

Financial Inclusion among Women in Nagaland: A Comparative Analysis

Saju Mathew

Assistant Professor

Department of Economics St. Joseph's College (Autonomous), Jakhama, Nagaland, India

Abstract

Financial inclusion leads to economic development that benefits all people. This is especially true for developing areas where access to financial services is still limited. This study determines the level of women's financial inclusion in Nagaland through an analysis of secondary data from National Family Health Survey (NFHS-5), 2019-21 and some indicators of the state are compared with the national data of India. The descriptive analytic method is employed to analyze the three indicators, namely bank account usage by women, mobile phone ownership, and involvement in paid work. The results reveal that the proportion of women who use bank accounts in Nagaland (63.7%) is less than the national figure (78.6%), which means there is a gap in the formal financial inclusion. But in the case of mobile phone ownership (82.5%) and women's paid work contribution (23.6%), Nagaland is better than India. The study points out that the digital access and banking integration are mismatched as the high mobile penetration has not resulted in the active financial participation. Lastly, the study urges the enhancement of digital financial literacy, the enlargement of banking infrastructure, and the promotion of women-centered financial awareness programs as measures for inclusive financial development in Nagaland.

Keywords: Financial inclusion, Women's banking access, NFHS-5, Nagaland, India

1. Introduction

Financial inclusion has become a major part of inclusive economic development, especially in developing countries like India where a large percentage of the population has been outside the formal financial system for a very long time. In simple terms, the concept of financial inclusion means that everyone gets a chance to use affordable and suitable financial services such as banking credit insurance, and digital payment systems. Taking a lead in these, the Government of India has launched several programmes, for example, the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the promotion of digital financial services that have brought financial inclusion to more and more people and also helped in bridging the gap of disparities based on region and gender. However, it is seen that differences in the levels of financial inclusion continue to exist among different states, especially in those that are geographically very remote and socio-economically different.

Nagaland, located in the extreme northeastern corner of India, offers a completely different set of challenges and opportunities for studying financial inclusion due to its distinct socio-economic pattern, mountainous terrain, and relatively underdeveloped banking network. Although the state has achieved a level of development in certain sectors, access to formal financial services continues to be a major challenge. At the same time, the rapid penetration of mobile technology and the increased economic participation of women are opening up fresh avenues for financial inclusion. Keeping this in view, the present paper aims to estimate the extent of banking service accessibility at the household level in Nagaland using NFHS-5 (2019-21) data and also provides a comparative analysis with the country-level indicators. This paper also examines aspects related to the usage of bank accounts, digital access, and women's economic empowerment to provide a glimpse of the state-wise pattern and major weaknesses of financial inclusion.

1.1 Objectives of the Study

- a) To examine the extent of financial inclusion among women in Nagaland using NFHS-5 data.
- b) To compare key financial inclusion indicators of Nagaland with national-level indicators for India.
- c) To identify gaps in banking access and suggest policy measures for improving financial inclusion in Nagaland.

1.2 Research Questions

- a) What is the extent of women's access to banking services in Nagaland based on NFHS-5?
- b) How does Nagaland compare with India in selected indicators of financial inclusion?

2. Literature Review

2.1 Conceptual Understanding of Financial Inclusion

Financial inclusion generally means making sure everyone, especially those who might not have much money, can have services like bank accounts, borrow money, get insurance, and make payments without any hassles. It is considered as one of the major factors that can lead to an overall growth in the economy that benefits everyone. Sarma and Pais (2011) revealed how financial inclusion leads to economic development and improved social conditions by bringing people into financial systems. Nevertheless, current research points out that financial inclusion is far more than just having a bank account. Pesqu-Cela et al. (2021) said that it is a multidimensional concept that involves not only availability but also usage, quality, and affordability of financial services. Therefore, just having a bank account is no guarantee of financial integration, since actual and effective use is of equal importance.

2.2 Gender Disparities in Financial Inclusion in India

There is good evidence that women in India are exposed to higher barriers than men in accessing and using financial services. Looking at the situation from different angles, Ghosh and Vinod (2017) concluded that a combination of factors including low income, limited education, prevailing social norms, and restricted mobility largely keep women away from financial inclusion. On the other hand, Govindapuram et al. (2023) showed that women's financial involvement is very much affected by their socio-economic features and is also different from one region to another. In addition to these authors, Roy and Patro (2022) revealed through their main research that even with the policy measures in place, the gender gaps remain because of deep-rooted and institutional barriers. Besides, there are cases where financial access may not necessarily result in empowerment, since Mishra et al. (2026) pointed out that the level of women's independence is influenced not only by their access but also by their control over and use of financial resources.

