

## GENDER GAP IN FINANCIAL SERVICES IN INDIA: A STATE LEVEL ANALYSIS

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### Abstract

Despite a tremendous progress in financial inclusion levels of different countries across the globe, the World Bank Findex data did not show any signs of improvement as far as gender gap in financial services is concerned over a period of three years from 2011 to 2014. The results of the findings have shifted the focus of policy makers toward the promotion of financial inclusion amongst the females to curb down this gender gap which has so far remained an untouched subject amongst the researchers. Though gender parity, gender equality is receiving an increasing amount of attention both at national and international level yet there is very limited research work undertaken to measure financial inclusion by disaggregating data sex-wise to identify gender gap in financial services. This paper is an attempt towards this direction and measures the gender gap in financial services across 36 states/UTs of India for the year 2014-2015 by constructing gender gap ratio index. The results portray presence of large gender gaps across all the states and at all India level, on an average against every 100 males only 58 females have been found to be covered under formal financial sector depicting a huge gender gap of 42 percent point.

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## **Introduction**

The importance of financial inclusion as a tool to eradicate poverty has been recognized all over the world. Almost all the countries of the globe have adopted it as an important policy objective to promote inclusive growth. As per the World Bank Findex data, over a period of three years from 2011 to 2014, lot of progress has been made in this direction and the proportion of adults having accounts in formal financial institutions has increased from 51% in 2011 to 62% in 2014. However, despite this progress, an estimated two billion adults are still unbanked and of this India's share stood at 423.2 million constituting around 21% of world's total unbanked and 47% of India's total adult population. The government has been making lot of efforts to bring the unbanked under the scope of formal financial sector since independence and has launched various schemes from time to time for the same, latest being the Pradhan Mantri Jan Dhan Yojana (PMJDY) which is an ambitious scheme launched in August 2014 to bring about comprehensive financial inclusion of all the households. The plan envisages universal access to banking facilities with at least one basic banking account for every household. Till March 2017, 28.23 crore accounts have been opened under the scheme, of which 16.91 crore in rural areas and 11.33 crore in urban areas. Out of total 36 states/UTs, 27 states have covered all the houses while rest of the nine states are almost near achieving the target as depicted in Annexure I. Though, the country has almost achieved the mission of having each household at least an account in the bank but in terms of gender gap a lot still needs to be done.

Even the World Bank Findex reported that though the proportion of male and female account holders increased from 54% in 2011 to 65% in 2014 and from 47% to 58% respectively but the increase did not reduce the gender gap which continued to remain the same at seven percentage points across the globe. In India, the proportion of male account holders increased from 44% to 63% while that of female account holders increased from 26% to 43% depicting an increase in gender gap from 18 percentage point to 20 percentage point. Among the Commonwealth countries, the gender gap in terms of unbanked population was the highest for India. So, after experiencing a great success in terms of

household coverage, it is high time for the country to focus the attention towards the other half of the population, majority of which has been left out from financial services i.e. women. There is no denying the fact that the narrowing down of this gender gap will be as effective in promoting the financial inclusion as have been the other methods adopted so far as participation of women in financial sector brings in multiplier effect both at the micro level as well as at macro level. At the micro level access to finance to the women means more investment in health, welfare and education of the family while at macro level it will lead to higher economic growth and increased GDP. As per World Economic Forum Global Gender Gap Report (2015) which ranked countries on the basis of four sub indices, India stood 108 out of 145 in the overall index while in terms of sub index concerning economic participation and opportunity, it was ranked as low as at 139. Thus in India lack of economic opportunities for women is adding to the problem of lower level of financial inclusion amongst the females.

### **Review of Literature**

In terms of measuring gender gap in financial services, not much work has been done so far and research is still at the infant stage especially in India. Some of the work done in this direction is discussed below:

**Chavan (2007)** measured the extent of exclusion of dalits in rural areas from access to formal credit. The author found that the gender inequality ran through caste inequality. The study found that in 2004, dalit women on an average received only Rs. 8 of bank credit per small borrowal account as against Rs. 100 received by non-dalit/ adivasi women. The author further found that in comparison to Rs 100 received by non-dalit/ adivasi men, the dalit women on an average received just one rupee of credit per small borrowal account during the same period. The author also concluded that the average amount of credit per account going to dalit women vis-à-vis women and men from non-dalit/ adivasi categories was on a steady decline between 1997, 2001 and 2004

