

A LEGAL STUDY ON DIGITAL AND INSTITUTIONAL PATHWAYS TO WOMEN'S ECONOMIC EMPOWERMENT: MUDRA, SHG'S AND FINTECH AS CATALYSTS

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Abstract:

Digital and Institutional Pathways to Women Empowerment through Financial Inclusion as an instrument for credit linkage and institutional genesis represent a transformative paradigm in socio-economic development. Bridging the S.P. Aiyar Gender Gap in the Transformative Services Sector underscores the imperative to harness technology for equitable growth. Internal institutional transforming shifts in the services sector, particularly through SHG (Self-Help Group) global institutional frameworks, have catalyzed profound changes. The thrust of SHGs on global institutional transformation has empowered marginalized communities by fostering financial autonomy and collective bargaining power. The digital subject evolving study sector beyond the bank-led financial architecture has revolutionized access to credit for women. Impact of the female gender in the microfinance ecosystem has been instrumental, driving inclusive growth and resilience. The Udaan 2.0 and Friends United initiatives exemplify scalable models that integrate digital tools with grassroots mobilization, enabling women to transcend traditional barriers. National digitization efforts, coupled with institutional synergies, have amplified these outcomes, creating a robust ecosystem for sustainable empowerment.

In essence, this framework illustrates how digital infrastructure intersects with institutional reforms to dismantle gender disparities in financial access. By leveraging SHGs, microfinance innovations, and policy-driven digitization, women are not merely beneficiaries but active architects of economic progress. These pathways promise a future where financial inclusion serves as the bedrock for gender parity, fostering innovation, entrepreneurship, and societal advancement on a global scale.

Keywords: Women Empowerment, Financial Inclusion, Digital Pathways, SHG Transformation, Gender Gap

1.1. Introduction:

Women's economic empowerment in India is increasingly being shaped at the intersection of digital innovation and institutional reform. Schemes such as the Pradhan Mantri Mudra Yojana (PMMY) were specifically designed to "fund the unfunded" by extending collateral-free credit to micro and small enterprises, with a clear policy thrust towards women entrepreneurs as beneficiaries of Shishu, Kishore and Tarun loans. Parallely, the Self-Help Group (SHG) Bank Linkage Programme, pioneered by NABARD, has emerged as a powerful community-based finance model that not only expands access to formal banking but also strengthens women's collective agency, decision-making and entrepreneurship.

The rapid spread of digital payments, UPI and mobile-based banking has opened new pathways for women to participate in formal finance, although usage still lags despite high levels of account ownership. Fintech platforms now offer gender-sensitive products, last-mile agent models like "Bank Sakhi," and embedded financial literacy modules, which together attempt to close the persistent gender gap in meaningful financial inclusion. Within this changing landscape, SHGs function as institutional anchors, while Mudra loans and fintech solutions operate as catalytic instruments of credit linkage, enterprise creation and risk-sharing.

This paper undertakes a legal study of these digital and institutional pathways, examining how regulatory frameworks, policy design and rights-based approaches shape women's access to credit and their status as economic actors rather than passive beneficiaries. It also interrogates whether initiatives like Mudra, SHG-

bank linkage and emerging fintech models effectively dismantle structural barriers such as collateral norms, mobility constraints and information asymmetries or risk reproducing new forms of exclusion in a digital guise.

1.2. Research Objective

The primary objective of this legal study is to examine the digital and institutional pathways to women's economic empowerment in India, focusing on schemes like Pradhan Mantri Mudra Yojana (PMMY), Self-Help Groups (SHGs) and their bank linkage programs, and fintech innovations. It analyzes how regulatory frameworks, policy designs, and rights-based approaches influence women's access to credit, transforming them from passive beneficiaries into active economic actors. Additionally, the study interrogates the effectiveness of these initiatives in dismantling structural barriers such as collateral requirements, mobility constraints, and information asymmetries, while assessing the risk of perpetuating new forms of exclusion through digital means.

