CHAPTER – II

FINANCIAL INCLUSION AND WOMEN EMPOWERMENT

2.1 INTRODUCTION

Financial inclusion is not just a policy initiative of governments and state. It has also attracted the attention of academician and researcher there have been an innumerable number of studies highlighting the significance of financial inclusion in the overall economic development of a country. This chapter is intended to make a review of the contribution made by scholars and also to take stock of various schemes and programmes stated by the government at different level to bring the financially excluded community into the fold of financial inclusion.

2.2 FINANCIAL INCLUSION

Financial Inclusion focuses on the poor who do not enjoy the formal financial institutional support and get them out of the clutches of local money lenders. The fact is that the poorest people in the world still lack access to basic financial services, whether it is savings, credit facility or insurance service. The great challenge is to address the constraints that exclude BoP families from full participation in the financial sector.

The concept of financial inclusion is not a new one. The G O I and the R B I have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Some of the major efforts made in the last five decades include -Nationalization of banks, priority sector lending stipulations, the lead bank scheme and service. Establishment of Regional Rural Banks, launch of Self Help Groups –bank linkage programs were all part of the Reserve Bank of India’s (RBI) initiative to provide financial access to the unbanked and under banked masses.

(1) Origin:

The nationalization of major commercial banks in 1969 was an important landmark in the history of financial inclusion. An important development in the last two decades has been the organization of Self-Help Groups (SHGs) or small groups of people who could borrow from the banking system. In some ways the SHGs movement has been a success. But it is also seen that it is concentrated much more in
the South and therefore there is a regional disparity in terms of the growth of the SHGs. We need to look for an organizational mechanism that would combine the widespread opening of the branches of the rural areas and the SHG movement. There are multiple institutions involved in financial inclusion. “There are the rural branches of commercial banks, rural branches of regional rural banks and the Micro Finance Institutions (MFIs) developments in the recent years have ensured that the pursuit of financial inclusion and the pursuit of financial stability are no longer policy options but are policy compulsions (Khan 2012).”

“The term financial inclusion was first coined in 1993 by geographers who were concerned about bank branch closures and the resulting limited physical access to banking services. This idea grew but it was not until around 1998 that the term was first used in a broader sense to describe people who have limited access to mainstream financial services. It was in the same year that the Credit Union Taskforce was created by HM Treasury and the fourteen policy action teams were established as a result of the Social Exclusion Unit report “Bringing Britain Together: a national strategy for neighborhood renewal”. One of these teams was tasked with developing a strategy to increase access to financial services for people living in deprived neighborhoods. It was from this point that financial inclusion in its current form really took off in the UK. The Financial Inclusion Taskforce was set up in 2005. Based in HM Treasury, Chaired by Brian Pomeroy, the Taskforce was an independent group of financial inclusion experts, assisted by a team of civil servants, they monitored and evaluated the progress of the government’s financial inclusion goals”.

(2) Meaning:

The committee on financial inclusion defines financial inclusion as “Financial inclusion may be defined 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 “(Rangarajan 2008).

Financial inclusion can be defined as a process that ensures the ease of access, availability and usage of the formal financial system for all members of an economy. An inclusive financial system facilitates efficient allocation of productive resources and reduces cost of capital. “Inclusive growth process should go towards the enhancement of quality of basic services including education, power, healthcare and
water supply for every individual across, should be given not only to the distribution of economic gains but also an empowering people in enjoying their social life and at creating employment opportunities” (WBR 2006).

(3) Policy Initiative:

i. Making Available basic banking “no frills” account either with ‘nil’ or very low minimum balance.

ii. Issuing of general credit cards to eligible beneficiaries without insistence on security, purpose or end use of credit.

iii. Introduction of KCC (Kisan Credit Card)

iv. Allowing banks to utilize the services of NGOs, SHGs, MFIs and other civil society organization as intermediaries in providing financial services.

v. Credit linking of SHGs, support to MFIs.

vi. Introduction of financial sector (regulation and development) bill 2007 to develop and regulate the MFIs.

vii. Constitution of financial inclusion fund and financial inclusion technology fund to strengthen the institutional and technological infrastructure for greater financial inclusion.

viii. Finance literacy would help in using savings, credits and insurance services.

ix. Stipulation of Priority sector lending. Priority sector comprises agriculture, SSIs, Small road and water transport operator, Small business, retail trader, self employed persons, housing loan, micro credit, artisan, village and tiny industries etc.

(4) Significance:

The importance of financial inclusion arises out of the need for delivering financial services to those who are financially excluded the fact is that, despite substantial progress in fraction reforms in India, nearly half of the rural households even today do not have any access to any source of funds and other basic financial services, hence the major task before the policy makers and the financial Institutions is to bring the financial excluded into the mainstream of financial service what is needed is to improve their living standards by initiating new economic activities and the provision of micro insurance. To start with, it is necessary to develop a fair understanding of the background. In addition their perception about the banks and insurance providers needs to be understood. Therefore there is a need for formal
financial system to look at increasing financial literacy and financial counseling to focus on financial inclusion and distress amongst the BoP families.

The operational definitions of financial inclusion have also evolved from the underlying public policy concerns that “many people, particularly those living on low income, cannot access mainstream financial products such as bank account and low cost loans which in turn imposes real cost on them often the most vulnerable “(Treassery 2007).

The implementation of financial inclusion has come a long way since the last two decades and the results are also quite fair. There have been much technological advances that have transformed the banking industry from traditional brick and mortar infrastructure like staffed branches to a system supplemented by other channels like ATM, debit and credit cards, internet banking, online money transfer etc. There is a growing divide, with an increased range of personal finance options for a segment of high and upper middle income population and a significantly large section of the population who lack access to even the most basic banking services. This is termed as “Financial exclusion”.

Financial exclusion may be exclusion on the grounds of charges, geographical exclusion, Exclusion due to self-exclusion and ignorance also. It paves the way for establishment of an account relationship which helps the poor to avail a variety of savings products and loan products for housing, consumption, etc. An inclusive financial system facilitates potentially reduce the cost of capital by efficient allocation of productive resources. This also enables the customer to remit funds at low cost. From the bank’s point of view, having such social security cover makes the financing of such persons less risky. Reduced risk means more flow of funds at better rates. Access to appropriate financial services can significantly improve the day-today management of finances. For example, bills like municipality, water, electricity, telephone of daily utilities can be more easily paid by using cheques or through internet banking, rather than standing in the queue in the offices of the service. A bank account also provides services such as short term credit facilities, overdraft facilities and credit card. Further, other financial products, such as insurance and pension products, necessarily require the access to a bank account. Lastly, the Employment Guarantee Scheme of the Government which is being rolled out in 200
districts in the country would bring in large number of people through their savings accounts into the banking system.

