Inspira- Journal of Modern Management & Entrepreneurship (JMME)
(A National Multidisciplinary bi-lingual Quarterly Double Blind Open Access Peer Reviewed Refereed Journal)
ISSN : 2231–167X (Print), Impact Factor: (Cosmos: 7.866 & I2OR: 5.675) Volume 16, No. 03, July-September, 2026, pp. 147-156

Fostering Women Empowerment: Empirical Evidences on Financial Inclusion and Grassroots Economic Participation in Kerala

Dr. Remyakrishnan R.*
Assistant Professor, Post Graduate Department of Economics, NSS College, Pandalam, Pathanamthitta, Kerala.

*Corresponding Author: remyakrishnanrtwo@gmail.com

***Citation**: Remyakrishnan, R. (2026). Fostering Women Empowerment: Empirical Evidences on Financial Inclusion and Grassroots Economic Participation in Kerala. Journal of Modern Management & Entrepreneurship, 16(03), 147–156.*

ABSTRACT

Women empowerment represents an elusive and multi-dimensional process that is integral in accomplishing the intended outcomes of sustainable development. Being a critical dimension of inclusive development strategy, it encompasses more than financial independence of women to materializing economic agency, social networking, capability enhancement and socio-cultural transformation. It is in this context that financial inclusion initiatives providing women with greater opportunities for economic participation and decision-making, are envisaged as constructive tools for achieving many sustainable development goals including gender equality, reduced inequalities, decent work and economic growth. The present study examines the nexus between grassroots economic participation, financial inclusion, and women's empowerment. Drawing on field derived secondary data evidences from women in Kerala related with their engagement with grassroots economic participation in initiatives like Mahatma Gandhi National Rural Employment Programme (MGNREP), Self-Help Groups (SHG) and Kudumbashree, the study examines how the participation in such initiatives strengthen women's economic agency and social capital, contributing to their economic and socio-cultural empowerment. The findings of the study highlight the fact that effective community participation and associated financial engagement not only empower women economically but also enhances the capacity to utilize their economic agency to have better choices within and outside the domestic sphere, contributing more to the larger goals of empowerment. The study also underscores the relevance of identifying critical implementation gaps and revitalizing existing policy initiatives to ensure that institutional interventions are better aligned with specific regional needs and local contexts.

***Keywords**: Women Empowerment, Financial Inclusion, Grassroots Economic Participation, Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP), Self-Help Groups Bank Linkage Programme (SHGBLP), Kudumbashree Mission, Social Capital, Sustainable Development Goals (SDG).*

Introduction

Women empowerment stands as a critical dimension of the current global sustainable strategies. Empowerment of women is an elusive term which ranges beyond women's formal labour market participation or their access to pecuniary resources. It also incorporates their actual utilization of financial resources, financial independence, economic participation, financial decision making power and socio-economic agency materialization within the domestic and community spheres. It is in this context that the participation of women in grassroots economic institutions assumes substantial significance, specifically in understanding how existing social standards, unpaid care burden, asymmetrical property ownership and limited admittance to formal financial institutional framework restricts their choices and opportunities.

Review of Literature

Wesely, M., & Dublon, D. (2015) emphasized the role of regionalized institutions in endorsing a multi-dimensional perspective to attain women's empowerment. Grassroots Women's Organizations (GWOs) should be considered as constructive stakeholders while designing policies aiming enduring and progressive change in women's well- being which necessitates realigning gender norms in ways that ranges beyond formal employment and commercial enterprises and addressing the socio-cultural, institutional and political barriers to gender disparities and women empowerment. Institutional initiatives for enhancing economic participation of women can only be impactful if such initiatives focus on enlarging capabilities, providing alternatives and operationalizing socio-economic agency of women (Women Economic Empowerment Study published by the World Bank, 2018).

Research Methodology

The research methodology of the study is structured in accordance with the following specific objectives formulated to examine the relationship between financial inclusion and women empowerment in the context of grassroots economic participation in Kerala.

- To examine the theoretical linkages between financial inclusion and women empowerment.
- To examine the association between grassroots economic participation, financial inclusion, and women's empowerment utilizing secondary data sources from three institutional platforms such as MGNREGP, Kudumbashree and Self-Help Groups Bank Linkage Programme (SHGBLP)
- To identify existing policy gaps and suggest reforms to promote women's empowerment through enhanced economic participation and financial inclusion.