1.3. Review Of Literature

1. NABARD's SHG-Bank Linkage Programme, this source details the evolution of SHGs as institutional anchors for financial inclusion, emphasizing their role in building social capital and enabling collective access to formal credit. It underscores empirical evidence of positive impacts on women's income, bargaining power, and community decision-making.
2. Accion's "Empowering Enabling Organizations to Bridge the Credit Gap" and OECD's "Bridging the Finance Gap for Women Entrepreneurs – India Policy Insight" (2025): These reports quantify the \$158 billion global credit gap for women-led MSMEs and argue that closing it through gender-sensitive products could boost GDP growth. They highlight economic multipliers from affordable credit, such as reinvestment in education and health, and advocate for alternative data in underwriting.
3. Women's World Banking's "UPI for Her: Unlocking the Power of 200 million Women in India's Digital Payments Revolution". This insight explores fintech's role in democratizing credit via UPI and mobile wallets, focusing on gender-sensitive designs like agent models and literacy modules. It discusses how digital transaction histories empower unbanked women, aligning with SHG frameworks for resilience.
4. IIM Indore Study on SHGs and Social Capital Empirical research here links SHG participation to accumulated social capital, which facilitates greater loan access and institutional support. It positions SHGs as "keystone" institutions that convert peer networks into collateral substitutes, enhancing women's creditworthiness.
5. Grant Thornton's "Tech-Driven Pathways to Women's Financial Inclusion in India" This thought leadership piece examines phygital synergies, such as integrating SHGs with digital banking tools. It addresses challenges like data privacy and bias in fintech, while noting how alternative data reduces default rates and fosters inclusive growth.
6. NITI Aayog's "From Borrowers to Builders: Women's Role in India's Financial Growth" This policy report envisions a unified national credit ecosystem by 2030, drawing on MUDRA's graduation ladder and SHG data portability. It critiques gender-neutral policies and calls for interoperable systems to recognize women's financial histories, promoting sustainable empowerment.

1.4. Scope of the Study

The study is confined to a legal and policy analysis of women's economic empowerment in India, specifically through the lenses of PMMY (MUDRA), SHG-Bank Linkage under NABARD and NRLM, and fintech ecosystems like UPI-based payments and alternative data-driven credit. It focuses on rural and marginalized women entrepreneurs, examining credit access, institutional reforms, and digital innovations from a rights-based perspective. The temporal scope extends to projections up to 2030, incorporating macro-economic impacts, but limits itself to Indian contexts without comparative international case studies beyond brief global references.

1.5. Hypothetical Proposition

The central hypothesis posits that the convergence of state-led credit schemes (like MUDRA), institutional platforms (SHGs), and digital-fintech tools effectively dismantles gender disparities in financial access, transforming women into active architects of economic progress. However, this empowerment is contingent on addressing structural barriers and digital exclusions; otherwise, these pathways may reproduce inequalities rather than foster sustainable gender parity and inclusive growth.

1.6. Limitation of the study

The study relies primarily on secondary sources, policy documents, and empirical reviews, lacking primary data from fieldwork or surveys with women beneficiaries, which limits insights into ground-level experiences. It focuses predominantly on Indian schemes without in-depth cross-country comparisons, potentially overlooking transferable global best practices. Projections to 2030 are speculative, based on current trends, and may not account for unforeseen economic shocks or policy shifts. Additionally, the analysis does not extensively cover intersectional factors like caste, region, or disability, and ethical concerns in fintech (e.g., algorithmic bias) are discussed but not quantitatively assessed due to data constraints.

1.7. The Tri-Pillar Framework: Defining Digital and Institutional Pathways

The tri-pillar framework in this study understands women's economic empowerment as emerging from the convergence of three pathways: state-led credit schemes like Pradhan Mantri Mudra Yojana (PMMY)³, institutional platforms such as Self-Help Groups (SHGs) and their bank linkage, and digital-fintech ecosystems built on UPI and related innovations. The first pillar, Mudra, provides collateral-free loans under Shishu, Kishore and Tarun categories to micro and small enterprises, with studies noting that a majority of Mudra accounts are held by women⁴ and that this has become a game-changer for first-generation women entrepreneurs.⁵

