CIAL INCLUSION AND ITS IMPERATIVES IN THE CONTEXT OF POOR WOMEN IN INDIA

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Abstract: Access to financial services is closely linked to economic productivity and for the poor in India who are not in a position to create conditions conducive to guard themselves from adversity; financial inclusion is considered to be the answer. Government of India is keen to extend formal financial services to those excluded and in the past decades a number of key initiatives have been undertaken towards empowering the rural poor through financial inclusion. It is in this context, the paper examines the role of financial inclusion in India as a vulnerability reducing instrument, especially for poor women. Analysing the status of debt-investment of Indian households the paper identifies that in 2013, 60% of the household loan in rural areas was utilised for meeting household expenditure and in urban areas, nearly 82% of the household loan was being spent for meeting non-business purpose. Examining the Self-help Group-Bank Linkage Program (SHG-BLP) which aims to extend financial services to meet the savings and credit needs of the poor, the paper identifies that while the strategy has been successful in bringing large number of poor women within its fraternity, the program has however failed to meet the credit needs of the women both within and outside the household. Restricting livelihood opportunities, the SHG-BLP initiative also seems to have overlooked the mechanism of vulnerability reduction (insurance and financial advisory services) as a strategy to achieve its target. The steps towards extending financial services cannot be seen in isolation since its linkage with other determinants such as equity in education, health and legal rights etc. is crucial. The paper therefore concludes that while enabling access to social networks, the process to institutionalise financial services for the poor, especially poor women need to focus on convergent actions for addressing the inequities that would thwart the momentum generated through initiatives under financial inclusion. Convergence remains the key strategy for taking women's empowerment issues ahead.

Introduction: Financial inclusion aims to ensure delivery of financial services which include - bank accounts, credit for productive, personal and other purposes, financial advisory services, insurance facilities (life and non-life) etc. to those excluded at a reasonable cost. Empowerment is defined as "the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them." It therefore indicates the ability to make choices: social, economic, legal and political for those empowered. It also ensures security of access to opportunities and resources, increased self-confidence and a better status. During the recent decade, sex disaggregated data on literacy rate, primary education, life expectancy, infant mortality and maternal mortality rates in India have shown a progressive trend. Despite notable progress in reducing gender gaps, inequalities persist in women's access to higher education, health care, physical and financial resources and opportunities.

By making women primarily responsible for unpaid or low paid housework and childcare, the gender division of labor tends to benefit men and keep women, unequal to men. Household chores and childcare, which are disproportionately performed by women and not recognised as economic activity in national income statistics contributes to the perception of women's lesser worth, to women's lesser power, and to women's economic dependence on men within the family. Financial inclusion is closely linked to create economic opportunities and emergency services for the poor. Often the poor and vulnerable fall prey to the informal sources of finance to meet such emergencies which lead to a cycle of indebtedness and misery (Malegam Committee Report, 2011). According to International Labour Organisation (ILO), the indicator of vulnerable employment calculates the sum of own-account workers and contributing family workers as a share of total employment since contributing family workers and own-account workers are less likely to have formal work arrangements and often carry a higher economic risk.

It is in this backdrop, the paper examines the role of financial inclusion in India with focus on poor women. On the basis of secondary data, the nature of indebtedness of Indian households is analysed along with the overall trend in poverty and work participation rates. An appraisal of the strategy of the Government to empower poor women through SHG-BLP of National Bank for Agriculture and Rural Development (NABARD) has been attempted. The findings are corroborated through primary information collected during a field based assessment undertaken for a program meant for achieving economic empowerment and livelihood opportunities for poor women in select districts in Uttar Pradesh and Bihar. Considering the collaborative approach (community, banking sector and the Government) adopted as part of the program implementation strategy, the "Priyadarshini" program is selected alongside for deriving primary information.