(5) Microfinance:

Microfinance is defined as “any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line, and poor individuals which fall below that poverty line, with the goal of creating social value”. The social value can be created by poverty alleviation and improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for mitigation of risk and smoothing consumption. Using a range of microfinance delivery methods, a large variety of actors provide microfinance in India.

The powerful instrument of poverty alleviation in new economy is microfinance. In India, Micro-finance scene is dominated by Self Help Groups (SHGs) Banks linkage programme, aimed at providing a cost effective mechanism for providing financial services to the “unreached poor”. In the Indian context terms like “small and marginal farmers”, “rural artisans” and “economically weaker sections” have been used to broadly define Micro-finance customers. Research across globe has shown that, over time, Micro-finance clients increase their income, increase the number of years of schooling their children receive, improve the health and nutrition of their families and assets.

The concept of Micro-finance is considered as significant and emerging trend in the present scenario for the empowerment of women. Micro-finance programmes are promoted as an important strategy for women’s empowerment. Micro-finance builds confidence and mutual trust between bankers and rural poor to encourage banking where formal financial institutions usually find difficult to reach.

“A poor person has not known what riches are, he is not frustrated. How can he go beyond the riches if he is not frustrated with them? A poor man also sometimes to me, but then he comes to me for something that I cannot supply. He asks for Success.” (Bhagwan Rajnesh). The Microcredit Summit 2007 defines microcredit as “the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans”. It has proven as an effective and popular measure in the ongoing struggle against poverty, enabling those without access to lending institutions to borrow at
affordable interest rates and start small business. The key implication of microcredit is in its name itself 'micro'. A number of issues come to mind when 'micro' is considered: The small size of the loans, small size of savings, the smaller frequency of loans, shorter repayment periods and amounts, the micro/local level of activities, the community-based proximity of microcredit, etc. Hence microcredit is a menu of options not the solution. In many community development activities microcredit has been used as an ‘inducer’. The Reserve Bank of India has defined microfinance as provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards.

“Microfinance is an economic development approach that involves providing financial services through institutions to low income clients” (ILO). In India, Microfinance has been defined by “The National Microfinance Taskforce, International Labor Organization 1990” as “provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”. ‘The poor stay poor, not because they are lazy but because they have no access to capital’. The dictionary meaning of finance is ‘management of money’. The management of money denotes acquiring and using money. Micro finance concept is emerged in need of meeting special goal to empower under-privileged class of society, women, and poor, downtrodden by natural reasons or men made; caste, creed, religion or otherwise. The principles of Micro Finance are founded on central values of equality, equity and mutual self-help. At the heart of these principles are the concept of human development.

Traditionally micro finance was focused on providing a very standardized credit product. The poor, just like anyone else, (in fact need like thirst) need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Micro Finance is not merely extending credit, but extending credit to those who require most for their and family’s survival. It cannot be measured in term of quantity, but due weightage to quality measurement. How credit availed is used to survive and grow with limited means.

A good definition of microfinance as provided by Robinson is, “Microfinance refers to small-scale financial services for both credits and deposits that are provided
to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions from renting out small amounts of land, vehicles, draft animals, or machinery and tools and to other individuals and local groups in developing countries, in both rural and urban areas”.

The poor people need access to credit much more than they need subsidies (Fahad 2014). India’s rural poor currently enjoy very little access to finance from formal sources (Basu 2005). Microfinance has been a power full tool for poverty alleviation and woman empowerment (Gosh 2005). Microfinance as delivered where institutional finance as failed there is also a question of the viability of microfinance Institution. It has been suggested that there is need for an all round effort to help development of microfinance Industry. The major part of microfinance in India is the one i.e., based on women’s SHGs which on small groups of 10 – 20 members (Nair 2005). ‘Credit programme participation of women leads them to take a greater role in house hold decision making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power with their husbands and having greater freedom of mobility (Sharma 2007)’. ‘Female credit also tended to increase spousal communication in general about family planning and parenting concerns. Millions of people in developing countries have been given access to formal financial services through microfinance programmes’ (Anil 2011).

(6) Micro Insurance:

Moving towards poverty reduction requires not just the provision of credit to the poor, but also protecting them against a wide range of risks. In contrast with microfinance schemes, risk management among the poor has received much less attention, especially for those in rural areas and for women. Micro-insurance is an important constituent of a broader overall poverty reduction strategy. Building security for the BoP women is on top of the micro-insurance programmes of governments. The proposed study is to assess the performance of these programmes and explore the factors for re-engineering these programs with special reference to women of BoP families in Malnad region of Karnataka. How can insurance be adopted to cover the unique problems faced by the marginalized sections of Malnad society, particularly the woman of the BoP families, while simultaneously ensuring commercial viability for the insurance industry as a whole? What are the prospects
and the policy support needed to promote nascent demand for MI and develop this market to its full potential? It is hoped that an enquiry into these related questions would help in throwing more light on the challenge of MI for BoP families in tribal pockets of the state of Karnataka.

Micro insurance is an important component of a broader set of financial services under microfinance making available financial services for poor households and their enterprises to sustain their livelihood (UNDP). According to UNDP insurance is an ex ante risk management tool through which individuals and business hedge potential financial losses in exchange for fixed premium payments.

The micro insurance industry is in a similar state of development as microcredit was a decade ago. A key difference between promoting insurance and credit is that clients have to pay money upfront rather than receive money. They have to be able to trust insurers. Even in developed countries like the United Kingdom insurance started by being sold door to door by a trusted person from the neighborhood, often to housewives. To what extent can insurance companies provide a useful service to the world’s BoP populations, without it being seen primarily as a charitable social obligation and only incidentally, if at all, as business opportunity? Can insurance services for the rural poor straddle two seemingly contradictory objectives—the social bottom line and the financial bottom line? The study attempts to address this question. It proposes concrete steps under specific aspects of microinsurance, including recommendations for insurance companies and government and also identifies specific areas of external catalytic support.

The International Association of Insurance Supervisors (IAIS) defines microinsurance as “protection of low income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved”.