**Rajeev, Vani and Bhattacharjee (2011)** examined the inequalities in access to credit across different income groups as well as weaker section of the society especially women. In terms of Incidence of Indebtedness (represented by the percentage of households having outstanding loans amongst the households of that category), the authors found statistical significant difference between male- and female-headed households both in formal loans and informal loans based on the results of Z-test. The authors also calculated Lorenz ratios for access to credit in case of male- and female-headed households. The results depicted more inequalities in access to credit among female-headed households as compared to male-headed households. The findings of the study concluded that female-headed households not only have lower access to credit, but poor females are much more discriminated against compared to their richer counterparts vis-à-vis the male-headed households.

**Purohit (2015)** in her study examined the gender gap in the ownership of bank account for four years from 2010-2013. The gap was measured region-wise, population-wise and bank group wise. The author found the increase in the number of female accounts comparatively slow over the period and found statistical significant difference in the ownership of bank accounts between males and females.

**Mohanty Committee (2015)** the Committee on Medium-term Path on Financial Inclusion, in its report also concluded that despite jump in access to banking, gender inclusion remained a concern. The committee found that although the account density for females has more than tripled, these numbers were still far lower than the account density of males. The report concluded that the higher the share of rural and women population, the lower the level of financial inclusion. The committee found that the various indicators of financial inclusion pointed towards differences in the level of financial inclusion across the population group as well as gender. The quantitative results depicted comparatively lower level of financial inclusion amongst the states having a relatively higher share of rural population and a higher share of female population.

**Ghosh and Vinod (2016)** in their paper analyzed the interface between gender and financial inclusion in terms of access to and use of cash loans by households. The authors found that as against 68% of male-headed households having access to formal finance the share of female-headed households stood at 57%. In terms of gender gap in the use of finances, the cash loan outstanding from formal agencies was found to be nearly 5% higher for male-headed as compared to female-headed households. The findings concluded that on average, households with female heads were less inclined to access formal finance and more inclined to access informal finance.

**Omidyar Network (2016)** an investment firm, conducted a research to study the gender gap in access to financial services. While the qualitative research was conducted between the periods 2012 to 2015, the quantitative research was carried out in 2016. The results showed a decline in unbanked women from 363 million in 2013 to 280 millions in 2015. However still the firm found that one out of four unbanked women across the globe belonged to India. The gender gap was studied primarily on the basis of access to bank accounts and the results of the study depicted a decline of six percentage points in the gender gap in ownership of savings account from 17% in 2013 to 11% in 2015. The study also concluded that despite considerable increase in women accountholders, their usage of these bank accounts was found to be low. The firm concluded that nearly 62% of all women in India either don't have access to bank accounts or are not active users of accounts. Further the firm suggested that there exists a big market opportunity to the size of around \$40 billion (which is like 10% more of the total savings bank deposits in the country) that need to be tapped by introducing tailor-made products for women.

### **Need and Objectives**

Because of the economic benefits associated with gender parity, gender equality is receiving an increasing amount of attention both at national and international level. The 2030 Agenda for Sustainable Development adopted by world leaders in 2015 which consist of 17 goals also has one full fledged goal of achieving gender equality and empowering all women and girls (SDG 5). However despite this, there is very limited research work undertaken to measure

financial inclusion, the term well known and well documented, by disaggregating data sex-wise to identify gender gap in financial services. Though, a lot of research has been carried out in India on financial inclusion but the studies on gender gap are very limited. The authors, who have touched the subject of gender gap, also have mostly referred it at the macro level as is seen from the review of literature. Not much work has been done to measure the gender gap across different regions of the country to investigate the extent of gender gap prevalent in these regions. So keeping this fact in mind a study has been undertaken to identify the gender gap in financial inclusion across different states of India which will not only add to the current literature but also help in policy formulation for the future. More specifically, the objectives of the study are:

1. To analyze indicator wise gender gap amongst the different states of India.
2. To construct the composite index of financial inclusion gap at state level.

### **Data Base and Methodology**

The study covers all the 36 states/UTs of India and is carried out for the year 2014-2015, the year for which latest data is available. Source of data for the study is Banking Statistics-Basic Statistical Returns published by Reserve Bank of India. The male and female population data has been taken from census of India 2001 and 2011 and population less than six years of age has been excluded for the analysis purpose. The projections for the year 2015 have been made on the basis of annual growth rate between the two census years.