Financial Inclusion in India: its scope

Since the nationalization of banks in 1969, banking activities have expanded with the total number of offices of public sector banks rising to 70,421 in March 2013 (Table–I). The discussion on financial inclusion came up with the Reserve Bank of India's annual policy statement of 2005-06 which highlighted that the existing banking practices tend to exclude rather than attract vast sections of the Indian population.

Table: I

Bank (Group- wise) number of branches as on 31.03.2013					
Bank Group	**Rural**	**Semi-urban**	**Urban**	**Metros**	**Total**
Public Sector Banks	23,286	18,854	14649	13,632	**70,421**
Private Sector Banks	1,937	5,128	3722	3,797	**14,584**
Foreign Banks	8	9	65	249	**331**
Regional Rural Banks	12722	3228	891	166	**17,007**
Total	**37953**	**27219**	**19327**	**17844**	**1,02,343**

Source: financialservices.gov.in

As per 2011 Census, only 58.7% (Table–II) of Indian households availed banking services which leaves a large proportion of the population excluded from the formal/institutional sources of financial service.

Table: II

Households Availing Banking Services in India						
As Per Census 2001				**As Per Census 2011**		
Households	**Total number of households**	**No. of households availing banking services**	**%**	**Total number of households**	**No. of households availing banking services**	**%**
Rural	13,82,71,559	4,16,39,949	30.1	16,78,26,730	9,13,69,805	54.4
Urban	5,36,92,376	2,65,90,693	49.5	7,88,65,937	5,34,44,983	67.8
Total	**19,19,63,935**	**6,82,30,642**	**35.5**	**24,66,92,667**	**14,48,14,788**	**58.7**

Source: financialservices.gov.in

The statistics based on 4th Census on Micro Small & Medium Enterprises (2006-07) shows that there are around 42.12 million enterprises in the country engaged in various economic activities (other than crop production and plantation) with 61.3% based in rural and 38.7% in urban areas. However, only 5.18% of the units (both registered and un-registered) had availed finance through institutional sources and 2.05% from non-institutional sources. The majority of MSME units had no access to credit even while there has been manifold increase in the number of public sector and regional rural banks in the country.

A survey report by IIMS Dataworks indicate that "two thirds of the marginalised workers are daily wage labourers and one-fifth are small scale farmers who live a meagre existence enveloped by uncertain employment, personal debt and little savings or social security safety nets to fall back on." Further, the study identifies that rural to urban migration of unskilled rural workers are generally burdened with debt, most of which is sourced either with moneylenders (33 percent) at punishing rates of interest or with friends and relations (39 percent) which lead to tremendous financial pressure on the extended family networks.

Considering the expanding banking sector in India in terms of coverage the concern lies in innovative approaches (including channels, products, interface, etc.) to be adopted by the banks towards making financial inclusion work for the poor and vulnerable population. One cannot neglect the aspect of cost involved in accessing the financial services and so the challenge is to ensure that the poor are capable and willing to pay for the same.

Status and nature of debt-investment in Indian households:

All India Debt and Investment Survey (AIDIS) undertaken by National Sample Survey Organisation (NSSO) at decennial intervals provide primary data on assets, incidence of indebtedness, investment and other indicators of the rural and urban economy. The NSS 70th round survey was carried out during January - December 2O13 and the 59th round was conducted during January-December 2003. As per AIDIS, household assets represented all that were owned by the household and had money value. The AIDIS does not include crops standing in the fields and stock of commodities held by the household in the household assets. Liabilities of the households refers to all claims against a household held by others were such as loans payable by the household to others, irrespective of whether they were cash loans or kind loans, including unpaid bills of grocers, doctors, lawyers, etc.

