promote financial inclusion in India, PMJDY (Pradhan Mantri Jan-Dhan Yojana) was launched in August 2014. PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. Under the plan account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet with Zero balance. After the launch of PMJDY, it is seen that majority of the states have achieved the target of 100% financial inclusion in terms of each household having at least one bank account as shown in Table 1.

### Need & Objectives of the Study

Since Indian women constitute about 48% of the total population, so it is equally important to bring them also under the purview of formal financial sector. Financial inclusion among Indian women is also of paramount importance as the gender gap in India is continuous on the rise despite government adopting various measures for the upliftment of the womenfolk. Financial independence of Indian women is crucial to curb this growing gender gap.

As per the World Bank Findex report 2015, the proportion of female account holders in India increased from 47% to 58% over a period of three years from 2011 to 2014. After the launch of the PMJDY, the figure is further expected to rise and keeping this fact in mind the study is being undertaken to measure financial inclusion level among Indian women in terms of opening of formal account in a bank.

More specifically, the main objectives of the study are:

1. To measure the level of financial inclusion among Indian women in terms of having at least one account in the bank.
2. To analyze the usage of these accounts in terms of money deposited and
3. Finally to rank the states in terms of the level of female financial inclusion.

### Data Base and Methodology

The study covers all the 36 states and UTs of India and is carried out for the year 2015. The data for accounts and bank deposits has been taken from Banking Statistics-Basic Statistical Returns published by Reserve Bank of India. In order to standardize the financial variables, the state-wise data for female population has been taken from census of India 2001 and 2011. The projections for the year 2015 have been made on the basis of annual growth rate between the two census years.

### Findings of the Study

The state-wise position of per capita accounts (Females) is depicted in the Table 2. It is seen from the table that at all India level, average figure for per capita bank account (female) stood at 0.93 which is less than one bank account per female, the target set by government to measure financial inclusion. Further, it is seen that of the 36 states, only 11 states have achieved the target of having at least one account per female. The top five states with highest number of per capita accounts for females include Goa, Chandigarh, Delhi, Kerala and Puducherry. Eight states namely Arunachal Pradesh, Jharkhand, Manipur, Madhya Pradesh, Chhattisgarh, Nagaland, Bihar and Mizoram had per capita female bank account even less than 0.5. Majority of these states belong to eastern and north-eastern regions. Further, only 39% of the total states (14 out of 36 states) were found to be lying in above average category with value more than all India figure of 0.93.

**Table 2:**State-wise Per Capita Bank Accounts (Females)

State /Union Territory	Accounts per capita(F) (No.)	Ranking of States
Haryana	0.95	14
Himachal Pradesh	0.96	12
Jammu & Kashmir	0.85	19
Punjab	1.12	11
Rajasthan	0.60	24
Chandigarh	2.39	2
Nct Of Delhi	1.74	3
Arunachal Pradesh	0.48	29
Assam	0.52	27
Manipur	0.44	31
Meghalaya	0.51	28
Mizoram	0.36	36
Nagaland	0.39	34
Tripura	0.87	18
Bihar	0.39	35

Jharkhand	0.45	30
Odisha	0.55	25
Sikkim	0.85	20
West Bengal	0.66	23
Andaman & Nicobar Islands	0.92	15
Chhattisgarh	0.40	33
Madhya Pradesh	0.43	32
Uttar Pradesh	0.55	26
Uttarakhand	0.83	21
Goa	2.89	1
Gujarat	0.80	22
Maharashtra	0.88	17
Dadra & Nagar Haveli	0.92	16
Daman & Diu	1.32	6
Andhra Pradesh	1.19	9
Karnataka	1.21	8
Kerala	1.38	4
Tamil Nadu	1.25	7
Lakshadweep	1.14	10
Puducherry	1.35	5
Telangana	0.96	13
AVERAGE	0.93	

Source: Author's own calculations

Thus it is seen that though most of the states as depicted in Table 1 are claiming to have achieved 100% level of financial inclusion in terms of at least one bank account per household, but these accounts opened belongs to males of the house only as the females of the majority of states don't have even one account per person.

**Table 3: Per Capita Deposits (Females)**

States/UTs	Per Capita Deposits (F) in thousands	Ranking of States
Haryana	46.38	10
Himachal Pradesh	42.53	13
Jammu & Kashmir	27.73	19
Punjab	53.06	6
Rajasthan	16.23	27
Chandigarh	217.55	1
Nct Of Delhi	185.88	3
Arunachal Pradesh	20.54	23
Assam	11.89	34
Manipur	5.23	35
Meghalaya	23.77	22
Mizoram	17.29	26
Nagaland	14.43	30
Tripura	17.71	25
Bihar	7.03	36
Jharkhand	14.32	31
Odisha	15.69	28
Sikkim	42.72	12
West Bengal	27.32	20
Andaman & Nicobar Islands	42.74	11
Chhattisgarh	13.65	33
Madhya Pradesh	14.19	32
Uttar Pradesh	14.56	29
Uttarakhand	32.46	18
Goa	213.03	2
Gujarat	38.71	15
Maharashtra	52.11	7
Dadra & Nagar Haveli	25.06	21
Daman & Diu	70.78	5
Andhra Pradesh	19.95	24
Karnataka	47.90	9
Kerala	48.25	8

Tamil Nadu	34.96	16
Lakshadweep	91.32	4
Puducherry	42.16	14
Telangana	33.48	17
AVERAGE	45.63	

Source: Author's own calculations

The state-wise usage of bank accounts by females in terms of money deposited in their accounts is depicted in Table 3. It is seen that average female per capita deposits stood at as low as at just Rs. 45630 across India. Chandigarh topped the list with per capita female deposits at Rs 217550, followed by Goa at Rs 213030 and Delhi at Rs. 185880. Only 10 states had per capita female deposits higher than the national average. Bihar appeared at the bottom with female per capita deposits of just Rs 7030, followed by Manipur Rs 5230 and Assam with deposits at Rs. 11890. Not only per capita female deposits were found to be low across all the states but there existed huge variations across different states in terms of these deposits as the state at the top had per capita female deposits of Rs 217550 while the state at the bottom had deposits of just Rs 7030, which is less than even 4% of the state at the top.

### Conclusion

From the above analysis it is clear that India continues to face major challenge in terms of levels of female financial inclusion as majority of the female population remains to be financially excluded. Very few women rely on formal financial services to save or borrow. The findings clearly support the fact that more consistent and vigorous efforts are required to promote financial inclusion amongst the females of the country. There is an urgent need to identify the factors responsible for the financial exclusion of the Indian women. The policy makers need to launch some attractive schemes exclusively for the benefit of women to attract them to the formal financial sector. India is facing a major challenge in terms of gender gap and if almost 48% of the population remained financially excluded, it will fuel many other social problems in the country.

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