In order to study the gender gap, following five variables have been taken:

- Accounts per branch (Nos.)
- Per capita saving accounts (Nos.)
- Deposits per branch (Amount)
- Per capita Deposits (Amount)
- Deposits per thousand Accounts (Amount)

Since, in India, the focus of the government is on opening accounts to bring the unbanked under the umbrella of formal financial sector so gender gap has been studied in terms of saving accounts. Further, the volume of deposits have also been considered to identify the regions which present opportunities in terms of tapping of savings of women as suggested in the study carried out by Omidyar Network (2016).

In order to study the gender gap, the disaggregated data for males and females have been used relating to above five variables. There are various methods used by researchers to examine the gender gap like percentages, ratios, parity index etc. In the present case Female to Male ratios have been calculated for each of the five selected variables and multiplied by 100 to get the results in terms of per hundred of males. The more the ratio nearer to 100 lesser is the gender gap while the ratio nearer to zero means higher gap. The composite index ratio of state-wise gender gap was prepared by taking the simple average of these five indicator-wise ratios. On the basis of this gender gap index ratio conclusions have been drawn and all the states have been divided into two categories viz. above average and below average states.

### **Findings of the Study**

Table 1 depicts the gender wise position of different states in terms of selected indicators. It is seen that in all the indicators, women lag their male counterparts except in one indicator namely, deposits per thousand of accounts where females scored better in certain states. The average score for the country as a whole has been comparatively very high for the males as compared to females in all the indicators. It is seen that on an average males had six thousand accounts per branch as against 2880 accounts for females which is even less than 50% of that of males. As far as per capita accounts are concerned, on an average each male had 1.72 accounts in banks while each female had to her share just .93 accounts, not even a single full account. As far as use of these accounts in terms of savings is concerned, females deposited on an average Rs. 117.38 millions per branch while the figure for males is more than double of females at Rs. 252.73 millions. The average per capita deposits for males was Rs.84390 and that for females it was Rs. 45630. The least gap was in terms of deposits per thousand of accounts with male value standing at Rs. 44.58 millions and that of females at Rs. 41.80 millions.