The results of the AIDIS 2014 (NSS 70th Round) show that the incidence of indebtedness (IOI) is about 31.4 % among the rural households and 22.4% among the urban households. In 2002 (NSS 59th Round) these were 26.5% and 17.8% respectively. Thus, there is a rise in IOI in both the urban and rural areas as evident from the last two AIDIS Surveys. As per AIDIS 2014 report, indebtedness in rural India is found to be more widespread among the cultivator (with .002 hectare of land) households (46%) and 29% of non-cultivator (with no or less than .002 hectare of land) households were also indebted. The average debt of the cultivator households is higher (more than one third) of the non-cultivators. In urban India, at the all-India level, 36% of the self-employed households and 21% of others category households were indebted. The average amount of debt for self employed households was found to be Rs. 108714, and for the 'others' it was 25% lower.

Again, as per 2014 report, IOI was lowest (16.9%) for Scheduled Tribe (ST) households and highest (35.7%) for Other Backward Caste (OBC) households in rural India. IOI for other households and SC households were 25.7% and 27.1%, respectively. Average amount of debt is lowest for ST households (Rs. 9610) and highest for 'Other' (those who did not come under any one of the first three social groups are meant to covered under "other" category) households. In 2002 the situation was similar with IOI lowest (17.9%) for ST households and the highest (28.9%) for OBC households.

It is important to note that percentage of rural households reporting cash dues outstanding from institutional agencies in 2002 was 13.4% as against 15% from non-institutional agencies. Among the non-institutional sources of credit, about 7% comes from professional money lenders. In the urban areas, non-institutional agencies contribute to almost 50% of the outstanding credit. The results of the 2012 survey indicate that non-institutional agencies played a major role in advancing credit to the households, particularly in rural India covering 19% of rural indebted households, while the institutional agencies had advanced credit to 17% such households.

In urban India (2012), the IOI among social groups show that the lowest share was of the ST households (16.4%) and the highest OBC (26.0%), the trend being similar in 2002 NSS Round data. While the institutional agencies appear to have played a better role in advancing credit (15% households) compared to the non-institutional agencies (10% households) in the urban areas, the continuation of informal credit cannot be overlooked.

A look into the broad purpose for which loan was taken by the households in 2003 (Table III) reveal that at all-India level 53% of rural credit was utilised for business purpose and 47% were spent on household expenditure (education, medication, litigation, repayment of debt etc.) In 2013, 60% of the household loan was accessed to meet non- business purpose and in urban areas, nearly 82% of the household loan is being spent for meeting non-business purpose. In 2010, the share of public expenditure on education and health in India stood at 3.1 and 1.2 per cent of GDP respectively which is significantly lower than in developed countries. This indicates the growing needs of the household sector to spend on health, education and other basic amenities since public expenditure in these areas are falling.

Table: III

Percentage share of debt by broad purpose of loan								
	rural				urban			
Nss	% in business			% in non-business	% business			% in non-business
	Farm	Non-farm	All		Farm	Non-farm	All	
59th Round (2003)	41	12	53	47	5	20	25	75
70th Round (2013)	28.6	11.4	40	60	2.2	16.1	18.3	81.7

Source: NSS Report No. 501 (59/18.2/2) & No. 70/18.2

The above analysis suggests that incidence of indebtedness is higher among rural households and it is the cultivator households having access to land that avails higher average debt compared to other households. Further, incidence of debt is seen to be highest among OBC households in rural India with the lowest share coming from ST households. Institutional credit was the major source of finance for urban India while in rural areas non-institutional agencies comprise the major sources of credit for those indebted. Further, loans accessed by majority of the households (both urban and rural) are used for meeting expenditures such as education, medical attention, housing etc. and so one may deduce that credit access does not necessarily lead to improved financial or economic status and lack of public expenditure in the real sector thwarts the achievement of financial inclusion.

Financial services for the poor in India: In September 2013, a Committee was appointed on Comprehensive Financial Services for Small Businesses and Low-Income Households (Chairmanship of Shri Nachiket Mor) to design the principles for financial inclusion in India and assess progress. The report brings out issues such as 90% of small businesses in India have no links with formal financial institutions and savings as a proportion to Gross Domestic Product has fallen from 36.8% in 2007-08 to 30.8% in 2011-12. Table-IV indicates that the number of poor in India fell from 407.1 million to 269.8 million during 2004-05 to 2011-12 however; this has not been coupled with rise in work participation rates.