2.3 Digital Financial Inclusion and Women's Empowerment

The spread of digital technology has opened up several new ways for people to get financial services, especially through mobile banking and digital payments. Duvendack et al. (2023) pointed out that although India's digital financial sector has facilitated access, the access remains skewed along gender lines. In fact, digital finance can play a major role in elevating women's economic resilience and in the alleviation of poverty, provided it is harnessed effectively (Suri & Jack, 2016). On the other hand, just having access to technology will not do. Yadav et al. (2024) present that women are still deterred from using digital financial services due to their perception of risks and lack of trust, whereas Saha and Qin (2024) underscore the critical role of digital financial literacy in enabling better financial decision-making. Such data underscores that a digital access and actual usage of financial services gap often exists.

2.4 Financial Inclusion, Economic Participation, and Empowerment

Financial inclusion is a major factor in women's economic participation and empowerment. In their paper, Bhatia and Dawar (2024) stated that when women get access to financial services, they not only get financially independent but also get socially and politically empowered. Along the same lines, Ghosh (2022) emphasized that financial inclusion is a catalyst for women's empowerment, especially in institutional settings that are supportive. Besides, access to financial resources is independent of entrepreneurship and livelihood opportunities, as signalled by Klapper and Parker (2011). In India, financial literacy and employment are the main drivers of financial participation, which is in line with the notion that financial inclusion is a development-oriented as well as a social process (Govindapuram et al. 2023; Khandelwal et al. 2025).

2.5 Regional Context and Evidence from Northeast India

Though a lot of work has been done at the countrywide level, we still do not have much work done on Northeast in general and Nagaland in particular. Faishal (2025) revealed that digital financial inclusion causes microenterprise growth in Kohima, thus helping local economy. Likewise, Longkumer et al. (2025) pointed out that financial literacy impacts financial behaviour in the region. These works show that the local background i. e. education and digital access are the key factors in financial inclusion. However, studies that use large-scale datasets to compare Nagaland and national trends are very limited, and this is the gap that this study attempts to fill.

2.6 Research Gap and Relevance of the Present Study

According to the current research, financial inclusion in India has generally been on the rise but still women face greater financial exclusion than men and there are still some regional areas where the level of financial inclusion is low. Most of the research has been done at the national level or on the policies in general. Very few studies have analysed the situation of states like Nagaland in a detailed manner. One of the reasons is that there are hardly any brief studies that compare women's access to banking, digital access and economic participation based on the most recent household-based data. Hence, this paper aims at presenting a detailed description and analysis of financial inclusion in Nagaland. It also compares the state with the national level findings and points out the main areas where the state is lagging behind in financial integration.

3. Data and Methodology

This research utilizes secondary data only, mainly sourced from the National Family Health Survey (NFHS-5) 2019-21, a study by the Ministry of Health and Family Welfare, Government of India. NFHS-5 has the capacity to offer authenticated and nationally representative data on a wide range of socio-economic and demographic issues, including financial inclusion-related features. For the current study, information has been taken from the State Fact Sheet for Nagaland and the related national-level indicators for India. Among the main variables chosen for the study are: women who have a bank account that they personally use, women owning a mobile phone, and women who carried out paid work in the last 12 months, as these indicators are direct measures of financial access, digital inclusion, and economic participation.

The paper employs a descriptive analytical method. The research is more concentrated on straightforward comparison and interpretation of percentage values rather than using sophisticated statistical or econometric methods. Data has been tabulated and visually depicted through charts to enable straightforward comparison between Nagaland and India and also to reveal local patterns within the state. Analysis includes only a few indicators in this paper due to the scope and word limitation of the paper thus the intention is to present a brief but significant understanding of the range and character of financial inclusion in Nagaland.

4. Results and Discussion

A study of financial inclusion in Nagaland through the NFHS-5 data reveals some significant points about the availability of banking services and other related financial indicators in the area. According to Table 1 and Figures 1 and 2, only 63.7 percent of the women in Nagaland have a bank account that they use, which is considerably less than the national average of 78.6 percent. So, their lower level of financial inclusion compared to the overall situation in India is evident from these figures. This difference in financial inclusion could be due to various factors such as regional isolation, lack of proper banking facilities, and unawareness about the use of formal financial services.