“Micro insurance providers continue to struggle to stimulate and sustain demand for their products. This is due in large part to long established and significant barriers that deter potential clients from purchasing insurance, including the use of informal risk management mechanisms embedded in local cultures, lack of trust in providers, low financial and insurance literacy, concerns about the intangibility of benefits compared with the costs of premiums, and a tendency not to appreciate the value of future benefits” (Mutul et al., 2013).
Micro insurance has been recognized as a means of managing risks that are faced in daily life by BoP families. Donors of development funding have shown keen interest in supporting micro insurance by managing risks and avoiding debt. It is hoped that one time those who have micro insurance will have a means of protecting their wealth, generating more income and get a fair chance to lift themselves and their families out of poverty. Workers in informal sector of the economy and their families live and work in risky environments, vulnerable to numerous perils including illness, accidental death, disability and disasters of both the natural and manmade varieties (Churchill, 2006). The poor are more vulnerable to many of these risks than the rest of the population and yet they are the least able to cope when a crisis does occur. Exposure to these risks results in substantial financial losses. Because of this, the poor are less likely to take advantage of income generating opportunities that might reduce their poverty.

“It is estimated that only 80 million out of the world’s 2.5 billion poor are now covered by some form of micro insurance (Anshkumar and Funandza 2014)” most of the BoP families remain without access to this critical financial service. In India and china where organizations are estimated to serve nearly 30 million micro insurance clients each, the percentage of poor lies insured is below 3%. (Anshkumar and Funandza B, 2014). According to a statement from craig Churchill, chair of the micro insurance network and head of the ILO’s micro insurance innovation facility. ‘Government, insurers and reinsurers are all expected to broaden geographic scope and range of products as they seek to make insurance products available to more of the world’s low income people, particularly in developing nations’. There have been many factors contributing to the growth of micro insurance in the past five years. Urbanization and economic growth in countries with large, low income populations has increased the purchasing power of this market segment. The two leading micro insurance countries are china and India, which account for nearly 80% of the worldwide market, followed by Latin America, at 15%, and Africa, at 5%.

(7) Delivery Mechanisms:

One of the greatest challenges for micro insurance is the actual delivery to clients. There are four main methods for offering micro insurance: partner- agent model, community based model, full service model, and provider driven model. (Adapted from Rader Macherand Dror, 2006).
2.3 WOMEN EMPOWERMENT

(1) Concept:

Empowerment can be viewed as “means of creating a social environment in which one can make decisions and make choices either individually or collectively for social transformation. It strengthens the innate ability by way of acquiring knowledge, power and experience (Hashemi Schuler and Riley, 1996)”.

‘Empowerment is the process of enabling or authorizing individual to think, take action and control work in an autonomous way. It is the process by which one can gain control over one’s destiny and the circumstances of one’s lives. Empowerment includes control over resources (physical, human, intellectual and financial) and over ideology (beliefs, values and attitudes). (Baltiwala, 1994)’.

‘It is not merely a feel of greater extrinsic control, but also grows intrinsic capacity, greater self-confidence and an internal transformation of one’s consciousness that enables one to overcome external barriers to accessing resources or changing traditional ideology (Pinto, 2001)’.

There is ample evidence of how financial inclusion projects of different types can, if properly designed and implemented, enhance women’s economic empowerment. Financial inclusion projects can therefore help to achieve both gender equity objectives and poverty reduction objectives. As such, in order to promote poverty reduction and gender equity, there is a clear rationale for using development resources to enhance financial inclusion for women. This toolkit offers a practical guide to developing and monitoring financial services to enhance women’s financial inclusion as one tool for the economic empowerment of women. A financial inclusion programme may not be targeted specifically at women.

The concept of empowerment traces its history in the mid-17th century with the legalistic meaning; ‘to invest with authority’. Thereafter it began to be used with an infinitive in a more general way meaning “to enable or permit.” Its modern use originated in the civil rights movement, which sought political empowerment for its followers. This idea of empowerment is an offshoot of the discourse on human development and it came into prominence after 1980s. Its linkage with feminist discourse went a long way in shaping the idea of women’s empowerment. However, these concepts are still not clearly defined and demarcated from closely related
concepts. Empowerment has been defined as to infuse people with power (Narayana, 2002, World Development Report, 2002/2000) i.e. access to resources, as expansion in individual’s agency (Kishore, 2002), as power of decision making i.e. autonomy (Joeebboy, 1995). However the dictionary meaning of empowerment is that it “the empowerment of a person or group of people is the process of giving them power and status in a particular situation”.

Women’s empowerment is very essential for the development of society. Empowerment means individuals acquiring the power to think and act freely, exercises choice and fulfill their potential as full and equal members of society. As per the United National Development Fund for women (UNIFEM), “the term women empowerment means:

- Acquiring knowledge and understanding of gender relations and the ways in which these relations may be changed.
- Developing a sense of self-worth, a belief in one’s ability to secure desired changes and the right to control one’s life.
- Gaining the ability to generate choices and exercise bargaining power.
- Developing the ability to organize and influence the direction of social change, to create a more just social and economic order, nationally and internationally.

Thus, empowerment means a psychological sense of personal control or influence and a concern with actual social influence, political power and legal rights. It is a multi level construct referring to individuals, organizations and community. It is an international, ongoing process centered in the local community, involving mutual respect, critical reflection, caring and group participation, through which people lacking an equal share of valued resources gain greater access to the control over these resources”.

(2) Role of Financial Inclusion in Women Empowerment:

It can be argued that finance promotes economic growth but the magnitude of impact may differ. Financial inclusion is intended to connect people to banks with consequential benefits. Access to a well-functioning financial system, by creating equal opportunities, enables economically and socially excluded people to integrate better into the economy and protect themselves against economic shocks. If the
1950s, 60s, and 70s were the “golden age of capitalism” for the industrialized world, then in much part of the developing world the same period can be phrased as the “age of developmental state” (Marglin and Schor, 1990; Wade, 1990).

The government of a state was seen as general agent of development and state intervention in the area of policy and prescriptions for enabling faster economic development and consequent inclusive growth (Epstein and Grabel, 2007). The thoughts of development economics (Krugman, 1995) were once regarded as revolutionary and important and commanded intellectual patronage. In developing countries, economic paradigm is surely the most important and perhaps the most complex of all economic issues (Ray, 1998).

The ideology of financial inclusion in developing economies is different from that of developed economies. In developed economies the target group may be a microscopic minority, in the developing economies it could be a majority. According to RBI report 2013 (www.rbi.org.in) 73% of farm households do not have bank accounts. Therefore, the subject of financial inclusion in developing economies assumes greater significance. FI will happen on its own. It is policy imperative.