Table : IV

% and number of poor estimated from expert group (Tendulkar) method						
Year	Poverty Ratio (%)			Number of Poor (million)		
	Rural	Urban	Total	Rural	Urban	Total
1993-94	50.1	31.8	45.3	328.6	74.5	403.7
2004-05	41.8	25.7	37.2	326.3	80.8	407.1
2009-10	33.8	20.9	29.8	278.2	76.5	354.7
2011-12	25.7	13.7	21.9	216.7	53.1	269.8

Source: Planning Commission, June 2014 (Report of the Expert Group to Review the Methodology for Measurement of Poverty)

National Sample Survey Organisation (NSSO) data (Table V) shows that work participation rates between 2004 and 2012 have registered a fall for both men and women and in case of the latter, the fall has been steeper. This declining trend in employment rates, particularly in female employment, signal issues of exclusion faced by women in India. Further, if we consider the case of vulnerable employment as defined by ILO, the proportion of such workers is sizeable in India which reflects widespread poverty and vulnerability also within the working population.

Work Participation Rate (%) - India						
Year	**Rural**		**Urban**		**All**	
	Male	Female	Male	Female	Male	Female
2011-12	54.3	24.8	54.6	14.7	54.4	21.9
2009-10	54.7	26.1	54.3	13.8	54.6	22.8
2004-05	54.6	32.7	54.9	16.6	54.7	28.7
Source: NSSO Report (various rounds)						

Table: V

During 2011-12 in rural India about 55 per cent males and 59 per cent females were self-employed. The corresponding figures in urban India were 42 percent 43 percent respectively. The proportion of casual labour was 36 per cent for rural males, 35 per cent for rural females. If we take into account the self-employed and casual workers together, more than 90 percent of women workers in the rural areas in India fall within the ambit of vulnerable employment as defined by ILO. This necessitates efforts towards reducing vulnerability especially of the poor women and so one can relate to the mandate of priority sector lending for the banking sector. In banking terms priority sector lending means small value loans to farmers for agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. Loans to Self Help Groups, loans to distressed farmers indebted to non-institutional lenders, loans to distressed persons and individual women beneficiaries is covered under weaker sections. Reserve Bank of India in 2006 allowed services of intermediaries in providing financial and banking services through the use of Business Facilitators (BFs) and Business Correspondents (BCs) who are retail agents engaged by banks for providing banking services at locations other than a bank branch/ATM and they represent the bank concerned and enable a bank to expand its outreach.

Since 1990s, the Self-Help Group (SHG) - Bank Linkage Programme (BLP) has emerged as the major microfinance program supporting the mandate of financial inclusion in India being implemented by commercial banks, regional rural banks (RRBs) and cooperative banks. This program is considered to be a first step towards bringing the “unbankable” poor under the ambit of formal source of financial services. The Committee on Financial Sector reforms in its report recommended that 90% of Indian households should have access to deposit account and government transfers to the poor need to be channelized through savings account and access to bank credit. However, extending banking facilities does not always lead to enhanced credit access and it is in this context, the role of financial inclusion for poor women in India is examined.

India’s SHG-bank linkage program with focus on women: an evaluation

The norms for SHG-bank linkage was framed in 1992 by NABARD and today it is considered to be the most viable model for financial inclusion in the country. As per the modifications made in July 2011, the banks are expected to meet the entire credit requirements of SHG members for (a) income generation activities, (b) social needs like housing, education & marriage and (c) debt swapping, etc. With over 7.4 million SHGs (out of which exclusive women SHGs stand at 6.2 million) representing 97 million rural households, the SHG-Bank Linkage Program has shown phenomenal coverage (Table -VI). With more than 62 lakh women SHGs having access to banking services, only 22% have recorded active loans during 2013-14. This reflects that access to a savings account does not inter alia lead to credit access. In a vulnerable situation when the poor are incapable of generating sufficient savings for their families, they are forced to engage with unregulated money lenders for meeting their immediate needs.