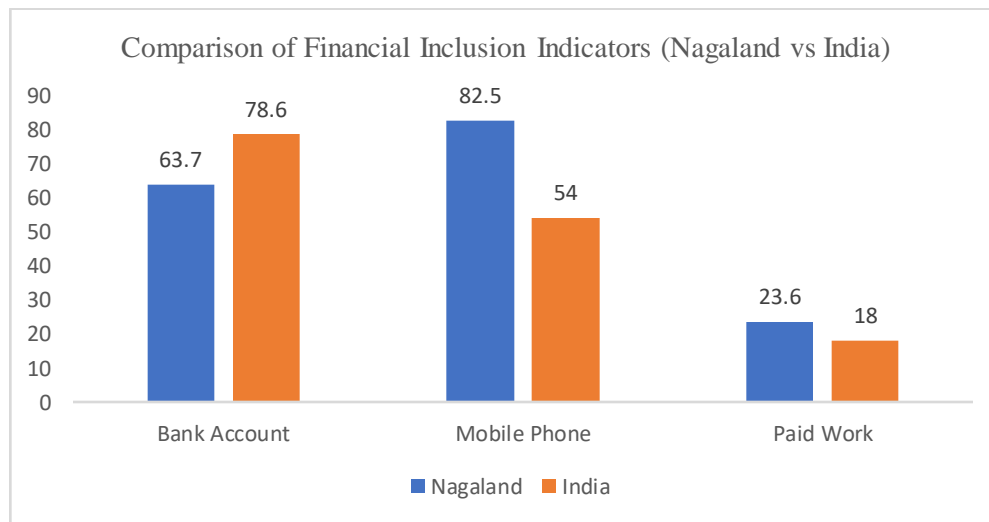
Table 1: Financial Inclusion Indicators in Nagaland and India (NFHS-5)

Indicator	Nagaland (%)	India (%)
Women having a bank account that they themselves use	63.7	78.6
Women owning a mobile phone (proxy for digital access)	82.5	54.0
Women who worked in the last 12 months and were paid in cash	23.6	18.0

Source: NFHS-5 (2019-21), Ministry of Health and Family Welfare, Government of India.

Table 1 shows the comparative overview of the key financial inclusion indicators for Nagaland and India based on NFHS-5 data. It clearly shows that women’s bank account usage in Nagaland (63.7 percent) is lower than the national average (78.6 percent), indicating a gap in formal financial inclusion. However, Nagaland performs better in terms of the mobile phone ownership (82.5 percent) compared to India (54.0 percent), suggesting strong potential for digital financial expansion. Additionally, women’s participation in paid work is higher in Nagaland (23.6 percent) than the national average (18.0 percent), highlighting relatively stronger economic engagement.

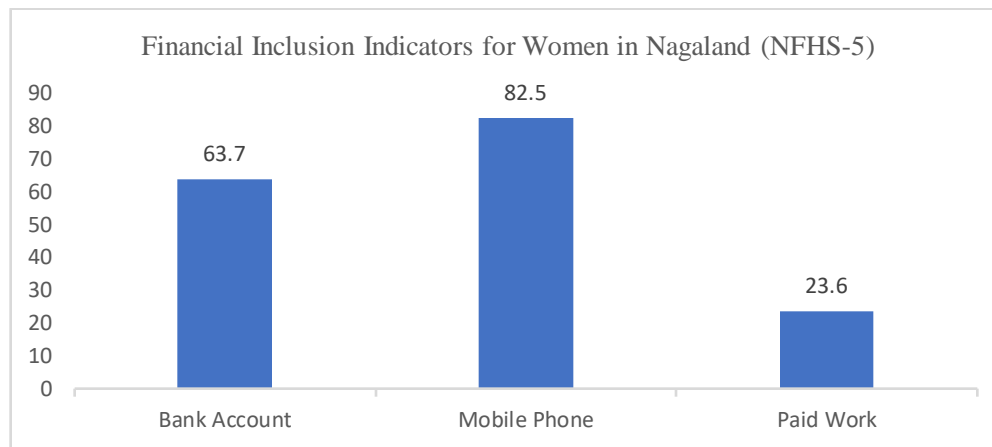
Figure 1: Comparison of Financial Inclusion Indicators (Nagaland vs India)



Source: NFHS-5 (2019-21)

Figure 1 visually compares the financial inclusion indicators between Nagaland and India, showing the differences more clearly. It shows that while Nagaland lags behind in bank account usage, it performs significantly better in mobile phone ownership and moderately better in paid work participation. This contrast indicates that although digital access and economic participation are relatively strong, integration with formal banking systems remains limited.