**Table 1: States Wise Selected Indicators as per Gender**

STATE	Accounts per Branch (Nos.'000)		Per capita Accounts (Nos.)		Deposits per Branch (Rs. Millions)		Per capita Deposits (Rs.'000)		Deposits per Thousand Accounts (Rs. Millions)	
	M	F	M	F	M	F	M	F	M	F
Haryana	5.26	2.40	1.85	0.95	230.55	117.19	81.28	46.38	43.83	48.83
Himachal Pradesh	4.43	2.09	2.01	0.96	206.37	92.00	93.48	42.53	46.54	44.11
Jammu & Kashmir	5.99	2.77	1.65	0.85	251.22	90.41	69.10	27.73	41.95	32.62
Punjab	4.65	2.30	2.05	1.12	235.18	109.08	103.60	53.06	50.54	47.33
Rajasthan	5.84	2.83	1.16	0.60	182.82	76.74	36.33	16.23	31.31	27.14
Chandigarh	4.92	2.45	3.95	2.39	459.17	223.07	369.01	217.55	93.36	91.19
Nct of Delhi	7.24	3.78	2.95	1.74	662.54	403.71	269.77	185.88	91.45	106.93
Arunachal Pradesh	4.31	2.24	0.88	0.48	260.84	95.01	53.45	20.54	60.53	42.37
Assam	8.41	3.44	1.23	0.52	211.13	78.73	30.81	11.89	25.10	22.86
Manipur	7.71	4.31	0.78	0.44	174.15	51.69	17.59	5.23	22.59	11.98
Meghalaya	3.36	2.29	0.75	0.51	200.77	105.80	45.09	23.77	59.81	46.18
Mizoram	1.92	1.19	0.58	0.36	118.59	57.11	35.58	17.29	61.63	47.87
Nagaland	4.47	2.18	0.75	0.39	253.73	81.35	42.53	14.43	56.73	37.37
Tripura	7.26	3.81	1.59	0.87	215.04	77.97	47.15	17.71	29.63	20.47
Bihar	6.85	2.80	0.88	0.39	185.16	49.98	23.80	7.03	27.04	17.82
Jharkhand	6.35	2.36	1.15	0.45	233.67	75.47	42.24	14.32	36.82	32.02
Odisha	5.87	2.41	1.33	0.55	156.08	68.59	35.25	15.69	26.58	28.48
Sikkim	3.82	1.90	1.52	0.85	191.79	95.59	76.22	42.72	50.27	50.19
West Bengal	9.22	3.75	1.55	0.66	346.78	155.74	58.14	27.32	37.63	41.58
Andaman & Nicobar	5.59	2.48	1.83	0.92	201.15	114.99	65.65	42.74	35.96	46.45
Chhattisgarh	7.98	2.08	1.51	0.40	179.45	71.68	34.00	13.65	22.49	34.38
Madhya Pradesh	7.84	2.29	1.37	0.43	177.65	76.41	30.95	14.19	22.65	33.36
Uttar Pradesh	7.54	3.08	1.25	0.55	209.11	80.89	34.65	14.56	27.73	26.25
Uttarakhand	4.98	2.03	2.00	0.83	208.42	78.92	83.61	32.46	41.87	38.87
Goa	4.36	2.90	4.26	2.89	354.78	214.00	346.61	213.03	81.38	73.79
Gujarat	6.60	2.98	1.63	0.80	305.27	144.87	75.26	38.71	46.23	48.58
Maharashtra	7.79	3.79	1.69	0.88	507.48	225.00	110.19	52.11	65.15	59.38
Dadra & Nagar	7.92	2.51	2.17	0.92	201.33	68.14	55.08	25.06	25.42	27.10
Daman & Diu	6.39	2.52	1.90	1.32	377.16	135.38	112.27	70.78	59.00	53.71
Andhra Pradesh	6.89	4.05	2.06	1.19	132.37	67.86	39.55	19.95	19.20	16.75
Karnataka	5.87	3.67	1.90	1.21	246.92	144.84	79.95	47.90	42.04	39.47
Kerala	5.33	3.60	2.27	1.38	298.37	125.79	126.94	48.25	55.98	34.89
Tamil Nadu	6.36	4.35	1.83	1.25	227.53	122.01	65.56	34.96	35.79	28.05
Lakshadweep	4.04	2.54	1.73	1.14	232.32	203.87	99.15	91.32	57.45	80.24
Puducherry	5.70	3.71	2.20	1.35	226.96	115.81	87.41	42.16	39.78	31.26
Telangana	7.06	3.72	1.81	0.96	236.61	129.89	60.61	33.48	33.53	34.89
<b>AVERAGE</b>	<b>6</b>	<b>2.88</b>	<b>1.72</b>	<b>.93</b>	<b>252.73</b>	<b>117.38</b>	<b>84.39</b>	<b>45.63</b>	<b>44.58</b>	<b>41.80</b>

Source: Author's Calculations (M stands for males and F for females)



Table 2 depicts the gender ratio of the selected five indicators along with state ranks. All the ratios are in terms of per hundred of males.

**Table 2: States Wise Female-Male Ratios of the Selected Indicators**

(Females to Males per 100)