The present study is descriptive and explorative in nature. The study is conducted principally based on secondary data collated from different sources like MGNREGP, Kudumbashree Misson, Government of Kerala and Self-Help Groups Bank Linkage Programme (SHGBLP) of NABARD. Secondary data obtained from various publications of international and national agencies, scholarly research articles, various government websites, journals, newspapers etc. were also utilized for the study.

The Financial Inclusion–Women Empowerment Theoretical Nexus

Financial inclusion and women empowerment are deeply interrelated facets of inclusive and sustainable development. Financial inclusion acting as a macroeconomic catalyst ensuring the access to formal financial products, services and credit to the vulnerable sections of the society at an affordable cost (The Committee on Financial Inclusion, Dr.C. Rangarajan,2008). Savings, credit, insurance, payments, remittances and other financial instruments form the integral components of the National Financial Inclusion Mission. For women, such provisions can amend their economic agency within the domestic sphere and society in a progressive manner by fortifying their utilization of financial resources, financial autonomy and decision making. The Resource-Based Perspective elucidates how economic resources can augment empowerment domains of women positively, while the household bargaining approach pinpoints the role of timely access to financial resources in enhancing financial decision-making power of women.

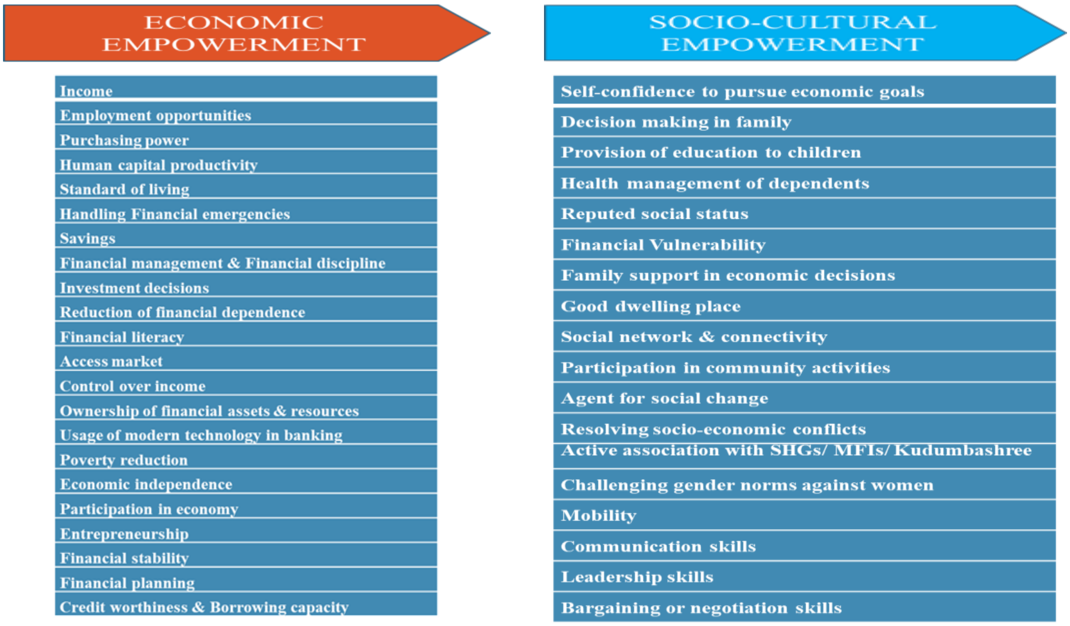

Figure 1: Variables of Empowerment

Source: Compiled by the author

From the Capability Approach perspective developed by Amartya Sen, it can be inferred that development is concerned not simply with holding income but with enlarging human capabilities and freedoms to materialize economic choices. Financial inclusion as a constructive developmental strategy can equip women folk with enhanced capabilities through the provisions of credit, deposits, insurance, financial literacy, risk mitigation, entrepreneurship etc. The Social Capital Perspective works alongside with these arguments by underscoring the importance of participation in collective economic activities and community networks in expanding women's exposure to information, resources and collective capabilities. Taken together, these theoretical narratives reveal that financial inclusion can constructively play a critical part in materializing women empowerment through coordinated efforts through the operation of intertwined mechanisms including access, usage, control, agency, bargaining power and decision-making.