Figure 2: Financial Inclusion Indicators for Women in Nagaland (NFHS-5)



Source: NFHS-5 (2019-21)

Figure 2 presents the internal distribution of financial inclusion indicators within Nagaland. The figure shows a notable gap between high mobile phone ownership and relatively lower bank account usage, suggesting that access to digital tools has not fully translated into the financial inclusion. The comparatively lower percentage of women engaged in paid work further indicates structural limitations in economic opportunities, which may affect the financial participation.

Meanwhile, Nagaland is revealing a totally different picture when it comes to the access to digital resources, with as high as 82.5 percent of women having a mobile phone, which is much higher than the national average of 54.0 percent. This throws light on the great opportunities for digital financial inclusion of women in the state through mobile banking and digital payment systems. On top of that, the figure shows that 23.6 percent of women in Nagaland were doing paid work, while at the national level only 18.0 percent, a sign of a relatively higher female economic participation. On the other hand, the fact that there is a lower usage of bank accounts despite the increased participation in paid work points out that the income-earning activities are not yet connected with the formal financial systems.

Figure 1 highlights these disparities by illustrating that Nagaland significantly leads in terms of mobile ownership and participation in paid work but lacks in banking usage relative to India's average. Figure 2, on the other hand, reveals internal differences within Nagaland where the penetration of digital devices is quite high whereas formal banking for financial inclusion is quite restricted. The overall results indicate that financial inclusion in Nagaland is quite fragmented whereby the access to digital and economic participation are the strengths whereas the banking integration is the weakness which hints that policymakers must consider interventions such as digital banking promotion, raising financial literacy, and enhancing financial infrastructure to realize a more inclusive economic development.

5. Conclusion

This study attempts to measure the degree of female financial inclusion in Nagaland through the back-up of updated NFHS-5 data (2019-21), and simultaneously, a comparative scheme is sewn with the national-level indicators. The stories through statistical tables and figures speak that most of the women in Nagaland are having access to bank accounts but the active usage of accounts is at a lower level than the national average, thus formal financial inclusion gap is indicated. Moreover, the state displays comparatively high numbers of mobile phone ownership and women's involvement in paid work pointing towards strong prospects for both the digital financial services and economic empowerment.

The findings indicate a significant disparity between owning a digital device and being adequately integrated into formal financial systems. For instance, despite a high level of mobile phone ownership, the banking usage ratio

has not correspondingly increased, which indicates that other factors such as limited financial knowledge, unawareness, and infrastructural problems may still be the main reasons for ineffective financial inclusion in the state. As a result, policymakers need to emphasize advocating digital banking, enhancing women's financial knowledge, and widening banking facilities in underdeveloped areas to ensure less privileged groups also have access to financial systems.

However, the study is limited by its reliance on the selected indicators from secondary data and does not capture behavioural or qualitative aspects of financial inclusion. Future research can build on this by incorporating primary data or exploring district-level variations within Nagaland. Overall, the study contributes to the existing literature by providing a concise and state-specific analysis of the financial inclusion, highlighting both progress and persistent gaps in achieving inclusive economic development.