STATE	Accounts per Branch (Nos.'000)		Per capita Accounts (Nos.)		Deposits per Branch (Rs. Millions)		Per capita Deposits (Rs. '000)		Deposits per Thousand Accounts (Rs. Millions)	
	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank
Haryana	45.63	23	51.22	23	50.83	11	57.06	8	111.40	6
Himachal Pradesh	47.03	21	48.00	26	44.58	18	45.50	21	94.79	14
Jammu & Kashmir	46.28	22	51.60	20	35.99	30	40.13	27	77.76	28
Punjab	49.52	17	54.68	16	46.38	16	51.21	14	93.66	17
Rajasthan	48.43	20	51.56	21	41.97	23	44.69	23	86.66	25
Chandigarh	49.74	16	60.36	10	48.58	13	58.96	7	97.67	13
Nct of Delhi	52.11	13	58.93	11	60.93	2	68.90	2	116.92	5
Arunachal Pradesh	52.03	14	54.88	15	36.42	28	38.42	30	70.01	31
Assam	40.94	28	42.38	31	37.29	27	38.60	29	91.08	20
Manipur	55.96	10	56.11	14	29.68	35	29.76	35	53.04	36
Meghalaya	68.25	2	68.27	2	52.70	8	52.72	12	77.22	30
Mizoram	62.01	8	62.56	7	48.16	14	48.59	16	77.67	29
Nagaland	48.68	18	51.52	22	32.06	34	33.93	33	65.87	34
Tripura	52.50	12	54.38	17	36.26	29	37.55	32	69.07	32
Bihar	40.95	27	44.80	27	27.00	36	29.53	36	65.92	33
Jharkhand	37.14	33	38.99	34	32.30	33	33.90	34	86.96	24
Odisha	41.01	26	41.55	33	43.94	20	44.52	24	107.14	8
Sikkim	49.93	15	56.14	13	49.84	12	56.04	9	99.83	12
West Bengal	40.65	31	42.53	30	44.91	17	46.99	19	110.50	7
Andaman & Nicobar	44.25	25	50.39	24	57.16	5	65.10	3	129.18	4
Chhattisgarh	26.13	36	26.26	36	39.95	24	40.15	26	152.87	1
Madhya Pradesh	29.20	35	31.12	35	43.01	21	45.84	20	147.28	2
Uttar Pradesh	40.87	29	44.40	28	38.68	25	42.03	25	94.66	15
Uttarakhand	40.79	30	41.81	32	37.87	26	38.82	28	92.84	18
Goa	66.52	4	67.78	4	60.32	3	61.46	5	90.68	22
Gujarat	45.17	24	48.95	25	47.46	15	51.43	13	105.07	10
Maharashtra	48.65	19	51.89	19	44.34	19	47.29	18	91.14	19
Dadra & Nagar Haveli	31.74	34	42.67	29	33.84	32	45.50	22	106.63	9
Daman & Diu	39.43	32	69.25	1	35.89	31	63.04	4	91.04	21
Andhra Pradesh	58.76	9	57.81	12	51.27	9	50.43	15	87.25	23
Karnataka	62.48	7	63.83	6	58.66	4	59.92	6	93.88	16
Kerala	67.63	3	60.98	9	42.16	22	38.01	31	62.34	35
Tamil Nadu	68.41	1	68.03	3	53.62	7	53.32	11	78.38	27
Lakshadweep	62.83	6	65.94	5	87.75	1	92.11	1	139.67	3
Puducherry	64.95	5	61.40	8	51.03	10	48.24	17	78.57	26
Telangana	52.75	11	53.08	18	54.90	6	55.24	10	104.06	11
<b>AVERAGE</b>	<b>48.00</b>		<b>54.07</b>		<b>46.44</b>		<b>54.07</b>		<b>93.76</b>	

Source: Author's own Calculations

It is seen from Table 2 that the average account per branch ratio for the country as a whole stood at 48 indicating that for every 100 accounts per branch held by males, females had just 48 accounts depicting the gap of 52 percent point. Similarly for per capita accounts and per capita deposits gap is of around 46 percent points for both while it is around 54 for the indicator concerning deposits per branch and just 6 percent point for deposits per thousand of accounts. In terms of number of accounts per branch ratio, the best performance is of Tamil Nadu with females having 68 accounts in a branch against every 100 of males with minimum gender gap of 32 percent points followed by Meghalaya, Kerala, Goa and Puducherry. The maximum gap of about 74 percent point was found in Chhattisgarh where the females hold just 26 of the accounts per branch in comparison to 100 accounts held by their male counterparts. As far as per capita accounts are concerned, Daman & Diu turned out to be best performing state with minimum gap of 31 percent points as its females hold 69 accounts against per 100 held by males though in itself the gap of 31 point percent is quite big. Along with Daman & Diu, Meghalaya, Tamil Nadu, Goa and Lakshadweep were the other states amongst the top five in terms of gender gap per capita account. Interestingly in terms of gender gap in deposits per branch, Lakshadweep performed quite well with a gap of just 12 percent point while the state of Delhi which occupied second position had gap of around 39 percent point which is more than three times of that of Lakshadweep. Bihar was found at the bottom with gap of 73 percent point as females in the state on an average deposited just Rs 27 per branch against every 100 Rs. deposited by male counterparts. Lakshadweep continued to occupy the top position in terms of per capita deposits as well with the females depositing Rs. 92 as against Rs. 100 by males while Bihar continued to be at the bottom. The results of gender-wise savings per account depicted some interesting results. The states which were at the bottom in terms of gender gap concerning the indicators relating to the number of accounts headed the list as far as usage of these accounts for depositing money is concerned. Further it is seen that Chhattisgarh and Madhya Pradesh, the two states, where females had minimum accounts vis-a-vis the males, performed far better in terms of usage of these accounts and topped the list with the females depositing more money in their accounts as compared to men. In Chhattisgarh, the females deposited Rs. 153 against Rs. 100 deposited by the males while in Madhya Pradesh the value stood at Rs. 147. On the other hand the states with lesser gender gap in terms of the number of accounts experienced lower utilization of these accounts by females for depositing money. Both the situations depict lower usage of accounts. The high gender gap in terms of accounts means more accounts belonged to males and so these accounts remained unutilized (depicted by higher female usage ratio) while