There are some quite interesting thoughts about gender issues relating to development. Haddad, Hoddinott, and Alderman, (1997); Handaand Davis, (2006); Rawlings and Rubio, (2005); Thomas, (1990) suggests that women are more likely to use resources in ways that improve family well-being. Holvoet (2005) compared the gender effects of two subsidized credit programs in southern India, the Integrated Rural Development Program (IRDP) and the Tamil Nadu women’s development program (TNWDP) and finds that the decision-making influence of women increases only when credit transfers are made to women. Swaminathan, Du Bois, and Findeis (2010) observed that “recipient gender” matters for employment- related outcomes as well as status and self-esteem. Similar studies in Uganda (Hoffmann, 2008), Malawi (Hazari and Khasnobis, 2008), Paraguay (Fletschner, 2008) and Bangladesh ( Pitt, Khandker, and Cartwright, 2006) reveal that there is positive correlation between FI programmes targeting women and their well being. The findings of these studies reinforce the fact that women could be “active agents of change” and play an important role in both the family and the society. But the development policies have bypassed women leaving them in a position where they were since generations.

According to the UN document, women perform nearly two-thirds of the world’s
work, receive only one-tenth of world’s income, and own less than 1% of the world’s property. Women face discrimination in every walk of life—birth, health, education, employment etc. UNHCR has estimated that 80% of refugees are women and children, only 16% of parliamentary seats worldwide are held by women. Women own only 1% of property worldwide. The World Bank report (World Bank, 2001) finds that societies that discriminate based on gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for their people. The World Bank’s report on Empowerment and Poverty Reduction: A Sourcebook (Narayan and Petesch, 2002) has strongly emphasized women empowerment as the processes by which women take control and ownership of their lives through expansion of their choices. Therefore, empowerment of women is an important goal of any development policy of an economy. United Nations Capital Development Fund (2005) finds that microfinance has an active role in improving economic equality of the people. Microfinance in the recent past has emerged as a potential instrument for poverty alleviation and women empowerment. Majority studies have established that an increase in women’s resources results in increased wellbeing of the family as a whole (Hashemi et al. 1996; Hulme and Mosley, 1996; Kabeer, 2001; Mayoux, 1997). A study of self help groups in Andhra Pradesh also reported an overall reduction in poverty, including reductions among the extreme poor (Murthy, Raju, and Kamathn D.). Microfinance and Microinsurance programmes have the potential to transform communities by alleviating poverty and empowering women.

However, some research findings contradict the established view point that financial inclusion programs aid in economic upliftment of the poor families owing to women participation (Navajas et al, 2000; Mosley, 2001; Kabeer, 2001; and Montgomery and Weiss, 2011). Swamy (2014) carried out a detailed study of Financial Inclusion, Gender and Economic Impact analysis. This study draws mainly on insights from institutional and feminist economics and confronts them with empirical evidence from a comparative impact study of FI programs in different regions of India.

Evaluations of the effects of FI programs on women's empowerment generated mixed results. While some are supportive of FI programs’ ability to induce a process of economic, social and political empowerment, others are more sceptical and even point to a deterioration of women's overall well-being. There is significant change in
the economic living of the poor households owing to the participation of women in the FI process through informal financial intermediaries like the self help groups (SHG) and other related FI programs. The significant contribution of this study to the literature, the researcher claims, can be appreciated from the backdrop that though there is a fairly high degree of disagreement on the impact of FI programs on Financial Inclusion, Gender and Economic Impact, he opines are due to flaws in the impact assessments and about the concept of empowerment. It argues that FI programs undoubtedly impact the economic lives of the women particularly in rural areas and greatly motivate them in securing food for the households and ensuring relatively improved standards of living particularly in the case of deprived sections of the society. It is not that only women who get impacted but poor irrespective of gender too get significantly impacted because of the FI programs. To find appropriate answers for the research question the study hypothesizes that there is significant change in the economic living of the poor households owing to the participation of women in the FI process through informal financial intermediaries like the self help groups (SHG) and other related FI programs.

‘Women’s empowerment is used to alleviate poverty and other socio-economic issues. Self-help movement through thrift and savings has been taken off as a mass movement’ under the government program of development of women and children in the Rural Areas (DWCRA), some of the State Governments assisted these self-help groups by providing revolving fund and helping them in micro-enterprise activities. DWCRA program of self-help groups helped the women to earn additional income. With improvement in economic status, there is enhancement in social status as well. These women show increased awareness of family welfare, promote their children’s nutritional and educational status, shows concern about environment and health, issues of sanitation and drinking water. Thus mobilizing the poor women in rural areas for self-help group formation either State Government assisted SHGs or SHGs assisted by Non-Government Organization is an effort toward participation of women in poverty alleviation and subsequently increases their awareness towards various social problems. Building the common corpus is the first step toward empowerment of women. The Report of the Independent South Commission on Poverty Alleviation (1992), stated that ‘when poor participate as subjects and not as objects of the development process, it is possible to generate growth, human
development and equity, individually the poor women would not be able to overcome obstacles in their struggle for survival, security and self-respect, which they could do through collectives action’. The support mechanisms like government and non-government organizations provide the poor women a partnership. The poor collectively can start income generation activities with their own resources to achieve self-reliance with the support of this organization. Thus, starting from the socio-economic base the poor women show increasing awareness, cooperation, self-reliance, self-management and move towards social consciousness, empowerment and self-respect.

Many studies have demonstrated the impacts of financial inclusion scheme. On different types of women and the evidence suggest that financial inclusion schemes of different can have significant effects on women’s economic empowerment. (Esplen and Brody 2007; Bridge 2007) field Jayachandu and Pandu (2010), Hashem, (2011); Institute of Development Studies (2010); International Financial Corporation 2011; Kabur, 1999; Khim et., all 2007; Lettle field 2003; world bank (2007) recently the G-20 has acknowledged the important role that financial inclusion can play in economic development under the kern presidency, at the Ceoul summit in Nov. 2010, G-20 leads formally recognized financial inclusion as a key pinch of development and also launched global partnership for financial inclusion in (GPFI) on area of GPFI’s work has been to establish the global SME finance institution which aims to provide at least B.5 pounds of additional finance to over 2 lakh SMEs, with at least 25% loans reaching women headed SMEs. Recent international finance corporation / GPFI report proposes the following 3 point action plan to expand (IFC, 2011).

Women’s access to SME finance-
1. Endorse the following set of recommendations for policy makers in the developing world to establish a supportive, enabling environment that will facilitate women entrepreneurs’ access to financial services in their respective countries.
2. Lead efforts to identify, evaluate, and support the replication of successful models for expanding financial services to women entrepreneurs.
3. Lead efforts to gather gender disaggregated data on SME finance in a coordinated fashion.
(3) SHG and Women Empowerment:

‘Today there are seven million SHGs in the country. Nearly 90% of the groups are women only groups ‘(Source: NABARD website). SHGs have been viewed by the State as a strategy for both women’s empowerment as well as poverty reduction. SHGs are a conduit for routing a wide range of government sponsored development messages and schemes. NGOs have increasingly been adopting SHGs as a strategy to bring women together, at a faster pace and larger scale than the collective building processes adopted by them earlier. A number of powerful players, like MFIs, NGOs, corporations and donors, all of whom have a significant and growing interest in the SHG phenomenon, which centers on poor women have entered the arena.

