

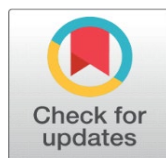
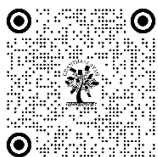


FINANCIAL INCLUSION AND WOMEN EMPOWERMENT IN INDIA: POTENTIAL AND PERFORMANCE OF INDIA POST

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DOI

[10.29121/shodhkosh.v5.i4.2024.5148](https://doi.org/10.29121/shodhkosh.v5.i4.2024.5148)

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

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ABSTRACT

Women empowerment is significant as it is important to assure that the gender of an individual should not stop them from being independent in their life. For the empowerment of women, financial inclusion acts as an important catalyst. It ensures the accessibility and proper usage of formal financial sources and prevents them from getting trapped by the informal sources of finance. It is only possible with financial institutions that can be able to include women from underdeveloped areas and from different cultural background. In this context, the role of India post, as the most trusted and the most traditional organisation should be considered and given importance. However, the total number of savings accounts in India post till 2022 is only 445 million which is very less compared to the high population of the country (India Post. (2022). Annual report 2021-22. Ministry of Communications). Therefore, the study focuses on the current scenario of women in India and analyse the potential and performance of India post for the financial inclusion of women. The study is descriptive in nature and based on secondary data. From the current research, it is observed that women are vulnerable to get financially excluded because of the barriers like distant location of financial institution, complicated documentation, Lack of trust with the organisation. India post as a financial institution, has great potential to help women overcome this barrier, as it has the largest network of post offices, simple documentation, trustworthiness and women-friendly post offices. By leveraging its strengths, India post can generate high profits and the Inclusive financial empowerment of the nation.

Keywords: India Post, Financial Inclusion, Women Empowerment, Post Offices Schemes, Economic Empowerment



1. INTRODUCTION

Empowerment ensures freedom of an individual in taking decisions, the power to do what one wants to do and control the events of one's life. In a wider scale, Empowerment is multifaceted, and each contributes to a more equitable existence. Women empowerment is significant as it is important to assure that the gender of an individual should not stop them from being independent in their life. For the empowerment of women, financial inclusion acts as an important catalyst. It ensures the accessibility and proper usage of formal financial sources and prevents them from getting trapped by the informal sources of finance. A proper financial inclusion can ignite the flames of change in the lives of women who fights various cultural and social norms of the society. In India, which is one of the most populous countries, about 48 per cent of the total population are women. (PROVISIONAL POPULATION TOTALS, 2011) Hence, financial inclusion of women is the key enabler for the country's women empowerment and an inclusive economic empowerment. It is only

possible with financial institutions that can be able to include women from underdeveloped areas and from different cultural background. In this context, the role of India post, as the most trusted and the most traditional organisation should be considered and given importance.

2. REVIEW OF LITERATURE

(Shetty & Hans, 2018) found that financial inclusion through self-help groups has a positive impact on the women's savings, income, awareness and mobility. The self-confidence and education are considered as a very important factors that enhances women's empowerment and gender equality. (Singh & Pande, 2023) Research has been made among the low and middle-class women to understand their awareness about various government schemes like Prime Minister Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY) and Prime Minister Suraksha Bima Yojana (PMSPY) and it is found that PMJDY is the most popular scheme, and it reached even the women who has no formal education. These schemes are found to have a positive impact on the empowerment of women in terms of society, economy and government. (Female Financial Inclusion and Its Impacts on Inclusive Economic Development, n.d.) Research is made to investigate the effects of financial inclusion of women on inclusive economic development across countries. The financial inclusion is measured by three indicators: access to a bank account, credit cards and loan from financial institutions. It finds that greater financial inclusion of women has a positive impact on economic development. Reducing the gender gap in financial inclusion improves the economic position of women and the whole country. Some of the factors that hinder the financial inclusion and empowerment of women are low financial accessibility, low financial literacy and ethnicity. The researchers also identified that there exists some of the leading interventions like government programmes, formal savings accounts and services and digital inclusion. (Saluja et al., 2023) Researchers confirms the existence of the gendered financial inclusion and from reviews, it is found that the various cultural and social factors also play an important role in the financial inclusion of women and the gender equality. (Priyadarshee et al., 2010) India post as a government organisation and a largest postal network can enhance the social protection programmes and promote financial inclusion. India post is currently engaged in the diversification of financial products among urban customers and that is not considered as effective strategy and there is a change in strategy is needed

From the review of literature, it is obvious that the financial inclusion of women directly and positively enhances the empowerment of the women. Also, some studies shows that the women are facing issues in getting them financially included. Less studies are made regarding how India post can leverage its potential to empower women by an financial inclusion. Therefore, the study is made.