References

1. Arora, R., Garikipati, S., & Kaur, S. (2026). Community norms, peer influence, and women's digital financial inclusion: Evidence from India. *World Development*, 201, 107314. <https://doi.org/10.1016/j.worlddev.2026.107314>
2. Bhatia, S., & Dawar, G. (2024). The impact of financial inclusion on social and political empowerment: Mediating role of economic empowerment. *Journal of the Knowledge Economy*, 15, 13727-13744. <https://doi.org/10.1007/s13132-023-01621-1>
3. Chauhan, T. (2024). *Accounting for empowerment? Examining women's financial inclusion in India* (Working paper). Institute for Studies in Industrial Development. <https://www.isid.ac.in/~acegd/acegd2024/papers/TaranaChauhan.pdf>
4. Dedhia, N. (2024). Gender disparities in financial inclusion: An analysis of India's policies and practices. *Open Journal of Business and Management*, 12, 430-443. <https://doi.org/10.4236/ojbm.2024.121027>
5. Duvendack, M., Sonne, L., & Garikipati, S. (2023). Gender inclusivity of India's digital financial revolution for attainment of SDGs: Macro achievements and the micro experiences of targeted initiatives. *The European Journal of Development Research*, 35, 1369-1391. <https://doi.org/10.1057/s41287-023-00585-x>
6. Faishal, M. (2025). The role of digital financial inclusion in microenterprise growth: Evidence from Kohima, Nagaland. *South Asian Journal of Social Studies and Economics*, 22(7), 135-143. <https://doi.org/10.9734/sajsse/2025/v22i71068>
7. Ghosh, S. (2022). Political empowerment of women and financial inclusion: Is there a link? *Social Sciences & Humanities Open*, 5(1), 100267. <https://doi.org/10.1016/j.ssaho.2022.100267>
8. Ghosh, S., & Vinod, D. (2017). What constrains financial inclusion for women? Evidence from Indian micro data. *World Development*, 92, 60-81. <https://doi.org/10.1016/j.worlddev.2016.11.011>
9. Govindapuram, S., Bhupatiraju, S., & Sirohi, R. A. (2023). Determinants of women's financial inclusion: Evidence from India. *Annals of Public and Cooperative Economics*, 94(1), 131-158. <https://doi.org/10.1111/apce.12376>
10. Gupta, M., & Kiran, R. (2024). Sectoral comparison of sustainable digital financial inclusion of women workforce. *SAGE Open*, 14(2). <https://doi.org/10.1177/21582440241258288>
11. Khandelwal, A., Vajjala, A., & Tagat, A. (2025). Financial literacy and inclusion in India: Evidence from household-level data after demonetization. *Journal of Emerging Market Finance*, 24(3), 331-359. <https://doi.org/10.1177/09726527251320228>
12. Klapper, L., & Parker, S. (2011). Gender and the business environment for new firm creation. *The World Bank Research Observer*, 26(2), 237-257. <https://doi.org/10.1093/wbro/lkr002>
13. Krea University. (2024). *Women and financial inclusion*. <https://krea.edu.in/wp-content/uploads/2024/04/Women-and-Financial-Inclusion.pdf>
14. Kumar, S. (2023). *Financial inclusion of women: Current evidence from India*. Observer Research Foundation. <https://www.orfonline.org/research/financial-inclusion-of-women-current-evidence-from-india>

15. Kumari, S. (2023). Fostering women empowerment through financial inclusion in India. *International Journal for Research in Applied Science and Engineering Technology*, 11(10), 2525-2529. <https://doi.org/10.22214/ijraset.2023.51860>
16. Longkumer, I., Faishal, M., & Humtsoe, K. Z. (2025). Impact of financial literacy and risk tolerance on investment behaviour among college students: Evidence from Jakhama, Kohima, India. *Asian Journal of Economics, Business and Accounting*, 25(12), 570-581. <https://doi.org/10.9734/ajeba/2025/v25i122113>
17. Mishra, A., Risse, L., & Sinclair, S. (2026). Financial inclusion and women's personal autonomy in India. *Social Indicators Research*, 181, Article 35. <https://doi.org/10.1007/s11205-025-03782-9>
18. Pesqué-Cela, V., Tian, L., Luo, D., Tobin, D., & Kling, G. (2021). Defining and measuring financial inclusion: A systematic review and confirmatory factor analysis. *Journal of International Development*, 33(2), 316-341. <https://doi.org/10.1002/jid.3524>
19. Roy, P., & Patro, B. (2022). Financial inclusion of women and gender gap in access to finance: A systematic literature review. *Vision: The Journal of Business Perspective*, 26(4), 493-505. <https://doi.org/10.1177/09722629221104205>
20. Saha, S., & Qin, J. (2024). Digital financial literacy and its impact on financial decision-making of women: Evidence from India. *Journal of Risk and Financial Management*, 17(10), 468. <https://doi.org/10.3390/jrfm17100468>
21. Saluja, O., Singh, P., & Kumar, H. (2023). Barriers and interventions on the way to empower women through financial inclusion: A systematic review. *Humanities and Social Sciences Communications*, 10, 214. <https://doi.org/10.1057/s41599-023-01640-y>
22. Sarma, M., & Pais, J. (2011). Financial inclusion and development. *Journal of International Development*, 23(5), 613-628. <https://doi.org/10.1002/jid.1698>
23. Sinha, G., & Nayak, B. S. (2024). Transforming gender relations through digital financial inclusion in India. *Journal of Developing Societies*. <https://doi.org/10.1177/00219096241300439>
24. Suri, T., & Jack, W. (2016). The long-run poverty and gender impacts of mobile money. *Science*, 354(6317), 1288-1292. <https://doi.org/10.1126/science.aah5309>
25. Yadav, P., Kumar, A., Mishra, S. K., & Kochhar, K. (2024). Financial equality through technology: Do perceived risks deter Indian women from sustained use of mobile payment services? *International Journal of Information Management Data Insights*, 4(2), 100266. <https://doi.org/10.1016/j.ijimei.2024.100266>

Copyright & License:

© Authors retain the copyright of this article. This work is published under the Creative Commons Attribution 4.0 International License (CC BY 4.0), permitting unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.