TABLE: VI

Overall progress under SHG-Bank Linkages (Amount Rs. in crore/number in Lakh)							
	Particulars	2011-12		2012-13		2013-14	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31st March	Total SHGs	79.60 (6.7%)	6551.41 (-6.7%)	73.18 (-8.1%)	8217.25 (25.4%)	74.30 (1.53%)	9897.42 (20.45%)

	All women SHGs	62.99 (3.3%)	5104.33 (-3.7%)	59.38 (-5.7%)	6514.86 (27.6%)	62.52 (5.27%)	8012.89 (22.99%)
	Percentage of Women Groups	79.1	77.9	81.1	79.3	84.15	80.96
Loans Disbursed to SHGs during the year	Total SHGs	11.48 (-4%)	16534.77 (13.7%)	12.20 (6.3%)	20585.36 (24.5%)	13.66 (12.02%)	24017.36 (16.67%)
	All women SHGs	9.23 (-9.2%)	14132.02 (12.0%)	10.37 (12.4%)	17854.31 (26.3%)	11.52 (11.02%)	21037.97 (17.83%)
	Percentage of Women Groups	80.4	85.5	85.1	86.7	84.3	87.6
Loans Outstanding against SHGs as on 31st March	Total SHGs	43.54 (-9.0%)	36340.00 (16.4%)	44.51 (2.2%)	39375.30 (8.4%)	41.97 (-5.71%)	42927.52 (9.02%)
	All women SHGs	36.49 (-8.4%)	30465.28 (16.6%)	37.57 (2.9%)	32840.04 (7.8%)	34.06 (-9.34%)	36151.58 (10.08%)
	Percentage of Women Groups	83.8	83.8	84.4	83.3	81.2	84.2
(Figures in the parenthesis indicates growth/decline over the previous year)							

Source: Status of Microfinance in India 2013-14, NABARD

While, the achievements have been wide in linking nearly 63 lakh all women SHGs savings with banks covering nearly 85% of women's groups during 2013-14, NABARD has highlighted in its report that the process was not followed up with linking the individual members with formal banking system in availing the basic banking services which resulted in stunted growth of SHG-BLP. Thus, on one hand we have large groups of women formally linked to banks, individual members fail to consume the services offered and on the other, the trend of steadily increasing nonperforming assets (19% for central region and 9-14 % for other regions except south) against loans given to SHGs also create reasons for concern. NABARD has indicated in its report that the SHG-BLP program need to reinvent itself to function as a platform for women to enhance their individual capacities along with their income levels. It has been pointed out that the existing financial institutions tend to restrict their lending activities to more risky field of lending to the agricultural sector and therefore those involved in the rural credit market have little choice and pay higher interest rates to use informal credit which often leads to cyclical debt (N. C. Pradhan, May 2013). The Malegam Committee was set up to study the microfinance sector in India, and the Committee in its report (RBI, 2011) pointed out that agencies involved in the process of extending financial services to the poor overlooked the overall objective of serving as vulnerability reducing instrument leading to the opportunity of charging high interest rates.

The Committee on Comprehensive Financial Services for Small Business and Low Income Households in its report submitted in 2013 recommended expansion of full-service and safe Universal Electronic Bank Account (UEBA) to each Indian resident above the age of eighteen years. Further, banks have also been directed to cover all loans to landless labourers and small/marginal farmers as part of primary sector lending, however the report is silent on gender based exclusion. Addressing the needs different section of consumers characterized by different income level, rural-urban diversity, differences in skill levels with a uniform financial service is the major problem. Unless, remedial measures are taken the extension efforts by banks will not be able to serve the needs of the poor. While measures in the form of dovetailing schemes like National Rural Livelihood Program with the SHG-BLP have been undertaken, much more needs to be done towards making financial inclusion a comprehensive strategy for the poor women.