The second pillar is the institutional pathway of SHGs and the SHG–Bank Linkage Programme under NABARD⁶ and NRLM, which enables women to save regularly, access bank credit collectively and build social capital alongside financial capital. Empirical work on SHG-bank linkage⁷ shows positive impacts on income, bargaining power and participation in community decision-making, making these groups a crucial “bridge institution” between poor women and formal financial systems. The third pillar consists of digital and fintech tools⁸, including UPI-based payments, mobile wallets, agent banking and emerging instruments like e-Rupee, which help women create digital transaction histories, receive government benefits directly and access new forms of credit and insurance.⁹

In a village context, this can look very concrete: a woman who is part of an SHG uses her group's track record to obtain a Mudra loan¹⁰, then accepts UPI payments at her small shop, gradually building a financial identity that banks and fintechs can “see” and lend against. The tri-pillar framework therefore provides not only an analytical lens but also a lived pathway from informal, invisible labour to recognised, rights-bearing economic citizenship supported by law, policy and technology.¹¹

³ <https://www.mudra.org.in>

⁴ <https://ijsred.com/volume8/issue4/IJSRED-V8I4P205.pdf>

⁵ <https://eprajournals.com/IJSR/article/16917>

&

<https://eprajournals.com/pdf/fm/jpanel/upload/2025/July/202507-02-022984>

⁶ <https://www.nabard.org/contentsearch.aspx?AID=225&Key=shg+bank+linkage+programme>

⁷ <https://academic.oup.com/cdj/article/58/2/283/6374653>

⁸ <https://www.foreigntradejournal.com/archives/2025/vol7issue2/PartB/7-2-23-796.pdf>

⁹ <https://www.womensworldbanking.org/insights/upi-for-her-unlocking-the-power-of-200-million-women-in-indias-digital-payments-revo...>

¹⁰ <https://www.accion.org/scaling-digital-services-to-spur-financial-inclusion-of-rural-women/>

¹¹ <https://www.womensworldbanking.org/insights/erupee-could-enhance-digital-payment-adoption-in-india-deepening-womens-financial-in...>

1.8.

1.9. Bridging The \$ 158 Billion Gap: The Economics of Credit Inclusion

The “158 billion dollar gap” refers to the enormous global shortfall between the credit women need and the credit they actually receive, especially as micro-entrepreneurs and MSME owners. In India and comparable emerging economies, studies show that women-led enterprises face a higher credit gap than men, with estimates of an unmet financing demand running into tens of billions of dollars once informal and early-stage businesses are included. This gap is not just a number; it represents stalled businesses, jobs that were never created and communities that remain dependent on low-paid, informal work.¹²

Economically, closing this gap is one of the highest-return investments available. International analyses suggest that if women had equal access to finance, women-owned MSMEs could add several percentage points to GDP growth through higher firm creation, productivity and diversification into higher-value sectors. For India, where women’s labour force participation remains low, adequate and affordable credit could shift millions of women from subsistence self-employment into growth-oriented enterprises, multiplying household incomes and local tax bases. At the micro level, when a woman replaces informal moneylender debt with formal, reasonably priced credit, the savings on interest alone can be reinvested in inventory, education or health, creating a quiet but powerful compounding effect over time.¹³

Bridging the 158-billion-dollar gap therefore requires more than simply “more loans”; it demands redesigned products, gender-sensitive underwriting, and digital rails that recognise women’s alternative data like SHG repayment histories or UPI transaction trails as proof of creditworthiness. When a street vendor can use her digital payments history to secure a small working-capital line, or an SHG member can graduate from group lending to an individual Mudra-type loan, the economics of credit inclusion become visible in everyday life: higher turnover, better resilience to shocks, and a visible shift from survival to genuine growth¹⁴.

1.10. Mudra Yojana: Transforming Shishu Borrowers into Industrial Leaders

MUDRA Yojana was conceived not just as a credit scheme, but as a graduation ladder that can take a tiny Shishu-stage borrower from a roadside cart to a stable small industry over time.

¹² Accion, “Empowering enabling organizations to bridge the credit gap”.

¹³ OECD, “Bridging the Finance Gap for Women Entrepreneurs – India Policy Insight” (2025).