where gender gap in accounts was low, in those states more accounts belonged to females and thus their accounts remained unutilized (depicted by high gender gap in deposits).

**Table 3: Grouping of States on the basis of All India Average Values**

Accounts per Branch (Nos. '000)	Per capita Accounts (Nos.)	Deposits per Branch (Rs. Millions)	Per capita Deposits (Rs. '000)	Deposits per Thousand Accounts (Rs. Millions)
<b>AVERAGE 48</b>	<b>AVERAGE 54.07</b>	<b>AVERAGE 46.44</b>	<b>AVERAGE 54.07</b>	<b>AVERAGE 93.76</b>
<b>ABOVE AVERAGE STATES</b>				
Tamil Nadu (68.41)	Daman & Diu (69.25)	Lakshadweep (87.75)	Lakshadweep (92.11)	Chhattisgarh (152.87)
Meghalaya (68.25)	Meghalaya (68.27)	Delhi (60.93)	Delhi (68.90)	M.P (147.28)
Kerala (67.63)	Tamil Nadu (68.03)	Goa (60.32)	Andaman (65.10)	Lakshadweep (139.67)
Goa (66.52)	Goa (67.78)	Karnataka (58.66)	Daman Diu (63.04)	Andaman (129.18)
Puducherry (64.95)	Lakshadweep (65.94)	Andaman (57.16)	Goa (61.46)	Delhi (116.92)
Lakshadweep (62.83)	Karnataka (63.83)	Telangana (54.9)	Karnataka (59.92)	Haryana (111.40)
Karnataka (62.48)	Mizoram (62.56)	Tamil Nadu (53.62)	Chandigarh (58.96)	West Bengal (110.5)
Mizoram (62.01)	Puducherry (61.40)	Meghalaya (52.7)	Haryana (57.06)	Odisha (107.14)
Andhra (58.76)	Kerala (60.98)	Andhra (51.27)	Sikkim (56.04)	Dadra Haveli (106.6)
Manipur (55.96)	Chandigarh (60.36)	Puducherry (51.03)	Telangana (55.24)	Gujarat (105.07)
Telangana (52.75)	Delhi (58.93)	Haryana (50.83)		Telangana (104.06)
Tripura (52.50)	Andhra (57.81)	Sikkim (49.84)		Sikkim (99.83)
Delhi (52.11)	Sikkim (56.14)	Chandigarh (48.58)		Chandigarh (97.67)
Arunachal (52.03)	Manipur (56.11)	Mizoram (48.16)		HP (94.79)
Sikkim (49.93)	Arunachal (54.88)	Gujarat (47.46)		UP (94.66)
Chandigarh (49.74)	Punjab (54.68)			Karnataka (93.88)
Punjab (49.52)	Tripura (54.38)			Punjab (93.66)
Nagaland (48.68)				
Maharashtra (48.65)				
Rajasthan (48.43)				