Credit is a right that poor women must have access to. The experience of SHGs has shown that they have provided improved access to credit. Women have used savings and credit for needs such as those related to education and health, and in particular for crisis related needs.

2.4 FINANCIAL INCLUSION PROGRAMMES SPONSORED BY GOVERNMENT

(1) Microfinance Programme:

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Some of the major efforts made in the last five decades include - nationalization of banks, building up of robust branch network of scheduled commercial banks, co-operatives and regional rural banks, introduction of mandated priority sector lending targets, lead bank scheme, formation of self-help groups, permitting BCs/BFs to be appointed by banks to provide door step delivery of banking services, zero balance BSBD accounts, etc. The fundamental objective of all these initiatives is to reach the large sections of the hitherto financially excluded Indian population.

Financial inclusion may be defined 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” (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan). Financial
Inclusion, broadly defined, 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 (The Committee on Financial Sector Reforms, Chairman: Dr. Raghuram G. Rajan). Household access to financial services is depicted in Figure 2.1.

**Figure 2.1 Household Access to Financial Services**

Source: A Hundred Small Steps - Report of the Committee on Financial Sector Reforms (Chairman: Dr. Raghuram Rajan)

The essence of financial inclusion is to ensure delivery of financial services which include - bank accounts for savings and transactional purposes, low cost credit for productive, personal and other purposes, financial advisory services, insurance facilities (life and non-life) etc.

Over the period of five decades, there has been overall improvement in access to formal sources of credit by the rural households (Figure 2.2).
Government of India Population Census 2011:

As per census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous census 2001, availing of banking services increased significantly largely on account of increase in banking services in rural areas (Figure 2.3).

Figure 2.3: Availing of Baking Services
• **CRISIL Financial Inclusion Index (Inclusix):**

In June 2013, “CRISIL first time published a comprehensive financial inclusion index (viz. Inclusix). For constructing the index, CRISIL identified three critical parameters of basic banking services namely branch penetration, deposit penetration and credit penetration. CRISIL –Inclusix (on a scale of 100) increased from 35.4 in March 2009 to 37.6 in March 2010 and to 40.1 in March 2011”.

The CRISIL Inclusix indicates that there is an overall improvement in the financial inclusion in India (Figure 2.4).

**Figure 2.4: CRISIL - Inclusix**

![InclusixGraph](image)

• **RBI Working Paper Study:**

“Sadhan Kumar (2011) -worked out an Index on Financial Inclusion (IFI) based on three variables namely penetration (number of adults having bank account), availability of banking services (number of bank branches per 1000 population) and usage (measured as outstanding credit and deposit). The results indicate that Kerala, Maharashtra and Karnataka has achieved high financial inclusion (IFI >0.5), while Tamil Nadu, Punjab, A.P, H.P, Sikkim, and Haryana identified as a group of medium financial inclusion (0.3 <IFI<0.5) and the remaining states have very low financial inclusion .
World Bank ‘Financial Access Survey’ Results:

From the table 2.1 given below, “it would be observed that in our country, financial exclusion measured in terms of bank branch density, ATM density, bank credit to GDP and bank deposits to GDP is quite low as compared with most of developing countries in the world”.

Table 2.1 : Select Indicators of Financial Inclusion, 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Bank Branches Per 1000 KM</th>
<th>Number of Bank ATM Branches Per 0.1 Million</th>
<th>Number of Bank ATMs Deposits as % to GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>30.43</td>
<td>10.64</td>
<td>68.43</td>
</tr>
<tr>
<td>China</td>
<td>1428.98</td>
<td>23.81</td>
<td>433.96</td>
</tr>
<tr>
<td>Brazil</td>
<td>7.93</td>
<td>46.15</td>
<td>53.26</td>
</tr>
<tr>
<td>Indonesia</td>
<td>8.23</td>
<td>8.52</td>
<td>43.36</td>
</tr>
<tr>
<td>Korea</td>
<td>79.07</td>
<td>18.8</td>
<td>80.82</td>
</tr>
<tr>
<td>Mauritius</td>
<td>104.93</td>
<td>21.29</td>
<td>170.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>6.15</td>
<td>14.86</td>
<td>22.65</td>
</tr>
<tr>
<td>Philippines</td>
<td>16.29</td>
<td>8.07</td>
<td>41.93</td>
</tr>
<tr>
<td>South Africa</td>
<td>3.08</td>
<td>10.71</td>
<td>45.86</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>41.81</td>
<td>16.73</td>
<td>45.72</td>
</tr>
<tr>
<td>Thailand</td>
<td>12.14</td>
<td>11.29</td>
<td>78.79</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6.32</td>
<td>10.49</td>
<td>130.82</td>
</tr>
<tr>
<td>UK</td>
<td>52.87</td>
<td>24.87</td>
<td>406.54</td>
</tr>
<tr>
<td>USA</td>
<td>9.58</td>
<td>35.43</td>
<td>57.78</td>
</tr>
<tr>
<td>Switzerland</td>
<td>84.53</td>
<td>50.97</td>
<td>151.82</td>
</tr>
<tr>
<td>France</td>
<td>40.22</td>
<td>41.58</td>
<td>34.77</td>
</tr>
</tbody>
</table>

Source: Financial Access Survey, IMF; Figures in respect of UK are as on 2010
• **Financial Inclusion – RBI Policy Initiatives:**

  “RBI has adopted a bank-led model for achieving financial inclusion and removed all regulatory bottle necks in achieving greater financial inclusion in the country. Further, for achieving the targeted goals, RBI has created conducive regulatory environment and provided institutional support for banks in accelerating their financial inclusion efforts”.

• **Financial Inclusion Initiatives:**

  Advised all banks to open *Basic Saving Bank Deposit (BSBD)* accounts with minimum common facilities such as no minimum balance.
  
  o *Relaxed and simplified KYC norms*
  o *Simplified Branch Authorization Policy*
  o *Opening of intermediate brick and mortar structure*
  o *Financial Literacy Centres (FLCs).*

**Progress in Financial Inclusion:**

“Progress of financial inclusion since the launch of financial inclusion plans clearly indicates that banks are progressing in areas like opening of banking outlets, deploying BCs, opening of BSBD accounts, grant of credit through KCCs and GCCs”.