¹⁴ YourStory, “Women entrepreneurs in MSMEs: Rising numbers, unequal access.”

der Pradhan Mantri Mudra Yojana (PMMY)¹⁵, Shishu loans (up to ₹50,000) are meant for the most nascent micro-units street vendors, home-based producers, service providers—who typically have no collateral, thin documentation and a history of dependence on informal moneylenders. By offering formal credit at reasonable rates and linking borrowers with bank accounts, digital payments and basic skilling, the scheme attempts to create a pipeline where successful Shishu borrowers can “graduate” to Kishore and Tarun categories and eventually operate as full-fledged MSMEs.¹⁶

Government and bank success stories show how this trajectory works in practice: a woman who starts with a ₹30,000–₹50,000 Shishu loan to buy a sewing machine or set up a snack unit, repays on time, expands her customer base, and later receives a larger working-capital or term loan to formalise her enterprise, hire workers and invest in machinery. Over a decade, PMMY has sanctioned crores of loans, with a very high share of accounts in Shishu and Kishore belonging to women, SC/ST and OBC borrowers, indicating that the scheme is consciously pushing historically excluded groups into the formal entrepreneurial ecosystem. When these borrowers are also linked to SHGs, digital payments (UPI/QR) and local market networks, the small Shishu ticket size becomes less a ceiling and more a “training ground” for financial discipline, record-keeping and risk-taking.¹⁷

In that sense, “transforming Shishu borrowers into industrial leaders” is not a metaphor alone: it describes a policy logic where the State underwrites the riskiest first step, banks and fintechs recognise successful repayment as a credible signal, and law and regulation gradually support these micro-entrepreneurs to move up the value chain—from survival units to competitive¹⁸, job-creating enterprises.¹⁹

¹⁵ <https://www.mudra.org.in/offering>

¹⁶ <https://www.mudra.org.in/SuccessStories> & <https://www.mudra.org.in/Default/DownloadFile/Success%20Stories.pdf>

¹⁷ <https://financialservices.gov.in/beta/sites/default/files/2025-04/Decade-of-Mudra-Yojana-Cover-Story-by-NIS.pdf>

¹⁸ <https://sbi.bank.in/web/business/sme/sme-government-schemes/pmmmy>

¹⁹ <https://www.unionbankofindia.bank.in/pdf/mudra-success-stories.pdf>

1.11. Social Capital as Collateral: The Institutional Power of SHG’s

Self-Help Groups in India show how social capital can act as a form of collateral, allowing poor women to access formal credit despite having little or no physical assets. In the SHG Bank Linkage model, banks and state programmes are willing to lend to a group because trust, mutual monitoring and shared norms inside the group operate as a “collective guarantee,” keeping repayment rates high even without traditional security. Classic microfinance analyses therefore describe SHGs as a “keystone” of India’s financial inclusion architecture, precisely because they convert relationships, reputation and peer pressure into bankable capital.²⁰

Empirical research shows that participation in SHGs systematically builds bonding, bridging and linking social capital, which in turn improves women’s access to loans, training and markets. A study from IIM Indore finds a strong positive association between the level of participation in SHG activities and the accumulation of social capital, and shows that this accumulated social capital helps members obtain more loans and institutional support from banks and promoting agencies. Longer-term evaluations supported by the World Bank similarly find that SHGs enhance women’s social empowerment and networks, which then translate into livelihood diversification and better negotiation power with institutions. For a landless woman, her SHG membership becomes her most valuable “asset”: a signal to banks that she belongs to a disciplined, cohesive collective with a proven savings and repayment history.²¹

When policymakers route subsidised credit, livelihoods schemes and even health or agriculture interventions through SHGs, they effectively formalise social capital as an accepted substitute for collateral. This institutional recognition turns the “power of the collective” into a concrete financial resource, shifting women from being seen as high-risk, “unbankable” individuals to reliable clients and community leaders with recognised creditworthiness.²²

1.12. The Fintech Catalyst: Democratizing Credit through Alternative Data:

In today’s fast-paced financial world, fintech is revolutionizing how credit reaches everyday people, especially those overlooked by traditional banks. Gone are the days when a spotty credit history or no formal records meant automatic rejection. Fintech companies are stepping in as catalysts, using alternative data like mobile phone usage, social media activity, utility payments, and even online shopping habits to paint a fuller picture of someone’s creditworthiness. This isn’t just tech jargon; it’s a game-changer for millions, making loans more accessible and fairer.²³

²⁰ “Self-Help Groups: A Keystone of Microfinance in India” (FindevGateway).