<b>BELOW AVERAGE STATES</b>				
HP (47.03)	Telangana (53.08)	Punjab (46.38)	Tamil Nadu	Uttarakhand (92.84)
J&K (46.28)	Maharashtra (51.89)	West Bengal	(53.32)	Maharashtra
Haryana (45.63)	J&K (51.60)	(44.91)	Meghalaya (52.72)	(91.14)
Gujarat (45.17)	Rajasthan (51.56)	HP (44.58)	Gujarat (51.43)	Assam (91.08)
Andaman (44.25)	Nagaland (51.52)	Maharashtra	Punjab (51.21)	Daman Diu
Odisha (41.01)	Haryana (51.22)	(44.34)	Andhra (50.43)	(91.04)
Bihar (40.95)	Andaman (50.39)	Odisha (43.94)	Mizoram (48.59)	Goa (90.68)
Assam (40.94)	Gujarat (48.95)	M.P (43.01)	Puducherry	Andhra (87.25)
UP (40.87)	HP (48.00)	Kerala (42.16)	(48.24)	Jharkhand (86.96)
Uttarakhand (40.79)	Bihar (44.80)	Rajasthan (41.97)	Maharashtra	Rajasthan (86.66)
West Bengal	UP (44.40)	Chhattisgarh	(47.29)	Puducherry
(40.65)	Dadra Haveli	(39.95)	West Bengal	(78.57)
Daman Diu	(42.67)	UP (38.68)	(46.99)	Tamil Nadu
(39.43)	West Bengal (42.53)	Uttarakhand	M.P (45.84)	(78.38)
Jharkhand (37.14)	Assam (42.38)	(37.87)	HP (45.50)	J&K (77.76)
Dadra Haveli	Uttarakhand (41.81)	Assam (37.29)	Dadra Haveli	Mizoram (77.67)
(31.74)	Odisha (41.55)	Arunachal (36.42)	45.50)	Meghalaya (77.22)
M.P (29.20)	Jharkhand (38.99)	Tripura (36.26)	Rajasthan (44.69)	Arunachal (70.01)
Chhattisgarh	M.P (31.12)	J&K (35.99)	Odisha (44.52)	Tripura (69.07)
(26.13)	Chhattisgarh (26.26)	Daman Diu	UP (42.03)	Bihar (65.92)
		(35.89)	Chhattisgarh	Nagaland (65.87)
		Dadra Haveli	(40.15)	Kerala (62.34)
		33.84)	J&K (40.13)	Manipur (53.04)
		Jharkhand (32.30)	Uttarakhand (38.82)	
		Nagaland (32.06)	Assam (38.60)	
		Manipur (29.68)	Arunachal (38.42)	
		Bihar (27.00)	Kerala (38.01)	
			Tripura (37.55)	
			Nagaland (33.93)	
			Jharkhand (33.90)	
			Manipur (29.76)	
			Bihar (29.53)	

**Table 4: State-wise Overall Gender Gap Index Ratio and Rankings of the States**

(Females to Males per 100)

<b>State</b>	<b>Index Ratio</b>	<b>Gender Gap</b>	<b>Rank</b>
Haryana	63.23	36.77	9
Himachal Pradesh	55.98	44.02	22
Jammu & Kashmir	50.35	49.65	29
Punjab	59.09	40.91	18
Rajasthan	54.66	45.34	24
Chandigarh	63.06	36.94	10
Nct of Delhi	71.56	28.44	2
Arunachal Pradesh	50.35	49.65	30
Assam	50.06	49.94	31
Manipur	44.91	55.09	35
Meghalaya	63.83	36.17	8
Mizoram	59.80	40.20	14
Nagaland	46.41	53.59	33
Tripura	49.95	50.05	32
Bihar	41.64	58.36	36
Jharkhand	45.86	54.14	34
Odisha	55.63	44.37	23
Sikkim	62.36	37.64	11
West Bengal	57.11	42.89	19
Andaman & Nicobar	69.22	30.78	4
Chhattisgarh	57.07	42.93	20
Madhya Pradesh	59.29	40.71	17
Uttar Pradesh	52.13	47.87	26
Uttarakhand	50.43	49.57	28
Goa	69.35	30.65	3
Gujarat	59.62	40.38	16
Maharashtra	56.66	43.34	21
Dadra & Nagar Haveli	52.08	47.92	27
Daman & Diu	59.73	40.27	15
Andhra Pradesh	61.10	38.90	12
Karnataka	67.75	32.25	5
Kerala	54.22	45.78	25
Tamil Nadu	64.35	35.65	6
Lakshadweep	89.66	10.34	1
Puducherry	60.84	39.16	13
Telangana	64.01	35.99	7
Average	58.15	41.85	

Source: Author's own Calculations

**Table 3** portrays the performance of different states in comparison to all India average value and states were divided into above average and below average category on the basis of this value.