Impact of a micro-credit program for women – Case Study

A look into a schematic intervention, aimed at making the women self-reliant through the Self Help Groups (SHGs) model highlighting key challenges therein has been attempted as part of a case-study. The eight year Programme on Women Empowerment & Livelihood Programme in Mid-Gangetic Plains namely "Priyadarshini" envisaging project outlay of US $ 32.73 million funded by International Fund for Agriculture Development (IFAD) through National Bank for Agriculture Development (NABARD) is being selected for the purpose. The overall objective of this program was to strengthen community level institutions for social and economic empowerment and enable the target groups to access productive resources, social services and to build a sustainable livelihood base integrated with the wider economy. Mid-Gangetic Plains constitute India's largest pocket of poverty in terms of population. Despite abundant groundwater endowments and fertile soils, growth of the rural economy is inhibited by acute population pressure, low crop productivity and inequitable land tenure. Women suffer deeper deprivation than elsewhere in India as here the forces of patriarchy are strong and caste divisions are rigid There is an opportunity to promote social and economic empowerment of women through the establishment of sustainable grass-roots institutions and ensuring access to microfinance and business development services.

"Priyadarshini" was launched in six districts - Sultanpur, Rae Bareli, Shravasti and Bahraich in the State of Uttar Pradesh (UP) and Sitamarhi and Madhubani in the State of Bihar. As per the project objective, formation of 7200 SHGs was targeted during the project period ending 2016-17 with Ministry of Women and Child Development (MWCD) as the nodal agency along with a Central Programme Support Unit established within the Ministry. NABARD was identified as the Lead Programme Agency responsible for programme implementation and coordination and at the district, block, and village levels in both the states. The Five Year Strategic Plan of MWCD (2011-16) acknowledges that "despite intensive efforts, steps taken towards economic empowerment of women are yet to bring about tangible change in social indices relating to education, health and violence against women." To take forward the issue of economic empowerment of women in the poorest districts, program Priyadarshini was conceived with the following with the components:

1. Empowerment and capacity building of community based organizations with focus on gender mainstreaming activities and life skill training.
2. Livelihood enhancement and enterprise development.
3. Programme Management - Programme Implementation Units at the district level and block offices at the block level. The programme support unit set up within MWCD had the responsibility to monitor programme progress and performance.

The primary target group comprise women and adolescent girls from an estimated 108,000 poor households: 67,500 in Uttar Pradesh (Bahraich, Shravasti, Sultanpur and Rae Bareli districts) and 40,500 in Bihar (Madhubani and Sitamarhi districts). In the two-phased process with focus on formation, nurturing and linkage of SHGs with the banks constitute the first phase, the second phase lays focus on working with mature SHGs. National resource non-governmental organisation (NGOs) were contracted to provide training and capacity-building to facilitating NGOs at the local level to promote and support grass-roots institutions, while private service providers supported enterprise development activities, market linkages and the provision of financial services.

TABLE: VII

Progress made by Priyadarshini in 2013 -14

State	SHGs promoted (No.)	SHGs saving linked (No.)	SHGs credit linked (No.)	SHGs found eligible for release of seed capital (No.)	Amount of seed capital released to eligible SHGs (₹ i in lakh)	No. of training programmes conducted	No. of members covered
Bihar	3,574	2,648	1,405	1,907	2,87.65	859	20,827
Uttar Pradesh	4,984	3,785	1,083	1,128	93.93	1,335	30,417
Grand Total	8,558	6,433	2,488	3,156	404	2,194	51,244

Source: Annual Report 2013-14, Ministry of Women and Child Development, GOI

Progress under Priayadarshini (Table-VII) indicates that 8558 SHGs of women were formed since its inception, out of which 75% have been savings linked with banks and nearly 39 % of those savings linked report active loans. While the project has achieved its target set under SHG formation, it falls short of enabling bank linkage and credit access for ensuring livelihood opportunities for the women members.