3. STATEMENT OF THE PROBLEM

According to the Global Findex 2021, 71 per cent of adults of the developing countries now have a formal finance account and 1.4 billion people are financially excluded. Out of the people who are financially excluded, 54 per cent are women. India has seen a concentrated growth in the account ownership of the citizens in recent years. In India, the account ownership has increased from 35 per cent in 2011 to 80 per cent in 2021. But it is also seen that in spite of this, India holds 230 million unbanked population among the other countries, and a wider gap is also seen and there is a need to narrow it down. The women, the poor adults and the less educated adults make up the majority of people who gets financially excluded. (Demirgüç-Kunt et al., n.d.)

"They are low income and less educated, they often lack the identification and documentation requirements to open a bank account, they tend to live in rural areas far from bank branches. In many nations, they belong to ethnic or religious minorities; in all of them, they are overwhelmingly women"

-World's Most Unbanked Countries 2021 - Global Finance Magazine

In this context, Post offices are considered as an effective organisation that can facilitate women financially included as they are less biased and more responsive to women's needs than other financial institutions. Postal sector's role in the financial inclusion is the highly unnoticed, but evidence shows that they are very crucial for the inclusive development. (Discussion-Paper-Gender-and-Financial-Inclusion-through-the-Post, n.d.). It is observed that India post is actively involving in supporting financial inclusion of women through its various schemes, initiatives and women-friendly approaches. However, the total number of savings accounts in India post till 2022 is only 445 million which is very less compared to the high population of the country (India Post. (2022). Annual report 2021-22. Ministry of

Communications). Therefore, the study focuses on the current scenario of women in India and analyse the potential and performance of India post for the financial inclusion of women.

4. OBJECTIVES

The objectives of the current study are

- 1) To assess the current status of financial inclusion of women in India.
- 2) To highlight the financial services for women in India post
- 3) To identify the prospects of India post for promoting economic empowerment of women.

5. SCOPE OF THE STUDY

The research focuses on assessing the current scenario of women in financial perspectives and highlights the financial services provided by India post exclusively for women and the prospects of India post in implementing better financial inclusion, thereby empowering women. The study is based on secondary data alone.

6. SIGNIFICANCE OF THE STUDY

It is vital for any nation to improve the financial inclusion of women as it increases the women empowerment of the nation thereby supports equality. Improved financial inclusion of women is an important corner stone for the development of the country. It impacts the socio-economic growth of the country as well as the economic and social empowerment of the women. It is evident that postal sector with its giant network and low-cost services, include more women in formal finance than other financial institutions in the world. (Discussion-Paper-Gender-and-Financial-Inclusion-through-the-Post, n.d.). Therefore, the country like India where it has the largest postal network of which 90% branches located in rural areas better financial inclusion of women who are underserved is possible. Focusing of which, it also helps India post in getting its momentum and regain its position in the highly competitive markets.

7. RESEARCH METHODOLOGY

1) Nature of the study

The study is descriptive in nature.

2) Sources of data

The study is based on secondary data. The quantitative data used for the analysis is collected from Global Findex Database 2021 published by World Bank, Website of India post and other reliable sources across the Internet. Various scholarly articles are used to get conceptual information regarding the subject.

8. LIMITATIONS

The current research has the following limitations.

- 1) The study is based only on secondary data.
- 2) The quantitative figures used belongs to the respective time period.

9. DISCUSSIONS

9.1. CURRENT STATUS OF FINANCIAL INCLUSION OF WOMEN IN INDIA

India has made remarkable strides in the improvement of the overall financial inclusion of the country since 2011. The Prime Minister Jan Dhan Yojana (PMJDY) alone has opened over 463 million accounts, out of which 56 per cent of the accounts belongs to women. But women's inclusion in finance cannot be measured only by the opening of a formal account but it also depends on the usage of the services. In this context, it is seen that the proportion of inactive accounts of women is higher in India, which stands as a barrier in achieving an efficient inclusion of women in the formal financial services. It also makes them vulnerable for getting loan as the financial institutions give credit based on the

account activity in order to measure risk and it is also seen that Women tends to use the accounts more actively if they are supported by same gender employees in the financial institutions (Improving Women's Access to Credit in India, n.d.). According to Global finindex 2021, the common reasons for women to not enter into formal financial services is the distance of financial organisation, less trustworthy (Demirgüç-Kunt et al., n.d.)