²¹ “The power of the collective empowers women: Evidence from self-help groups in India.” [pmc.ncbi.nlm.nih]

²² “Self-help groups as platforms for development: The role of social capital.

Imagine a small business owner in a rural area or a young entrepreneur without a bank account. Traditional lenders rely on credit scores that often exclude them. But fintech platforms harness AI and machine learning to analyze these non-traditional data points, predicting repayment behavior more accurately. Studies show this approach reduces default rates and opens doors for the unbanked, fostering economic growth. For instance, in the U.S., fintech lenders have expanded small business loans to areas with high unemployment, using alternative data to approve borrowers traditional banks might ignore. Globally, it's empowering women and marginalized groups by bridging gender gaps in financial access, aligning with initiatives like self-help groups and microfinance.

The benefits are clear faster approvals, lower interest rates for deserving borrowers, and a more inclusive economy²⁴. In Mexico, fintechs like RappiCard use delivery app transactions to score credit for those without histories, proving alternative data's predictive power. However, challenges like data privacy and bias must be addressed to ensure ethical use. Overall, fintech isn't just democratizing credit it's building a resilient, equitable financial future where opportunity isn't limited by outdated systems.²⁵

1.13. Phygital Synergy: Linking SHG Networks with Digital Banking

“Phygital synergy” describes how the physical strength of SHG networks and the **digital** infrastructure of India’s banking system are being woven together to expand women’s financial inclusion²⁶. In many states, women still meet under a tree or in a community hall to run their SHG meetings, but deposits, withdrawals and loan repayments are now recorded through

²³<https://insights.iimaventures.com/works/what-fintechs-can-do-to-enable-credit-access-for-women-micro-entrepreneurs> (fintech enabling women micro-entrepreneurs)

²⁴<https://www.granthornton.in/insights/thought-leadership/tech-driven-pathways-to-womens-financial-inclusion-in-india> (tech-driven pathways in India)

²⁵ <https://blogs.adb.org/blog/how-fintech-can-enable-financial-inclusion-and-reduce-gender-gaps-india> (fintech reducing gender gaps via alternative data)

²⁶ “Digital Banking Ecosystem: A Study among Self-Help Groups in Rural India” (SSRN working paper):
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4459976

handheld devices²⁷, Aadhaar-enabled payment systems and UPI-linked accounts. This model keeps the trust, peer support and social discipline of the group intact while adding the speed, transparency and data trails of digital banking. SHG members are increasingly trained and employed as “Bank Sakhis” or business correspondents, turning them into local phygital bridges²⁸ who can open accounts, enable cash-in/cash-out, support DBT transfers and help other women navigate apps and PINs. Over time, digital records of SHG²⁹ savings and repayments become a new kind of asset: they show banks and fintechs that these women³⁰ are reliable users of formal finance, supporting individual loans, insurance and even small enterprise credit.³¹ For a typical member, this means she no longer has to choose between the comfort of her group and the complexity of the bank both worlds are brought to her doorstep, making financial inclusion feel less like a scheme and more like a natural extension of her everyday economic life.

1.14. Beyond the Loan: The Role of Financial Literacy in Sustainable Growth

Financial literacy is the quiet force that makes a loan transformative rather than temporary. It is not only about knowing interest rates or EMI formulas; it is about understanding how to budget, separate business and household money, compare credit options, use digital tools safely and plan for shocks³². Studies on India and other emerging economies show that higher

²⁷ “Digital Financial Inclusion and Self-Help Groups in India” (Rao A.N. et al., MJR):
<https://mjar.singhpublication.com/index.php/ojs/article/download/227/564/637>

²⁸ “Bringing Agent Banking to Rural Women’s Self-Help Groups in India” (FinDev Gateway blog):
<https://www.findevgateway.org/blog/2023/10/bringing-agent-banking-to-rural-womens-self-help-groups-in-india>

²⁹ “Self-Help Groups and Access to Technology – A Review” (IJHSSI, PDF):