Primary information collected in June 2013 to assess the achievements under Priyadarshini in the select districts of UP suggested that the program was run through nine community centers and 1800 SHGs covering three blocks of undivided Sultanpur-Akhand Nagar, Bhetua and Shukl Bazaar (now Bhetua and Shukl Bazar is in CSM Nagar district) of Uttar Pradesh (UP). The resource NGO (non-governmental organisation), engaged as part of the mandate towards empowerment and capacity building of SHGs for Amethi and Sultanpur districts of UP is a federation of 10,000 rural poor women functioning in Kurnool (District), Andhra Pradesh since 1995. This federation has evolved as a self-sustained community based organization formed by rural poor women and totally managed by themselves. It was expected that the resource NGO would be able to catalyse the change in the lives of poor women that leads to economic empowerment under Priyadarshini project as well.

Field information collected from Amethi (Bhetua and Shukul Bazaar blocks) and Sultanpur district revealed that the resource NGO was successful in nurturing only 286 SHGs as against a target of 600 during the two years of functioning and the number of SHGs which have been credit linked was too small. Further, it was unable to manage the project as mandated by the terms of refernce, finally the overall performance of the resource/field NGO in these two districts could not commensurate with the expenditure incurred as part of the project. Accordingly, the Joint Review Mission for Priyadarshini (conducted during 2012) recommended termination of the contract with the NGO in UP.

It is to be noted that the selection process of the field NGO is a long drawn process as per the procedure of IFAD and while the district implementation unit tried to hand hold the SHGs during the interim period, the momentum was lost. Interaction with women SHGs involved under Priyadarshini project (field visit conducted during June 2-3, 2013) revealed that the field NGO has failed to build a rapport with the local community and this has affected the organising capacity for livelihood generation of women SHGs in the districts selected. Thus, the fact remains that the lessons learnt from a sustainable model for poverty reduction in Kurnool district of Andhra Pradesh could not be replicated in the selected northern districts of India. While NABARD in its Annual Report 2013-14 mentions that there were more than 3000 training programs on group dynamics, social issues, book keeping, skill development, life skill development, legal aid, gender issues, exposure visit within the State, etc. were conducted under the Priyadarshni project, its real efficacy remains to be seen. While a number of training programs have been conducted, no real efforts were made towards linking other existing women centric programs implemented by the Government in the districts covered under Priyadarshini.

A review of the Priyadarshini program in Bihar during July 2012 highlighted that the Program Implementation Unit (PIU) at the district level had displayed high level of motivation, confidence and commitment along with SHG members engaged in the project. An important initiative in Sitamarhi and Madhubani districts of Bihar has shown useful results during the initial phase of implementation of the scheme. After the formation of around 2000 SHGs in the blocks selected for the pilot, the challenge for the Program Implementation Unit (PIU) in the districts was to submit the residential certificate (RC) of SHG members for savings bank linkage as per Know Your Customer (KYC) norms. However, the task was difficult as the poor women to get their claim acknowledged by the State authority since ownership rights. Exclusion of the majority of women from access to and control of land in rural India is the major constraint in ensuring livelihood opportunities. While women in India have legal right to own land, very few do and even if they have ownership right it rarely translates into control of the land or of the assets. However, under the Priyadarshini project in Bihar, the PIU at district level sought help under Right to Service Act of the State Government which provided for online application. As per the norms, the SHG members were issued residential certificates within 21 days. After the initial success, trainings were given to the coordinators of six Community Service Centres set up under the project for helping the community members with such services. While this success story is encouraging, it does not ensure achievement of the objective envisioned under the Priyadarshini project.