According to the report of International Finance Corporation, a case study is conducted to understand the challenges and opportunities of women entrepreneurs in India. In the case study, regarding financial credit access, all the three women responded that they face challenges in getting appropriate financial services from the formal financial services and a women responded that there is a lack of avenues for getting financial advice from formal financial institutions and her financial decisions depends on their family members. From the report, it is also seen that 90 per cent of the women entrepreneurs in India has not availed any credit from formal financial institutions (Opportunities and Constraints of Women Owned Very Small Enterprises in India, n.d.).

9.2. INDIA POST – AN IRREPLACEABLE PSU

India post is one of the traditional organisations that is playing a crucial role in the socio-economic development of the country for one and half centuries. Once it was by its postal services which is provided by the selfless postal employees who travel almost everywhere from hills to coastal areas and who delivered important mails regarding job interviews, message from the loved ones and timely delivery of money orders and it is one of the old institutions that started banking services that encouraged the savings behaviour of the people.

In the current technology driven world, the letters were replaced by e-mails and various applications. India post now involved in expanding its financial services and serving the people of the nation with selfless services.

10. WOMEN EXCLUSIVE FINANCIAL SERVICES OF INDIA POST

It is noticeable that the financial products and services of India post is designed in a way people get more benefits out of it. The Postal savings account has the higher interest rates when compared to the interest rates of other financial institutions. Post offices specifically offer various special schemes for women like Sukanya Samriddhi accounts, Mahila Samman Savings certificates etc.

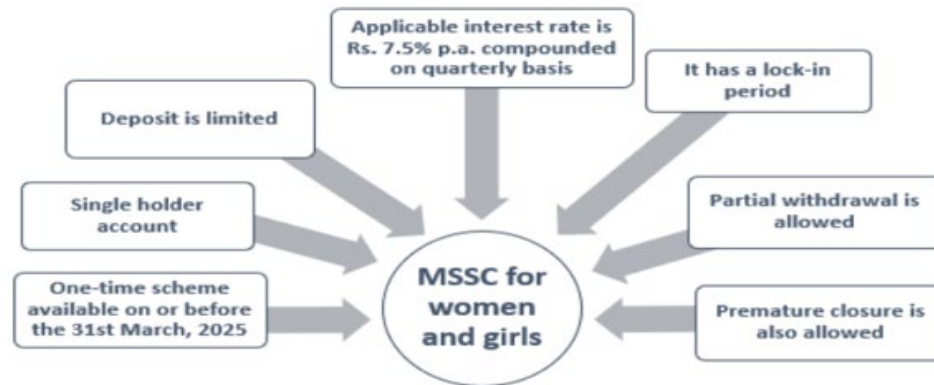
1) Sukanya Samriddhi Account:

Sukanya Samriddhi Account is a banking account that can be opened for a girl child. This account can be opened by the parents/guardian of a girl child who is below 10 years old. The initial deposit demanded is INR 250, which is most affordable. In Sukanya samriddhi account, currently, a person can get an interest of 8.2 per cent per annum. This account can be closed with the attainment of age 18 or if the child passes 10th standard. Premature closure of the account is possible after 5 years in case of extreme compassionate grounds.

This account indirectly also supports girl child education and standing against the child marriage by its term of closure as it allows the users to close only with the attainment of age above 18 or by passing the 10th standard. Sukanya samriddhi account is a government-led financial scheme that is available in all financial institutions (Post Office Saving Schemes, n.d.)

2) Mahila samman savings certificates:

It is a one-time financial service introduced by the Government of India for women. It is highlighted in Budget 2023 and made available for two years, from 2023 to 2025. It can be opened only by women or guardians of women child or a person with an unsound mind. The maximum deposit in this account should be INR 2 Lakh in one account or all accounts held by one person. The interest rate of this certificates is 7.5 per cent per annum on the money deposited. The maturity period is two years and the 40 per cent partial withdrawal can be possible after one year. Also, no tax will be deducted at source unless the interest exceeds INR 40,000 or 50,000 in case of senior citizens. Even being a short-term scheme, Mahila samman savings certificates are welcomed by the women in India as it provides higher interest rates and by its short-term nature. (Post Office Saving Schemes, n.d.)

Figure 1**Figure 1 Source** National Institute of Securities Market

Anecdotal evidence shows that even though women exclusive schemes are introduced by the Government of India and can be availed in other authorized banks, India post is promoting this schemes/account better than any other financial institution in the country. It highlights the approach of India post towards women as it ensures the engagement of women in the banking activities. Other institutions show negligence in promoting this scheme while, India post actively participates in promoting this scheme.