Discussions

Active engagement of women in grassroots economic institutional framework can enhance their exposure towards better opportunities and also advance their social networking, negotiating power, socio-economic agency leading to greater empowerment. Grassroots economic participation denotes women’s active participation in economic activities associated with community-based establishments that function close to their households and locality. In the Kerala context, Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP), Kudumbashree and the SHG-Bank Linkage Programme (SHG-BLP) of NABARD represent three vital financial inclusion pathways through which women can partake in economic progressions. Although their declared aims and working mechanisms vary, they possess some mutually shared characteristics. All the three platforms create opportunities for women to get into direct interaction with labour force, income, savings, credit, livelihood opportunities, banking institutions and other collective organisations.

Table 1: Institutional Mechanisms for Grassroots Economic Participation of Women

Grassroots Institutional Platforms	Primary Mechanism	Target Outcome	Level of Collectivization
MGNREGP	Wage labour guarantee	Baseline livelihood security	Individual worker
SHGs (Self-Help Groups)	Micro savings and credit	Financial liquidity	Small localized group
Kudumbashree	Micro enterprise and collective farming	Structural poverty eradication	Massive federated network

Source: Compiled by the author

Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP)

Launched in 2005, providing a legal guarantee of wage employment to rural households, MGNREGP is currently replaced by Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) [VB-G RAM G] Act, 2025, operational from 1 July 2026. Annual days of wage employment has been revised from 100 to 125 days. Women's person days accounting 88.23% of the total reflect the substantial female involvement in the initiative, highlighting its potential to boost economic agency and financial autonomy of women in India.

Table 2: Operational Structure of MGNREGP in Kerala

Kerala	Data as on 25-08-2026
Total No. of Districts	14
Total No. of Blocks	152
Total No. of GPs	941
Total No. of Job Cards issued [In Lakhs]	40.66
Total No. of Workers [In Lakhs]	59.8
Women Person days out of Total (%)	**88.23**

Source: Department of Rural Development, Government of India

As per table 3, the total Direct Benefit Transactions (DBT) under MGNREGP in Kerala alone for the financial year 2026-2027 accounted for 1338696.The provision of DBT for wage payment under this scheme promote women's active association with formal banking institutions and positively augment the financial literacy rates.

Table 3: Worker Profile and DBT Transactions under MGNREGP in Kerala

Kerala	2026-2027
Registered Workers	3825088
Skilled Female Worker	144513
Semi-Skilled Female Worker	129352
DBT Transactions	13,38,696