Further, training programs were largely outsourced (in the absence of a resource organisation as mandated under the project) thereby leaving scope for a mismatch between the actual needs of the community and what is actually delivered as part of a one-time training schedule. Further, as reported by NABARD in its annual report, two funds namely, Innovation Fund and Community Asset Fund have been set up under Priyadarshini for promotion of community level institutions and livelihood activities but field study during June 2013 revealed that guidelines for operationalising Community Asset Fund and Innovation Fund were yet to be finalised and this delay has impeded livelihood promotion activities in all the blocks covered under Priyadarshini project. Thus, it is clear that while laying emphasis on building social networks for women, the project failed to utilise the platform for women to enable capacity building towards enhancing livelihood opportunities. Further no specific steps have been taken to converge with the activities of other women centric schemes/programs being implemented by the Government in these districts.

Currently, NABARD is experimenting with innovative methods (Joint Liability Group Program) to support members of SHGs who may graduate faster to start or expand economic activities requiring much higher levels of loans than required by other SHG members. Department of Financial Services, Ministry of Finance, Govt. of India is also supporting a scheme for promotion and financing of Women SHGs in few backward districts in association with NABARD. Further, Ministry of Rural Development, Government of India have agreed to bear additional 5% interest on loans extended by banks to SHGs under this programme for meeting the service charges payable to the anchor NGOs thereby reducing the interest burden of SHGs on their loans. NABARD is also implementing the Interest Subvention Scheme for Women SHGs. With the thrust of the Government on the scheme Pradhan Mantri Jan Dhan Yojana (PMJDY) launched on 28.08.2014, 12.54 crore bank accounts were active opened upto 31.01.2015 out of which 8.44 crore are accounts with zero balance. With such a fast coverage in terms of linkage, the essential feature of the program lies in the ability of the formal financial system to provide other services as outlined under financial inclusion thereby reducing the vulnerability of the poor, especially poor women.

Conclusion: Women in India face multiple challenges, socio-economic and political and so no single strategy towards empowerment can be envisaged in isolation. The need for financial inclusion is an imperative; however, its strategy and implementation need to be seen in the larger socio-economic framework. The need for expanding access to banking services is also heightened by the cases of fraud by chit fund companies duping its investors who are poor and vulnerable and in a recent case, probing illicit fund raising by Kolkata-based companies, the Ministry of Corporate Affairs in India has found that group companies of Saradha and Rose Valley mobilised amounts worth Rs 12,740 crore. Thus, it is time to identify and address issues that cause financial exclusion among different segments of the society to have different characteristics. A uniform strategy may not serve the interests of the diverse groups in a country like India.

Examining the case of SHG-BLP implemented for empowering women it is evident that the process was has laid emphasis on bringing the ‘unbanked’ poor into the mainstream but has neglected the challenges posed by the real sector given the inequalities that persist. Women’s access to health, education, economic resources/opportunities, social networks etc. are interdependent in a way that no single form of inclusion can work in isolation. As per Census of India 2011, nearly 55% of the population are in the age group of 18-59 years and only 2% of the total workforce has undergone skills training. With an increasing migration of labour from primary to the secondary and tertiary sector it is a matter of concern to meet the needs of skill training for such a large workforce. In India the cost of skill training is largely borne by the potential workers and poor families are less likely to invest or take loans for skill development of women. Given this, access to a savings account alone (bank linkage) will make little difference to the economic status of the poor women unless convergence of other basic services (such as education, skill training, livelihood etc) is also ensured. Credit needs of the poor households will be largely used for unproductive purposes unless the process towards financial inclusion converges with other schemes/programs being implemented for empowering the poor.

It is in this light, the recommendation of the High Level Committee on Financial Sector Reforms, 2009 may be seen which emphasises that finance alone cannot address the challenges of the sector since investments in infrastructure, reforming labour laws, improvement in social safety net, etc. has an important role to play in magnifying the effects of the reforms suggested under the financial sector. Thus, financial inclusion is a process wherein coordinated action is the key determinant and its achievement lies in the core strategy to address the socio-economic vulnerability of the poor and unbanked population. Convergence is the key for taking women’s empowerment issues ahead.

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