**Number of Branches Opened (including RRBs):**

As compared with rural areas, number of branches in semi-urban areas increased more rapidly.

**Figure 2.5: Branches of Scheduled Commercial Banks**
• Villages Covered:

“The number of banking outlets in villages with population more than 2000 as well as less than 2000 increased consistently since March 2010 (Figure 2.6)”.

Figure 2.6: Villages Covered

• Total Bank Outlets (including RRBs):

“Total number of banking outlets in villages increased from 67,694 in March 2010 to 2,68,454 in March 2013 (increased around 4 times during the period of three years)”.

• BSBD Accounts Opened:

“The number of BSBD accounts opened increased from 73.45 million in March 2010 to 182.06 million in March 2013 (Figure 2.7)”.

Figure 2.7: Number of BSBD Accounts
• **Kisaan Credit Cards (KCC) Issued:**

  “Up to March 2013, the total number of KCCs issued to farmers remained at 33.79 million with a total outstanding credit of Rs.2622.98 billion (Figure 2.8)”.

  **Figure 2.8: Number of KCCs**

  ![Number of KCCs](chart)

• **ICT Based Accounts - through BCs**

  “In order to provide efficient and cost-effective banking services in the un-banked and remote corners of the country, RBI directed commercial banks to provide ICT based banking services through BCs, while transactions amount increased steadily from Rs.6.92 billion to Rs.233.88 billion during the same period (Figure 2.9)”.

  **Figure 2.9: ICT Based Accounts - BCs**

  ![ICT Based Accounts - BCs](chart)
• Expansion of ATM Network:

“The total number of ATMs in rural India witnessed a CAGR of 30.6% during March 2010 to March 2013. The number of rural ATMs increased from 5,196 in March 2010 to 11,564 in March 2013 (Figure 2.10)”.

![Figure 2.10: ATM Network–By Population Group](image)

• Financial Literacy Initiatives:

“Financial education, financial inclusion and financial stability are three elements of an integral strategy, as shown in the diagram below. While financial inclusion works from supply side of providing access to various financial services, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. Going forward, these two strategies promote greater financial stability”.

**The Financial Tripod:**

![Financial Tripod](image)

“Financial Stability Development Council (FSDC) has explicit mandate to focus on financial inclusion and financial literacy simultaneously. RBI has issued revised guidelines on the Financial literacy Centers (FLC) on June 6, 2012, for setting up FLCs”.

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• **Growth in SHG-Bank Linkage:**

“This model helps in bringing more people under sustainable development in a cost effective manner within a short span of time. As on March 2011, there are around 7.46 million saving linked SHGs with aggregate savings of Rs.70.16 billion and 1.19 million credit linked SHGs with credit of Rs. 145.57 billion (Source: NABARD, Status of Microfinance in India)”.

• **Growth of MFIs:**

“Though RBI has adopted the bank-led model for achieving financial inclusion, certain NBFCs which were supplementing financial inclusion efforts at the ground level, specializing in micro credit have been recognized as a separate category of NBFCs as NBFC-MFIs”.

• **Bank Credit to MSME**

“MSME sector which has large employment potential of 59.7 million persons over 26.1 million enterprises, is considered as an engine for economic growth and promoting financial inclusion in rural areas. MSMEs primarily depend on bank credit for their operations. Bank credit to MSME sector witnessed a CAGR of 31.4% during the period March 2006 to March 2012. Of total credit to MSME, public sector banks contributed the major share of 76%, while private sector banks accounted for 20.2% and foreign banks accounted for only 3.8% as on March 31, 2012\textsuperscript{11} (Figure 2.11)”.

![Figure 2.11: Bank Credit to MSME](image-url)
• **Insurance Penetration in the Country:**

“The total insurance (life and non-life) penetration, in terms of the ratio of insurance premium as a percentage of GDP increased from 2.32 in 2000-01 to 5.10 in 2010-11. The life insurance penetration as a percentage of GDP stood at 4.40 in 2010-11 while the non-life insurance penetration remained at 0.71 during the same period. In other words, there is vast untapped potential as regards insurance penetration”.

• **Equity Penetration in the Country:**

“The number of investor accounts accounted for a meager 1.71% of total population of the country”.

• **Financial Inclusion Initiatives – Private Corporates:**

“A few large private corporate have undertaken projects such as E-Choupal/ E-Sagar (ITC), Haryali Kisan Bazaar (DCM), Project Shakti (HUL), etc. Reportedly, these pioneering projects have brought about vast improvement in the lives of the participants and set the tone for economic development in their command areas; which is a pre-requisite for Financial Inclusion efforts to be undertaken by the banking system”.

2) **Microinsurance Programmes:**

a) **Rashtriya Swasthya Bima Yojana:**

Governments in India have introduced various demand side financing mechanisms to provide financial security for vulnerable segments of the society in the last 4-5 years. Health insurance schemes like the Universal Health Insurance Scheme (UHIS) launched by the Ministry of Finance in 2003, State level health insurance schemes launched by the States of Punjab, Kerala, Assam etc. are some examples. However, most of these Central or State Government funded schemes have had problems due to poor policy design, lack of clear accountability at the state level, lack of sustained efforts in implementation, weak monitoring and evaluation, unclear roles and responsibilities of different stakeholders, and poor awareness among beneficiaries about the schemes. However, there are exceptions like the Arogyasri scheme in the state of Andhra Pradesh The national Government felt that there was a need for a national level Health Insurance scheme in the country for providing financial security to the vulnerable sections of the society. Learning from the experiences of other major
government and non-government health insurance schemes in India, it was decided to
launch a health insurance scheme which later came to be known as Rashtriya
Swasthya Bima Yojana (RSBY). Below Poverty Line population (BPL) were
considered as the first target of this scheme. While evolving the conceptual
framework it was found imperative to comprehend the characteristics of the target
group. At the outset, as the targeted beneficiaries were poor, they could not be
expected to pay cash up-front and take reimbursement later. Therefore, the scheme
had to be cashless. Secondly, the beneficiary was largely illiterate. Hence, he/she was
not in a position to undertake documentation. The scheme, therefore, needed to be a
paperless. Thirdly, some of the target population was migratory in nature. So they
required a scheme which was able to provide benefits anywhere in India. The scheme
had, therefore, to be portable across India.

b) Rajrajeshwari Mahila Kalian Yojana:

This is a personal accident insurance scheme which provides economic
security to women irrespective of their income, occupation or vocation. Premium is
Rs.15/- per woman per annum for the basic cover and Rs. 23/- per woman per annum
for both basic and additional cover.