Source: Department of Rural Development, Government of India

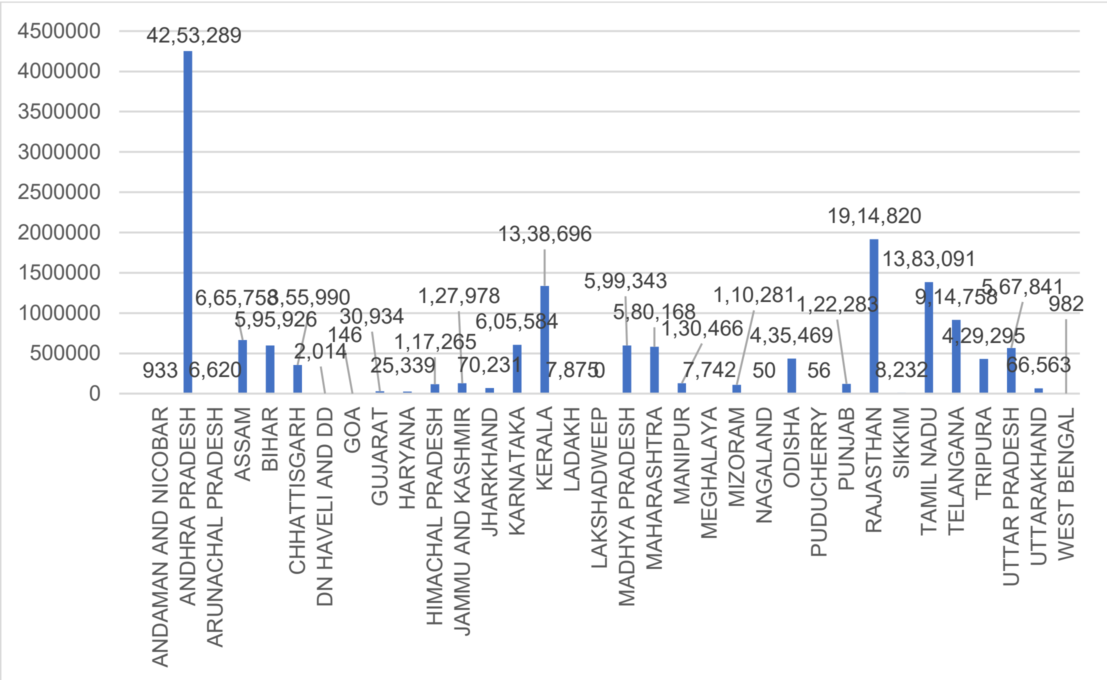

Figure 2: State wise Direct Benefit Transfers (DBT) Transactions under MGNREGP (in numbers)

Source: Department of Rural Development, Government of India

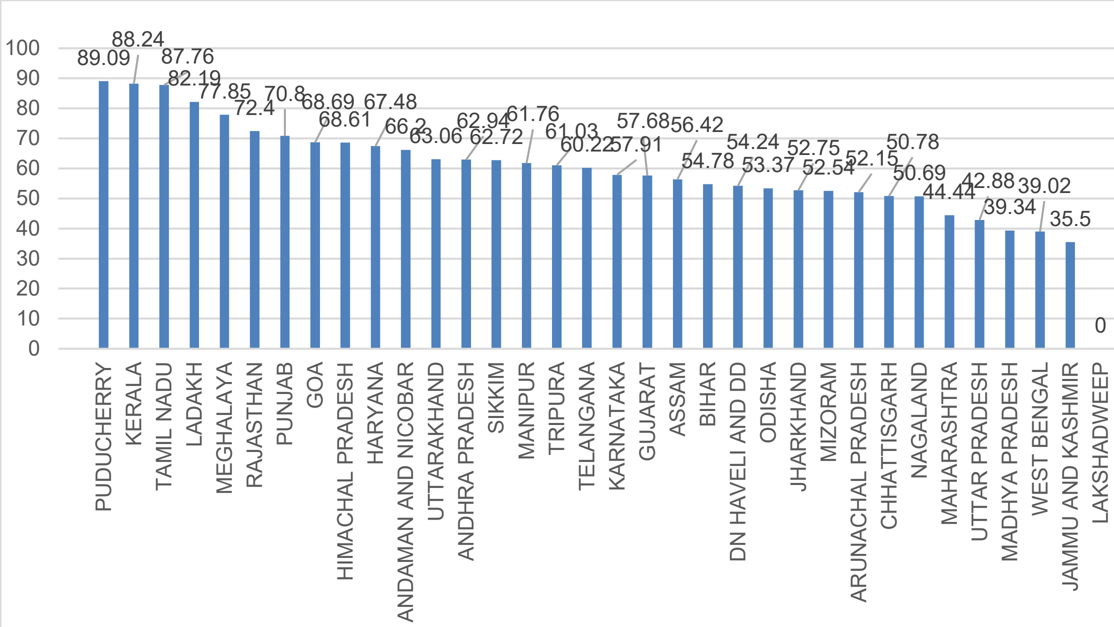

Figure 3: State wise Women's Participation in MGNREGP

Source: Department of Rural Development, Government of India

As indicated in Figure 2, Andhra Pradesh, Rajasthan, Tamil Nadu and Kerala tops the list in the delivery of Direct Benefit Transactions (DBT) under MGNREGP. Kerala (88.24%) also holds second position at the national level in the domain of women's participation rate under MGNREGP. Puducherry tops the list with an incredible 89.09 % of women engagement in MGNREGP.

Kudumbashree Mission

Kudumbashree Mission established in 1998 as part of the State Poverty Eradication Mission of Government of Kerala is a flagship grassroot economic institutional framework which combines women's economic contribution with collective networking and community participation. Successively running for quarter a century, this interconnected network of nearly 48 lakhs women in Kerala has contributed significantly to improving the status of women's empowerment in the state. The operational avenues of the mission ranging from thrift and credit opportunities to small business ventures, livelihood promotion, grassroot governance participation, and socio-economic agency development. Active participation of women in Kudumbashree makes them financially more included through regular savings, internal loans, bank linkage, access to timely credit, and financial capability enhancement.