To have the overall view of gender-wise gap in financial inclusion level, the composite index ratio incorporating all the five indicators was prepared as depicted in Table 4, on the basis of which the states were ranked. It is seen that at national level, against every 100 males only 58 females are covered under formal financial sector and there exist a huge gender gap of 42 percent point. Out of 36 states, 18 states performed better than the average index value while 50% of the states performed poorly in comparison. Overall, Lakshadweep topped the list with a minimum gender gap index of just 10 percent point, followed by Delhi (28 points), Goa (30.65 points), Andaman & Nicobar (30.78 points) and Karnataka with the gender gap of 32.25 percent points. The worst performer in the list turned out to be Bihar with the maximum gender gap index of 58 percent points. Manipur, Jharkhand, Nagaland and Tripura were the other states with gender gap index higher than 50.

## **Results and Conclusions**

From the above analysis following significant conclusions are drawn:

- The financial inclusion level of females in India is low in comparison to their male counterparts clearly indicating that the use of formal financial services is still men's domain as the results showed that against every five males only three females are covered.
- In terms of coverage of each household having at least one account in the bank, the country may have performed better and all the states have almost achieved the target also but on the basis of this indicator alone, declaring the states as 100% financially

included does not seem to be the right approach. As per this criterion Kerala and Goa were the first two states declared to be 100 percent financially included but the results of the present study show the gender gap of 32 percent point in Goa and 39 percent point in Kerala indicating that against every 100 males only 68 females had bank account in Goa and 61 in Kerala. As is seen from Table 2, the state at the top in terms of proportion of per capita female accounts to per capita male accounts is Daman & Diu, which also still had the gender gap of 31 percent point. The results clearly indicate that the coverage of each household with a bank account has not in any way helped the women and the new accounts are being opened by male members only.

- The findings also support the fact that opening of an account does not ensure usage of financial services. Only two states, Lakshadweep and Delhi have shown consistency in terms of gender-wise number of accounts as well as their usage for depositing money as in these two states gender gap was found to be minimum in these two aspects (Refer indicator-wise ranking in Table 2). In rest of the states the gender ratios clearly depict presence of dormant accounts. The states with low gender gap in terms of per capita accounts have no doubt successfully brought the females under the formal financial sector by opening their accounts in the banks but the poor performance of these states in terms of usage of these accounts by females (depicted by large gender gap) shows that these accounts remain unutilized. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Goa, Daman & Diu, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Puducherry fall in this category. On the other hand, the larger gender gap in terms of number of accounts in the states (Chattisgarh, Madhya Pradesh, Odisha, West-Bengal, Andaman & Nicobar, Gujarat, Dadra & Nagar Haveli) show that females are still unbanked in these states and the maximum accounts belonged to males and the poor usage of these accounts by them (depicted by very high female to male ratio) again showed the un-utilization of these accounts.

## **Policy Implications**

The low level of financial inclusion amongst the females of India shows that it is high time to shift the focus from one account per household to at least one account each male and female member per household to curb the glaring gap between the two sexes in terms of financial inclusion. The main aim of financial inclusion is to bring unbanked under the umbrella of formal financial sector and the results of the study depicts that still a major chunk of Indian women are not covered under formal financial services as compared to their male counterparts. More and more consistent and vigorous efforts are required in this direction because various economic and social factors like lesser income, lack of ownership of assets for collateral, social norms etc. may not go in favor of females and thus act as major bottlenecks in bringing parity between the males and females. It has been well documented and various research studied have proved that the participation of women in financial sector adds to economic growth and overall upliftment of the society as a whole. So, India cannot afford to keep her females out of formal financial sector. There is an urgent need to set the area specific and time bound targets for opening of female accounts by the banks as a first step to promote financial inclusion among women. There is a need to enact rules which discourage multiple accounts holding by male members in a family and instead promote opening of accounts by female members. Government may introduce schemes providing special incentives to females for using the services of banking sector in the form of higher interest rates for the money deposited by them in their savings accounts or fixed deposits as is being provided to the senior citizens. Loans can be sanctioned to females at subsidized rates for undertaking some commercial activities which involves their personal skill and are being run in their own names. Improving the economic empowerment of females will automatically lead to the use of formal financial services by the females. At the same time there is an urgent need to identify the barriers which prevent females from approaching the formal sector and take corrective measures to remove the same.



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**Annexure I**

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

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

Karnataka	99.97%
Kerala	100%
Tamil Nadu	100%
Lakshadweep	100%
Puducherry	100%
Telangana	100%

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