11. INDIA POST - A POTENTIAL FINANCIAL INSTITUTION FOR WOMEN

India post, being a largest postal network in the world has its own advantages in removing the barriers of women to get themselves financially included. It has gained the trust of the people of the nation over the years and It works with a vision to reach and serve all the people of the nation. India post has developed over the period and has its own advantages to address the financial needs of the people of the country.

1) Distributed Postal network:

From Global Findex 2021, one of the factors that limits women from reaching the formal financial services is the location of the financial institution. (THE GLOBAL FINDEX DATABASE 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19, n.d.). India post has the most established postal networks in the world. It is also seen that 90 per cent of the total post offices located in the rural areas in India and that shows the geographical advantage of the post offices when compared to other financial institutions. With this, India post can cover more women even in the rural parts of the country into the sphere of financial inclusion.

2) Less documentation:

Another crucial barrier as per Global Findex in the financial inclusion of women is the lack of proper documentation (THE GLOBAL FINDEX DATABASE 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19, n.d.). In this context, India post can provide financial services by demanding less documentation when compared to other financial institutions and most of the forms are designed a way, it is understandable to the local population. This removes the barrier of more complicated documentation. It is also noted that India posts also provide Aadhaar enrolment services at its centres which help the people without proper identity proof get both the services at one place.

3) Trustworthiness:

India post is serving the nation for more than a century. The employees of India post hold a special place in the hearts of the people of the nation. Moreover, it acts as a tool for the government to deliver its services and schemes even to the remotest village of the country. India post gained the trust of the various generation of people existed in varied time period. Thus, women can trust India post with their savings and can avail into varied financial services

4) Mahila Dak Ghar:

Mahila Dak Ghar is an all women post office which is initiated by the department of post on 2020. Currently there are 260 all women post offices located in India and it is in the expansion phase (India Has 260 All-Women Post Offices:

Union Minister Ravi Shankar Prasad, n.d.) . It is noted that according to a research, women actively engage in financial services where the service providers are of same gender, this prevents their account from being inactive (Improving Women's Access to Credit in India, n.d.). Thus, this scheme of India post removes the gender barriers of India post of women in availing the financial services and helps them actively engage in the financial transactions. This scheme also helps women getting more employment opportunities in India post.

5) Diversified services:

India post provides diversified services apart from the formal financial services. Doorstep banking is one of the most attractive services of India post which can help reaching the women at their doorstep and make them avail the financial services. India post also provides services like Aadhaar enrolment, passport seva kendra and insurance services which can help women in their empowerment.

6) Mode of service delivery:

India post serves its customers through traditional as well as digital mode of delivery. Therefore, it is helpful for the women who are not technologically advanced to get services in the traditional mode and also it serves as an opportunity for them to explore the e banking services of the India post. India post has different mobile application like Post Info to locate post offices, Dak Pay for making payments with BHIM UPI services, India post mobile app for comprehensive portal for all the financial services offered by India post.

12. SUGGESTIONS

- 1) India post can introduce more women centric financial services to get women into formal financial services.
- 2) India post can encourage the women customers to engage in financial services more frequently to prevent their account being inactive.
- 3) To increase women's access to financial services, India post can simplify the documentation process for its services.
- 4) The role of postal employees in promoting available schemes facilitates a drastic change in the financial inclusion of women leading to the empowerment of women

13. CONCLUSION

Financial inclusion is the key driver of poverty reduction, economic empowerment and social justice. It has a positive impact in the human development such as health and education and entrepreneurship. Particularly, the financial inclusion of women can help in empowering them by ensuring better access to formal finance and unleashing more opportunities. It assists in building a strong gender-equal economy. But it is seen that women are vulnerable to get financially excluded because of the barriers like distant location of financial institution, complicated documentation, Lack of trust with the organisation (THE GLOBAL FINDEX DATABASE 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19, n.d.). In this context, India post as a financial institution, has great potential to help women overcome this barrier, as it has the largest network of post offices, simple documentation, trustworthiness and women-friendly post offices. By leveraging its strengths, India post can generate high profits and the Inclusive financial empowerment of the nation. However, India post still face challenges in terms of revenue generation and improving customer base.

India post is having a long history of serving the nation by their effective, people-oriented services and diligent efforts. In the current scenario, with all these advantages, India post can be able to empower women by help them avail an array of diversified financial services of India post. Also, it helps the Institution, regain its monopoly and relevance in the country.

CONFLICT OF INTERESTS

None.

ACKNOWLEDGMENTS

None.

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