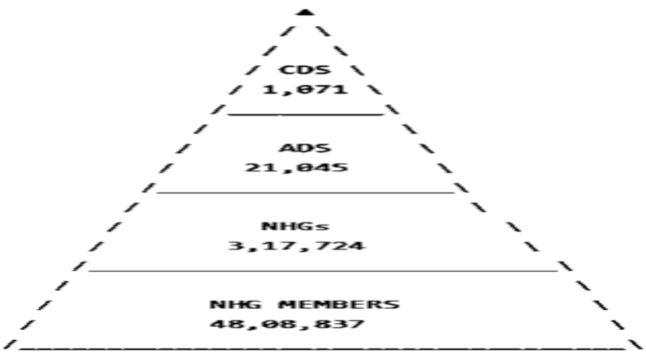

Figure 4: Organizational Hierarchy of Kudumbashree Mission

Table 4: Operational Profile of Micro Finance activities under Kudumbashree Mission in Kerala

Total Thrift amount	11955.38 Cr
Total Internal Loan disbursed	34064.14 Cr
No. of Live linkage NHGs	145,465
Live Linkage Amount	14293.43 Cr
Total No. of linked NHG's	3,06,999
Total linkage amount	50,561.48 Cr
Total No. of KAASS Members	411
BC Sakhi	1092
No. of enrollments under Jeevan Deepam Oruma Insurance	16.70 lakh

Source: Kudumbashree Mission Website, Government of Kerala, data retrieved as on 01-07-2026

The statistics on thrift and credit under the Kudumbashree Mission summarized in Table 5 portrays the sustained increase of economic progression achieved in terms of collective savings and internal loans over these years. Gradual increase in the volume of thrift and credit testimonies the improvement with regard to collective financial capability and participation in income generative activities. The progress in credit utilization also points to the fact that Kudumbashree has progressively performed as an institutional platform for tapping domestic savings and mapping finance towards women-led entrepreneurial ventures.

Table 5: Thrift and Credit provided under Kudumbashree Mission (1998-2027)

Thrift and Credit		
Financial Year	Thrift in Rupees	Internal Loan in Lakhs
1998-1999	851748.4047	26.01791135
1999-2000	7325036.28	223.7540376
2000-2001	9028533.09	275.7898603
2001-2002	14394548.04	439.7027018
2002-2003	40117349.86	1225.443625
2003-2004	93521974.84	2856.766666
2004-2005	219069689.7	6691.806799
2005-2006	326134464.2	9962.258256
2006-2007	475786658.9	14533.60528
2007-2008	707632574.6	21615.68075
2008-2009	1120134327	34216.15522
2009-2010	2202451025	67277.11517
2010-2011	2023583860	61813.35379
2011-2012	2874187190	57249.81213
2012-2013	3273657192	69452.21256
2013-2014	4027407157	123023.092
2014-2015	4639303211	141714.3595
2015-2016	5874821216	87815.65439
2016-2017	6279316437	155155.2125
2017-2018	6619022028	202187.7909
2018-2019	6790980460	268533.4648
2019-2020	7790980460	139198.4275
2020-2021	4303760749	650754.7951
2021-2022	6800274088	207724.4024
2022-2023	7928074151	242174.7188
2023-2024	8115331182	165419.2786
2024-2025	11118035718	257006.9354
2025-2026	22615397464	321086.9225
2026-2027	3263278422	96760.17756
TOTAL	119553858914	3406414.707

Source: Kudumbashree Mission Website, Government of Kerala

The Kudumbashree Accounts & Audit Service Society (KAASS) designed to deliver accounting and audit assistance to Neighbourhood Groups (NHGs), Area Development Societies (ADSs), and Community Development Societies (CDSs) play a constructive role in maintaining transparent financial management and institutional credibility at the grassroots level. It is an innovative venture under which a team comprising of eligible commerce graduates guided by professional chartered Accountants, monitor the organized accounting and record keeping of Neighbourhood Groups under Kudumbashree Mission. Currently more than four twenty-six members belonging to 46 KAASS groups function across different districts in Kerala facilitating to the proper monetary management and organizational effectiveness of the Kudumbashree network.