[https://www.ijhssi.org/papers/vol7\(11\)/Version-1/A0711010105.pdf](https://www.ijhssi.org/papers/vol7(11)/Version-1/A0711010105.pdf)

³⁰ “A Digital Key to Women’s Credit: Integrating SHGs with India’s Finance System” (MicroSave/CSRuniverse versions):

<https://www.microsave.net/2025/11/07/a-digital-key-to-womens-credit-integrating-shgs-with-indias-finance-system/>
<https://theCSRUniverse.com/articles/a-digital-key-to-women-s-credit-integrating-shgs-with-india-s-finance-system>

³¹ “Digital Financial Inclusion Among Self Help Group Women in India” (chapter, RePEc entry):

https://ideas.repec.org/h/spr/sprchp/978-981-96-4269-4_7.html

³² Savitha D. & Hemanth R., “A Study on Financial Literacy and its Role in Strengthening India’s Economic Framework,” EPRA IJHS (2025). [eprajournals]

financial literacy is strongly associated with better saving behaviour, more informed investment decisions and prudent debt management, all of which feed into more stable, sustainable growth at the household, enterprise and national level. When borrowers especially women running micro and small enterprises understand how cash flows, cost of capital and risk work, they are far more likely to use credit for productive expansion instead of short-term consumption, reducing the risk of over-indebtedness and business failure.³³

For small entrepreneurs, financial education is directly linked to long-term viability. Research on SMEs finds that owners with stronger financial literacy are better able to access external finance, compare loan products and maintain records that satisfy banks and regulators, which in turn improves their sustainability and resilience. In the context of women’s entrepreneurship and SHG-linked credit, “sustainable growth” means that the first micro-loan is not the last: it becomes a stepping stone to repeat borrowing on better terms, graduation to larger ticket sizes and diversification into higher-value activities. Training that combines basic accounting, digital payments, consumer protection and awareness of schemes (like Mudra, credit guarantees or insurance) helps women see themselves as economic actors making strategic choices, not as passive beneficiaries of a one-time loan.³⁴

At the macro level, widespread financial literacy supports more efficient intermediation and greener, more sustainable growth paths. Reviews of global evidence show that when households and firms understand financial products, they are more likely to save formally, invest in education and health, participate in pension and insurance markets, and even engage in sustainable or “green” investments. This deepens the pool of stable domestic savings and encourages responsible use of credit, which supports financial stability and long-term development. In other words, beyond the loan, financial literacy becomes the glue that holds together inclusion, resilience and sustainable growth turning access into real, lasting empowerment.³⁵

³³ “Financial Literacy and Its Role in Promoting Sustainable ...” WJARR (2024), IEEE paper, “Financial Literacy and Its Impact on Sustainable Development of ...” (India-focused).

³⁴ World Economic Forum, “How to improve outcomes for India’s next generation through financial literacy.”

³⁵ EY–CII report, “Financial inclusion through technology and literacy in India.”

1.15. Impact on The Macro- Economy: The Multiplier Effect of Female Credit

Female credit does not only change individual lives; it shifts the macro-economy by unlocking under-used talent, raising productivity and reshaping demand patterns. When women gain reliable access to formal credit, they start and scale enterprises, invest in better technologies and hire workers, which increases output, tax revenues and formal employment. Macro-model simulations for India suggest that closing gender gaps in access to finance can raise GDP by around 6–7 per cent over the long run, alongside lower unemployment and higher investment, because more women are able to move from informal survival activities into formal, capital-using businesses.³⁶

There is also a powerful “multiplier” in the labour market. Evidence from Indian data shows that women-owned firms are more likely to employ female workers³⁷, so each additional woman entrepreneur tends to pull more women into paid work, raising female labour force participation and earnings. This expansion of both labour demand and labour supply reduces misallocation of talent—low-productivity male firms exit, and capital and skills move toward more productive female-run enterprises—lifting aggregate productivity. National analyses further estimate that if India could significantly increase women’s participation in the workforce and entrepreneurship, the country could unlock several hundred billion dollars (tens of lakh crore

rupees) in additional economic output over the coming years.³⁸

Financial inclusion initiatives targeted at women—through microfinance, SHGs, Mudra loans and digital credit—already show this effect at scale: millions of women borrowers are creating local jobs, smoothing household consumption and investing more in health and education, all of which feed back into long-run growth³⁹. Importantly, these gains are not just “nice to have”;