The policy covers Loss of limbs or eye sight. Death or disability by accident
caused by external, violent and visible means would include death or permanent total
disablement arising out of or traceable to slipping, falling from the mountain, insect
bites, snakes and animals bite, drowning, washing away in floods, landslide,
rockslide, earthquake, cyclone and other commotions or nature and/or calamities,
murder or terrorist activities In case of women it also includes death and PTD due to
surgical operations such as sterilization, caesarean, hysterectomy i.e. removal or
uterus and removal or breasts due to cancer operations, death at the time of child birth
provided that such death occurs during the surgical operation in hospital/nursing
home or whilst being in the hospital/nursing home after such surgery convalescence.
However not beyond a period of 7 days from the date of surgical operations.

Eligibility: All sections of women in the age group 10 to 75 years.

c) United Indians - Mother Teresa Women and Children Policy:

1. Policy provides cover not only for the disablement of women but also for the
death of her husband.

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2. Additional cover provides for Temporary Total Disablement and also for loss/ damage to household goods.
3. Relief to the children in the event of death of any of the parents
4. Relief to orphaned children for maintenance and education

d) Package Insurance for Tribals:

This is a composite package insurance policy evolved for the benefit of tribals. Fire and allied perils against Hut/dwellings and contents and hospitalization expenses for tuberculosis, leprosy and cancer. Personal accident cover based on Garmin Personal Accident Policy. Exclusions of Fire, P.A. and hospitalization policy are applicable here also.

e) Arogya Gram Yojana:

“Dr Jitendra Singh on 18. October 2014 launched ‘Jammu Kashmir Arogya Gram Yojana’ under which the CSIR (Council for Scientific and Industrial Research), affiliated with the Ministry of Science and Technology. This Yojana will identify thousand villages in Jammu and Kashmir for the growth of aromatic plants with active participation of local farmers and owners of the land. The Government will initially spend over Rs. 25 crores on this scheme in addition to technical support by a team of CSIR scientists”.

f) Universal Health Insurance:

“The policy covers reimbursement of Hospitalisation expenses for illness / diseases suffered or injury sustained by the Insured Person. In the event of any claim becoming admissible under policy, the company through TPA will pay to the Hospital / Nursing Home or Insured Person the amount of such expenses subject to limits as would fall under different heads mentioned below, as are reasonably and necessarily incurred in respect thereof anywhere in India by or on behalf of such Insured Person but not exceeding Sum Insured (all claims in aggregate) for that person as stated in the schedule in any one period of insurance”.

g) Swasthya Bima Policy From Bank:

BOI National Swasthya Bima policy is a unique Health Policy designed especially for the Account holders of Bank of India. The entire family consisting of
the account holder, spouse and two dependent children up to the age of 21 years can be covered under this policy.

This policy covers Hospitalization expenses for account holder and family. In case of Hospitalization Expenses, the entire family is covered for the Floater Sum Insured as opted for, i.e., either one or all members of the family, as stated above, can utilize the Sum Insured during the policy period.

h) Garmin Accident Insurance:

In our day to day life are exposed to the risks of accidents. Despite all possible precautions accidents do occur. This may result into disablement or loss of limbs or sight in eyes or sometimes even death. To cater to this need this cover is devised for any person between the age group of 10 to 70 years irrespective of his occupation, income, etc.

i) Janata Personal Accident:

1. Any person irrespective of sex, occupation and profession in the age group of 10 to 70 years may be covered under Janata Personal Accident Policy.
2. The policy is available for minimum sum insured of Rs.25,000/- per person per annum and the maximum sum insured is to be limited to Rs.1,00,000/- per person per annum.
3. The rate of premium is Rs.15 for a sum insured of Rs.25,000/-. The sum insured shall be increased in multiples of Rs.25,000 and premium is charged accordingly.
4. The policy is also available for pre-identified groups as listed by the scheme. In case of a group policy group discounts are available as per size of the group.
5. The policy is also available for a long term period up to 5 years.

j) Janashree Bima Yojana:

The Prime Minister, Shri Atal Bihari Vajpayee is dedicating to the nation the "Janashree Bima Yojana" here tomorrow. This Bima Yojana was announced by the Finance Minister, Shri Yashwant Sinha while presenting the Budget for 2000-01. This insurance policy will provide life insurance cover to people belonging to the weaker sections of the society.
This scheme is targeted at the urban and rural poor who live below or marginally above the poverty line. The Social Security Fund set up by the Government of India will bear 50% of the total annual premium of Rs.200/-, while the rest will be borne by the individual member/Nodal Agency. In the event of the unfortunate death of the policy holder due to natural causes a sum of Rs.30,000/- is payable to the beneficiary. In case of accidental death or permanent disability, the benefit is enhanced to Rs.75,000/- and in case of partial disability, the policy holder gets Rs. 37,500/-. An important feature of the scheme is that the benefit in the above three eventualities is more than what is currently being offered under any existing social security scheme. It is expected that the identification and notification of the vocational groups that can benefit from this scheme will not be so rigid and all efforts will be made to bring more and more people under the insurance umbrella.

k) National Scheme for Aged Persons:

Ministry of Social Justice and Empowerment, Govt. of India has constituted 'National Council for Older Persons' in May 1999. The policy stipulates that State Govt. will take affirmative action to provide facilities, concessions and relief to senior citizens for improving their quality of life and to ensure that the existing public services are user friendly and sensitive to older persons. It provides a comprehensive picture of various facilities and covers many areas like financial security, health care, shelter education, welfare, protection of life and property etc.

l) National Maternity Benefit Scheme (NMBS):

Under NMBS there is a provision for the payment of Rs. 500 per pregnancy to women belonging to poor households for pre-natal and post-natal maternity care upto first two live births. The benefit is provided to eligible women of 19 years and above.

m) Yashaswini Programe:

The Karnataka government's ‘Yashaswini’, a health protection scheme for rural co-operative society members including farmers and weavers, launched in 2003-04 has not only become popular in Mysore division enrolling as many as 4,14,660 members last year against the target of 9.25 lakh, but has also generated interest elsewhere.
n) Community Based Schemes:

According to the World Health Organization, greater than 80 per cent of total expenditure on health in India is private (figure for 1999-2001 [World Health Organization 2004]) and most of this flows directly from households to the private-for-profit health care sector. Most studies of health care spending have found that out-of-pocket spending in India is actually progressive, or equity neutral; as a proportion of nonfood expenditure, richer Indians spend marginally more than poorer Indians on health care. However, because the poor lack the resources to pay for health care, they are far more likely to avoid going for care, or to become indebted or impoverished trying to pay for it. On average, the poorest quintile of Indians is 2.6 times more likely than the richest to forego medical treatment when ill [Peters, Yazbeck et al 2002]. Aside from cases where people believed that their illness was not serious, the main reason for not seeking care was cost. The richest quintile of the population is six times more likely than the poorest quintile to have been hospitalised in either the public or private sector [Mahal, Singh et al 2000]. Peters et al (2002) estimated that at least 24 per cent of all Indians hospitalised fall below the poverty line because they are hospitalised, and that out-of-pocket spending on hospital care might have raised by 2 per cent the proportion of the population in poverty [Peters, Yazbeck et al 2001].