Table 6: Kudumbashree Jeevan Deepam Oruma Insurance Enrollment

Period	Premium Amount	No. of Enrollment
025 April 1- 2026 March 31 (1st Phase)	200	13,37,388
2025 April 1- 2026 March 31 (2nd Phase)	100	30,102
2026 April 1- 2027 March 31	200	16,70,952

Source: Kudumbashree Mission Website, Government of Kerala

Table 7: District wise Network of Neighbourhood Groups (NHGs) in Kerala

Sl. No	District	Total No. of Active NHGs in Rural area	Total No. of Active NHGs in Urban area	Total Active NHGs
1	Thiruvananthapuram	23,920	8357	32,277
2	Kollam	22,612	4648	27,260
3	Pathanamthitta	9,264	1413	10,677
4	Alappuzha	20,290	3444	23,734
5	Kottayam	14,031	2492	16,523
6	Idukki	11,297	921	12,218
7	Ernakulam	20,218	7534	27,752
8	Thrissur	22,659	5769	28,428
9	Palakkad	26,839	3607	30,446
10	Malappuram	28,313	5924	34,237
11	Kozhikode	22,078	7725	29,803
12	Wayanad	9,072	1528	10,600
13	Kannur	16,232	5235	21,467
14	Kasaragod	10,802	1500	12,302
	TOTAL	**2,57,627**	**59,966**	**3,17,724**

Source: Kudumbashree Mission Website, Government of Kerala

Three districts holding more than thirty thousand active Neighbourhood Groups (NHGs) in Kerala are Malappuram, Palakkad and Thiruvananthapuram districts. The activities of Kudumbashree mission are more concentrated in rural areas than urban areas as indicated by the total active NHGs in Table 7 which constitute to 2,57,627 in rural areas and 59,966 in urban areas. Around 24 lakh NHG members are covered under the various financial literacy initiatives launched by Kudumbashree mission in the past three years.

Table 8: Financial Literacy Campaign Initiatives under Kudumbashree Mission

Financial Year	No. of NHG Covered	No. of NHG Members Covered
2024-25	1.33 Lakh	14.7 Lakh
2025-26	84,363 NHG	9.28 Lakh
2026-27	1136 NHG	11,362

Source: Kudumbashree Mission Website, Government of Kerala

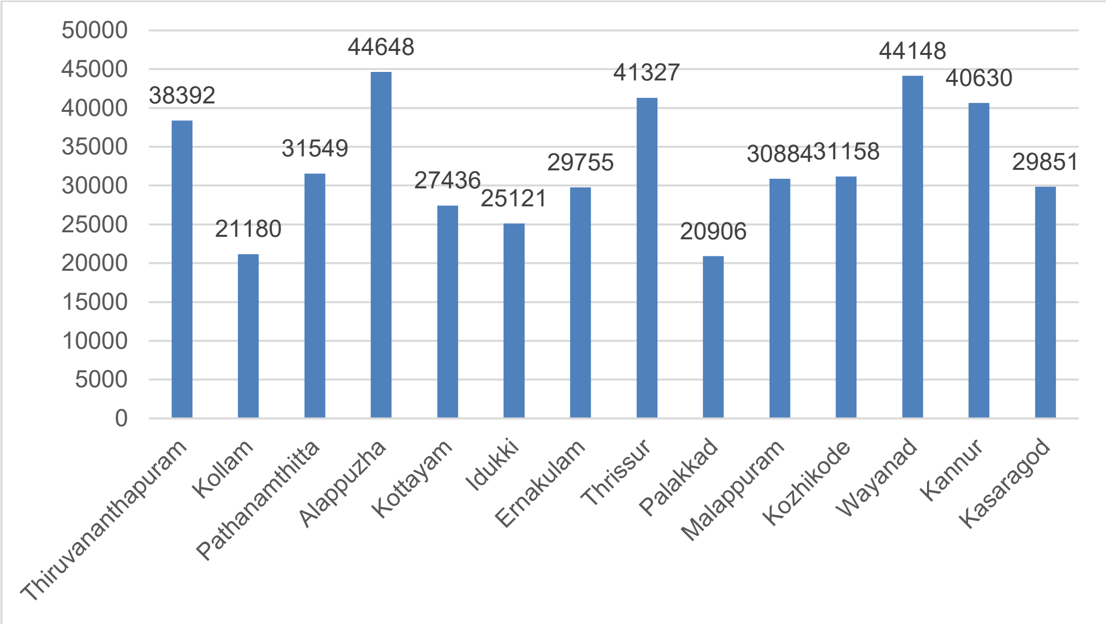

Figure 5: Number of Women Farmers – Joint Liability Groups (JLGs)