³⁶ IMF – Gender gaps in access to finance and macro linkages

<https://www.imf.org/-/media/files/news/seminars/2017/gender-and-macroeconomics/purva-khera-presentation.pdf>[imf]

³⁷ Yale EGC – “Multiplier effect” of women entrepreneurs in India <https://egc.yale.edu/research/empowering-women-entrepreneurs-can-have-multiplier-effect-indias-economy>[egc.yale]

³⁸ IJPREMS – Empowering women through financial inclusion

<https://www.ijprems.com/ijprems-paper/empowering-women-through-financial-inclusion-pathways-to-economic-growth>[ijprems] – Discusses how women’s finance links to inclusive economic growth.

³⁹ MFIN – Microfinance and inclusive growth (industry perspective) https://www.linkedin.com/posts/microfinance-institutions-network_microfinance-crediddemand-

international and private-sector reports argue that women’s entrepreneurship is now one of the most potent drivers of India’s next growth wave, with dedicated support for women-led MSMEs projected to add substantially to GDP and raise real incomes across the economy.⁴⁰ In macro terms, then, every rupee lent to a capable woman is not just a micro-loan; it is a small fiscal stimulus with unusually high social and economic returns.⁴¹

1.16. Policy Hurdles and The Digital Divide: Challenges in the 2026 Landscape

Policy hurdles and the digital divide continue to shape who actually benefits from India’s “digital financial revolution” in 2026. Even as account ownership and UPI usage rise, many women remain stuck at the margins because policy design, social norms and technology do not always move in sync. On paper, schemes from Jan Dhan to Mudra, NRLM and digital skilling promise inclusion; in practice, inactive accounts, low-ticket, one-time loans and weak grievance redress often mean that women’s engagement with the formal system is shallow and fragile.⁴²

A first cluster of hurdles lies in the policy and regulatory space. Gender-neutral rules around KYC, collateral and credit scoring ignore structural realities such as low asset ownership, unpaid care work and informal employment, which depress women’s ability to qualify for and benefit from formal credit⁴³. Fragmented data and limited gender-disaggregated indicators make it harder for regulators and ministries to design truly women-centric products or to track whether flagship schemes are reaching the most excluded. Budget speeches and policy documents increasingly recognise women as “growth drivers,” but implementation gaps at bank-branch level risk-averse staff, limited outreach, lack of childcare-sensitive timings often blunt these ambitions.

[inclusivgrowth-activity-713012058608](#)[linkedin] – Highlights how credit to low-income women feeds into consumption, employment and local growth.

⁴⁰ PIB feature – India’s workforce transformation and rising female participation <https://www.pib.gov.in/FeaturesDeatils.aspx?NoteId=153426&ModuleId=2>[pib.gov] – Government narrative on why women’s work and enterprise matter for GDP.

⁴¹ NITI Aayog – From Borrowers to Builders (women and India’s financial growth) <https://www.niti.gov.in/sites/default/files/2025-03/From-Borrowers-to-Builders-Women%E2%80%99s-role-in-India-s-financial-growth-Report.pdf>[niti.gov] – Policy-oriented report on women’s finance, jobs and growth.

⁴² Grant Thornton, “Tech-driven pathways to women’s financial inclusion in India.”[grantthornton]

⁴³ NITI Aayog, “From Borrowers to Builders: Women’s role in India’s financial growth.”[niti.gov]

The digital divide adds a second, intersecting layer of exclusion. Women are still less likely to own a smartphone, have independent SIMs, or feel confident using apps in English, so digital rails can reproduce old inequalities instead of erasing them. Reports show that while over four-fifths of women may now hold bank accounts, a much smaller share actively use digital payments, often because phones are shared, OTPs are monitored by male relatives, or fear of fraud discourages use⁴⁵. Without sustained investment in digital literacy, vernacular interfaces, assisted-tech models like Bank Sakhis, and strong consumer-protection norms, the same systems that enable instant UPI transfers for some can lock others out more invisibly. In the 2026 landscape, then, the central policy challenge is not merely “more digitisation,” but ensuring that every new layer of code and regulation is consciously designed to narrow, rather than widen, India’s gendered digital and financial divide.⁴⁶

1.17. The Road To 2030: Towards a Unified National Credit Ecosystem

A unified national credit ecosystem by 2030 would mean that every woman whether an SHG member, street vendor, gig worker or MSME owner interfaces with a seamless, interoperable web of public and private credit rails rather than a maze of disconnected schemes. This vision builds on India’s existing building blocks: large-scale digital identity and payments infrastructure, evolving credit-information systems, and policy moves towards integrated credit and learning “banks” that store an individual’s history over time.