Given this context, health insurance appears to be an equitable alternative to out of pocket payments. In recent years, Community Health Insurance (CHI) has emerged as a possible means of: (1) improving access to health care among the poor; and (2) protecting the poor from indebtedness and impoverishment resulting from medical expenditures. The World Health Report 2000, for example, noted that prepayment schemes represent the most effective way to protect people from the costs of health care, and called for investigation into mechanisms to bring the poor into such schemes. CHI schemes involve prepayment and the pooling of resources to cover the costs of health-related events. They are generally targeted at low-income populations, and the nature of the ‘communities’ around which they have evolved is quite diverse: from people living in the same town or district, to members of work cooperative or micro-finance groups. Often, the schemes are initiated by a hospital, and targeted at residents of the surrounding area. As opposed to social health insurance, membership is almost always voluntary rather than mandatory.
o) Unorganized Social Security Programs

Concerned over the absence of a social security mechanism for people working in the unorganised sector, the Pension Fund Regulatory and Development Authority (PFRDA) is planning to roll out a scheme for such employees within the next five or six months. The PFRDA will also shortly appoint an institutional advisor to recommend a rollout strategy for the new scheme.

According to the latest report of the National Commission for Enterprises in the Unorganised Sector (NCEUS), also known as the Arjun Sengupta Committee, submitted to the Government of India in 2006, there are over 340 million (approximately 34 to 37 crore) workers in the unorganised sector in India.

The Sengupta Committee noted that unorganised sector workers contribute around 60% to the country’s national economic output. Around 28 crore people work in the rural sector, of which an estimated 22 crore are in the agricultural sector. Around 6 crore reside in urban areas. Women make up 11-12 crore, of which around 8 crore are engaged in agriculture.

“We need to reach out to these sections in order to make ‘defined contribution’ pension schemes a success story. We are in the process of appointing an institutional advisor and expect the recommendations in another two to three months,” said N R Rayalu, managing trustee of the New Pension Scheme (NPS) Trust.

The name of the advisor is likely to be announced within a week. A separate committee under Deepak Parekh, chairman of Housing Development Finance Corporation, has also been constituted to chart out investment guidelines for the pension fund. Meanwhile, the PFRDA also plans to invite expressions of interest for the appointment of more pension fund managers in the country.

p) Government Sponsored Socially Oriented Insurance Schemes

i) Aam Aadmi Bima Yojana (AABY):

Aam Admi Bima Yojana, a Social Security Scheme for rural landless household was launched on 2nd October, 2007 at the hands of the then Hon'ble Finance Minister at Shimla. The head of the family or one earning member in the family of such a household is covered under the scheme. The premium of Rs.200/- per person per annum is shared equally by the Central Government and the State
Government. The premium of Rs.200/- per person per annum is shared equally by the Central Government and the State Government. The member to be covered should be aged between 18 and 59 years.

ii) Swasthya Bima Yojana:

The workers in the unorganized sector constitute about 93% of the total work force in the country. Recognizing the diversity with regard to public health infrastructure, socioeconomic conditions and the administrative network, the health insurance scheme aims to facilitate launching of health insurance projects in all the districts of the States in a phased manner for BPL workers.

3) Schemes for Financial Empowerment of Women:

a) Swa-Shakti:

The project jointly founded by IFAD, World Bank and the Government of India was launched in October, 1999 and culminated on 30th June, 2005. The objective of the program was to bring out socio-economic development and empowerment of women through promotion of women SHGs, micro credit and income generating activities. The project was conceived as a Pilot Project implemented in 335 blocks of 57 districts in 9 states. The project established 17,647 SHGs covering about 2,44,000 women. This was a Centrally Sponsored Project.

b) Swayamsiddha:

This was an integrated scheme for women empowerment through formation of Self Help Groups (SHGs) launched in February, 2001. The long term objective of the programme was holistic empowerment of women through a sustained process of mobilization and convergence of all the ongoing sectoral programmes by improving access of women to micro-credit, economic resources, etc. This is a Centrally Sponsored Scheme. The Scheme had been able to provide a forum for women empowerment, collective reflection and united action. The scheme was culminated in March, 2007. The programme was implemented in 650 blocks of the country and 67971 women SHGs have been formed benefiting 9,89,485 beneficiaries.
c) Swawlamban Programme:

Swawlamban Programme, previously known as NORAD/Women’s Economic Programme, was launched in 1982-83 with assistance from the Norwegian Agency for Development Corporation (NORAD). NORAD assistance was availed till 1996 – 97 after which the programme is being run with Government of India funds. The objective of the programme is to provide training and skills to women to facilitate them to obtain employment or self employment on sustained basis. The target groups under the scheme are the poor and needy women, women from weaker sections of the society such as Scheduled Castes and Scheduled Tribes etc.

d) Support to Training and Employment Programme (STEP):

This programme seeks to provide skills and new knowledge to poor and asset less women in the traditional sectors. Under this project, women beneficiaries are organized into viable and cohesive groups or cooperatives. A comprehensive package of services such as health care, elementary education, crèche facility, market linkages, etc. are provided besides access to credit. Skill development is provided in ten traditional skills amongst women. This is a Central Scheme launched in 1987.

2.5 SUMMARY

This chapter provided a review of both literature about the importance of financial inclusion and the on-going financial inclusion programme of the government at the state and central level. The extensive literature relating to the importance of financial inclusion programmes by various scholars have been advocating the use of financial inclusion as a policy tool by the government for achieving the sustainable economic growth and reduction of poverty levels. Some scholars have been able to focus on role of financial inclusion in women empowerment. They have been arguing that, the effectiveness of financial inclusive programmes can be enhanced by targeting exclusively women rather than targeting both men and women belonging to BoP families. Governments, both at the central and state level, how also have taken various financial inclusion initiatives as a priority for achieving the objective of bringing BoP families into the main stream of financial services including insurance. This chapter provided a brief account of the inclusion programmes such as MF and MI programmes etc.