Source: Kudumbashree Mission Website, Government of Kerala

Self- Help Groups -Bank Linkage Programme (SHGBLP) of NABARD

The uniqueness of SHGBLP initiated by NABARD in 1992 lies in the creation of opportunities for women members to actively engage with formal financial institutions like commercial banks and co-operative banks. The empowerment relevance of SHGBLP members extend beyond credit availability to banking behaviour, financial management, record keeping, financial decision making etc. Participation in grassroots institutional economic organizations equip women to become more financially literate, more involved in household financial decisions including family budget, expenditure on children's education, investment decisions and also be provided with opportunities to nurture their innate leadership skills through organizing official meetings, documenting records, communication with formal institutions etc.

Table 9: NABARD Support for Training and Capacity Building for SHG-BLP during 2022-23 from Women Self-Help Group (WSHG) Fund (Number of Participants)

Kerala	Micro Enterprise Development Programme (MEDP)		Livelihood and Enterprise Development Programme (LEDP)	
2022-2023	10	300	3	370
State-wise % of credit linked SHGs (As on 31.03.2023)	70%			

Source: Status of Microfinance in India Report 2022-'23, NABARD

Table 10: Physical and Financial Assistance Provided through SHGBLP (2022-'23)

Particulars	Physical (No. in lakh)	Financial (Rs.in crore)
Total number of SHGs savings linked with banks as on 31 March 2023	134.03	58892.68
Out of total SHGs - exclusive Women SHGs	**112.92**	**52455.48**
Total number of SHGs credit linked during the year 2022-23	42.96	145200.23
Out of total SHGs - exclusive Women SHGs	**41.42**	**139315.69**
Total number of SHGs having loans outstanding as on31 March 2023	69.57	188078.80
Out of total SHGs - exclusive Women SHGs	**65.15**	**179468.42**

Source: Status of Microfinance in India Report 2022-'23, NABARD

Public Sector Commercial Banks play a pivotal role as an important implementing agency of NABARD's schemes associated with SHGs. Table 11 summarizes the savings generated through Women SHGs through the linkage programmes with various public sector commercial banks in 2023. It is evident from the data published by NABARD in the Status of Microfinance in India Report 2022-'23 that Canara bank and Union Bank of India jointly generated an amount of 31,765.19 lakh rupees as savings through women SHGs alone under SHG- Bank Linkage Programme (SHGBLP) as on 31st March 2023.

Table 11: Savings of SHGs with Public Sector Commercial Banks as on 31st March 2023

Name of Bank	Out of Total SHGs – Exclusive Women SHGs		
	No. of SHGs	No. of Members	Savings -Amount (in lakh)
Bank of Baroda	9538	110951	3354.71
Bank of India	14435	144350	144.35
Bank of Maharashtra	133	700	26.73
Canara Bank	57608	979336	18387.22
Central Bank of India	308	6160	148.50
Indian Bank	14894	193622	8131.78
Indian Overseas Bank	8430	111345	3744.25
Punjab National Bank	12765	127650	2518.58
State Bank of India	9011	111518	3673.00
UCO Bank	42	840	42.48
Union Bank of India	62407	748884	13377.97
Total	189571	2535356	53549.57

Source: Status of Microfinance in India Report 2022-'23, NABARD

Institutional and Implementation Gaps

- **Institutional Risk Bias:** Women need to cross more hurdles in attaining formal credit due to multiple reasons like lack of collateral securities, restricted credit history, biased risk perceptions of formal banking institutions, limited business knowledge etc.
- **Unequal access to productive resources and market:** Limited access to production inputs including land, finance, technology restrict the economic opportunities available to women and their effective utilization. Restricted mobility along with poor social networking and business connections also constrain women's access to market.
- **Gender Norms and Patriarchal Constraints:** Existing patriarchal structures and gender norms limiting women's mobility, freedom to work, opportunities, choices, access to credit etc. restrict the community level economic participation of women. The economic burden of unpaid care work related with intra household responsibilities of child care and elderly care and other domestic works disproportionately fall on women's shoulders leaving limited time and opportunities for labour market participation or other economic initiatives.
- **Digital divide and Information asymmetry:** Inadequate digital capability of women including ownership of smart phones, accessibility to internet, digital financial literacy skills and imperfect information etc. can lead to new forms of financial exclusion and lesser economic participation.