In human terms, a unified ecosystem would allow a woman’s entire journey to be visible and usable: SHG savings and repayment records, Mudra-type loans, UPI cash-flows, GST invoices, platform ratings and even skill-certification credits could sit in a consent-based digital locker, from which banks, NBFCs and fintech’s can pull standardised data to offer fairer, cheaper and more tailored credit. This is analogous to how the Academic Bank of Credits already proposes to store and transfer educational credits across institutions; a similar “credit account” could

⁴⁴ Harvard BSC, “Digital Financial Inclusion in India: The Gender Gap Challenge” (2026). [bsc.hks.harvard]

⁴⁵ Journal IJAR, “Financial Inclusion of Women: Barriers, Challenges, and Policy Interventions in India.” [journalijar]

⁴⁶ PIB feature, “Key Interventions for Women’s Economic Advancement” (2026). [pib.gov]

track financial and enterprise-related credentials across her life course. By 2030, such an ecosystem backed by clear rules on data protection, grievance redress and gender-sensitive product design could dramatically reduce paperwork, eliminate repeated KYC frictions and shift underwriting away from collateral towards cash-flow and behaviour, especially for women with little formal property.

For policymakers, the road to 2030 is less about inventing new schemes and more about knitting existing pieces into a coherent architecture: interoperable credit registries and guarantee funds, standard APIs for sharing alternative data, green- and export-linked credit channels, and robust oversight to prevent over-indebtedness and algorithmic bias. If done well, a vegetable vendor who begins in 2024 with a small SHG loan should, by 2030, be able to tap a spectrum of working-capital, insurance and growth finance offers on her phone anchored in a unified national credit ecosystem that recognises her as a low-risk, high-potential economic actor rather than a thin-file borrower.

Indicative references you can draw on conceptually for this section: discussions on national credit frameworks and “one-meta” architectures in education and finance, integrated guarantee and export-credit schemes, and forward-looking analyses of India’s digital payments and green-finance pipelines towards 2030.

1.18. Conclusion and Suggestions

A coherent digital–institutional strategy can turn women from residual participants in the economy into central architects of growth and resilience. The experience of Mudra, SHGs and fintech-enabled platforms

shows that when credit, social capital and technology are aligned, even very small loans can set off large, long-term changes in income, autonomy and local development. At the same time, persistent gendered gaps in asset ownership, digital access, financial literacy and policy design mean that many women still experience financial inclusion as shallow, one-time and fragile rather than deep, continuous and empowering. The challenge for the next phase is therefore not to add more schemes, but to make existing pathways denser, safer and more navigable for women across class, caste and region.

Based on this analysis, a few key suggestions emerge. First, policy must move explicitly from gender-neutral to gender-responsive design: collateral norms, KYC rules, credit-scoring models and grievance-redress mechanisms should be re-examined through a women-centric lens, with mandatory gender-disaggregated reporting at all tiers. Second, SHGs should be recognised and funded as long-term “social infrastructure,” with systematic investments in leadership training, digital capacity and legal awareness so that social capital can continue to substitute for physical collateral. Third, every credit intervention Mudra loans, SHG-bank linkage, fintech credit lines should be bundled with structured financial and digital literacy, not as optional one-off camps but as continuous, context-sensitive learning. Fourth, regulators and governments should accelerate work towards an interoperable, rights-based national credit ecosystem that allows women to port their financial histories across providers under strong data-protection safeguards. Finally, future reforms must be co-designed with women borrowers themselves through consultations, pilots and feedback loops so that the law does not merely speak for women, but listens to and evolves with their lived experience in the marketplace.

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