Policy Pathways towards Inclusive Finance and Women Empowerment

- Existing policy framework should shift the focal point from access to empowerment, ensuring that financial inclusion translates into increased social capital, decision-making and financial autonomy.
- Emphasis should be given to gender-responsive tailored financial products and services fitting women's specific needs, financial patterns and life-cycle risks.
- Restructure institutional framework to construct robust institutional convergence among financial institutions, Kudumbashree, SHGs, panchayat raj institutions, and other development agencies.
- Financial institutions should prioritize credit plus services to women customers through the promotion of women-led entrepreneurship, livelihood support, mentoring, skillset upgradation, digital integration, market linkages and business assistance.

- Improve women's asset ownership and control over financial resources to strengthen their economic autonomy.
- Focus on the extreme vulnerable women population through localized and targeted financial inclusion interventions.
- Financial institutions should design alternative credit scoring for women by giving due importance to SHG loan repayment history and MGNREGP wage consistency while fixing eligibility for availing individual credit.
- Policy shift towards asset backed institutional integration is needed for better financial inclusion of women.
- Digital financial sovereignty can be materialized by innovative financial interventions like rural digital banking kiosks for women collectives.
- Integrating robust child and elderly care economy infrastructure through targeted state interventions can systematically alleviate time poverty in the case of MGNREGP and Kudumbashree workers.

Conclusion

Policy strategies should extend beyond inclusion- oriented priorities towards an agency-generating model that uplifts women's resource possession, capability potentialities, bargaining power and decision-making. Deeper harmonization among labour market initiatives, women community networks and regulated banking institutions, accompanied by necessary training, care economy settings, marketing channelization, digital financial literacy and asset creation assistance, can revitalize grassroots economic participation into a progressive enhancement of socio-cultural and economic empowerment of women.

References

1. Goldman, M. J., & Little, J. S. (2015). Innovative grassroots NGOS and the complex processes of women's empowerment: An empirical investigation from Northern Tanzania. *World Development*, *66*, 762-777.
2. Mia, M. A., Dalla Pellegrina, L. & Wong, W-Y (2022). Female participation and financial performance of microfinance institutions: Evidence from transition economies. Development Policy Review, 40, e12602. https://doi.org/10.1111/dpr.12602
3. Naseef M, Rafi M, Prasad S (2025), "Financial inclusion, women empowerment and the role of active banking behaviour". International Journal of Sociology and Social Policy, Vol. 45 No. 5-6 pp. 606–625, doi: https://doi.org/10.1108/IJSSP-02-2025-0104
4. National Bank for Agriculture and Rural Development [NABARD]. (2023). *Status of Microfinance in India 2022-23*. NABARD, Mumbai.
5. Norris, P., & Inglehart, R. (2013). Gendering social capital. Gender and social capital, 73, 34-45.
6. Rangarajan, C. (2008). Report of the committee on financial inclusion. *Ministry of Finance, Government of India*, *193*.
7. Sen, A. (1999). Commodities and capabilities. *OUP Catalogue*.
8. Wesely, M., & Dublon, D. (2015). Empowering Women at the Grassroots. Stanford Social Innovation Review, 13(2), 27–33. https://doi.org/10.48558/B1X9-KF34
9. Zeitoun, N. A. M. S. (2018). *Women Economic Empowerment Study* (Working Paper No. 134846). World Bank Group. Open Knowledge Repository
10. https://nregarep1.dord.gov.in/vbgramg/homedpc.aspx
11. https://nrega.dord.gov.in/MGNREGA_new/Nrega_home.aspx
12. https://www.nabard.org/contentsearch.aspx?AID=225&Key=shg+bank+linkage+programme
13. https://www.kudumbashree.org/data.

❑❑❑