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Mapping Inequality: How Caste, Class, and Gender Shape Financial Inclusion A Case Study

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Abstract: *This study examines how caste, class, and gender intersect to shape financial inclusion in India. Despite progress driven by Government and Reserve Bank of India (RBI) initiatives, persistent social and institutional barriers prevent equitable access to financial services. Lower-caste and economically disadvantaged populations frequently face discrimination and low financial literacy, while women and transgender individuals encounter severe loan restrictions due to limited property ownership and social constraints. By evaluating government and RBI policy frameworks through an intersectional lens, this research demonstrates that financial exclusion extends beyond economic hardship to encompass deep-seated social discrimination. Ultimately, the study highlights these systemic challenges and offers strategies to build a fair, inclusive financial ecosystem that enables all demographic groups to participate in national economic growth.*

Concise Executive Summary

- Core Focus: Analyzes the combined impact of caste, class, and gender on financial access in India.
- Key Findings: Government and RBI efforts have expanded banking, but social barriers—such as property restrictions for women/transgender people, limited financial literacy, and systemic bias against lower castes—still cause exclusion.
- Primary Insight: Financial exclusion is driven as much by social discrimination as by income disparity.
- Objective: Identifies institutional gaps and proposes actionable policy recommendations to foster an equitable financial system for all citizens.

Keywords:

Core Analytical Concepts

- Intersectionality: Intersecting identities, overlapping marginalization, compound disadvantage, matrix of domination, social stratifications.
- Caste: Socio-religious hierarchy, hereditary privilege, caste-based discrimination, institutional exclusion, socio-historical oppression.
- Gender: Structural inequality, patriarchal norms, gender-based exclusion, systemic bias, property ownership disparities.
- Inequality: Structural barriers, socio-economic disparity, institutional bias, uneven access, marginalization, systemic disadvantage.

Socio-Economic & Institutional Factors

- Financial Access: Financial exclusion, institutional barriers, systemic discrimination, credit access disparities, property ownership gap.

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- Social Literacy & Capital: Financial literacy deficit, social capital gap, institutional mistrust, exclusionary practices, socio-economic mobility.
- Governance & Policy: RBI initiatives, affirmative action, inclusive policy, institutional reform, targeted interventions, policy implementation gaps.

I. INTRODUCTION

Despite institutional efforts toward financial inclusion in India, equitable access to banking and financial services remains constrained by entrenched social hierarchies. Financial inclusion—defined as universal access to savings, credit, digital payments, and general banking—is heavily mediated by the intersections of caste, class, and gender. Socioeconomically disadvantaged and lower-caste populations face systemic discrimination, institutional mistrust, and low financial literacy. Similarly, gender-based marginalization severely restricts access for women and transgender individuals, who are often hindered by lack of property ownership, mandatory collateral requirements, and physical or digital accessibility barriers. This demonstrates that financial exclusion in India is driven not merely by income disparity, but by deep-rooted cultural and structural discrimination. This study analyzes how these overlapping social determinants collectively shape financial opportunities and evaluates the effectiveness of Reserve Bank of India (RBI) policies in dismantling these systemic barriers to achieve genuine financial equity.

Concise Executive Summary

Core Premise: Financial inclusion in India is limited by systemic social barriers, not just income inequality.

Key Challenges Identified:

- Caste & Class: Lower-caste and low-income individuals face discrimination by financial institutions and low financial literacy.
- Gender & Identity: Women and transgender people encounter severe hurdles in securing loans due to a lack of property ownership for collateral.
- Infrastructure Gaps: Inadequate physical banking infrastructure and non-inclusive digital platforms further exacerbate exclusion.
- Research Objective: To evaluate how intersecting identity factors influence financial access and to assess the impact of RBI policies in building an equitable financial system.

Crenshaw introduced the theory of intersectionality, the idea that when it comes to thinking about how inequalities persist, categories like gender, race, and class are best understood as overlapping and mutually constitutive rather than isolated and distinct. (Adia Harvey Wingfield)

II. REVIEW OF LITERATURE

Amartya Sen (1999) emphasized that true development means expanding individual capabilities, not just income levels. Exclusion from financial systems limits people's ability to enhance their capabilities and agency.

Reserve Bank of India (2025), financial inclusion means making sure that everyone, especially poor and disadvantaged people, can easily use banking services like savings, loans, and insurance. It aims to give equal chances for all to be part of the formal financial system.

Thorat and Kundu (2019) explained that caste is an old social system in India where people are divided into groups by birth. This system still affects access to education, jobs, and even loans. Many people from Scheduled Castes and Scheduled Tribes face problems in getting bank support or credit.

Beteille (2017) said that class refers to the position of a person in society based on their income, job, and education. People from lower-income classes often find it difficult to get loans or open bank accounts, while the rich have more access and opportunities.

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The World Health Organization (2023) described gender as the social roles and expectations given to men, women, and other genders. Gender inequality can affect financial inclusion because women and transgender people often face challenges in getting financial education, digital access, and loans.

Transgender Persons (Protection of Rights) Act (2019), a transgender person is someone whose gender identity is different from the one given at birth. Sharma (2022) mentioned that many transgender people face social rejection and ID problems when they try to open bank accounts or get loans.

Overall, different studies show that caste, class and gender are major factors that affect financial inclusion. These barriers must be addressed to ensure everyone can access financial services equally and become economically independent.

III. OBJECTIVES OF THE STUDY

1. To examine caste-wise, gender, class access to credit facilities and financial inclusion.
2. To examine gender-wise access to financial inclusion in India.
3. To analyse hindrances for financial inclusion of Transgender Community.

IV. RESEARCH METHODOLOGY

This study employs a descriptive research methodology based entirely on secondary data sources, including peer-reviewed journal articles, official government reports, and database repositories. Descriptive in nature, the research documents existing patterns of socio-economic inequality while providing an analytical interpretation of how caste, class, and gender interact to shape financial access within the Indian context. A key limitation of this study is its reliance on the availability and timeliness of published secondary data.

Concise Methodological Breakdown

Research Design: Descriptive and analytical approach focused on existing socio-economic structures in India.

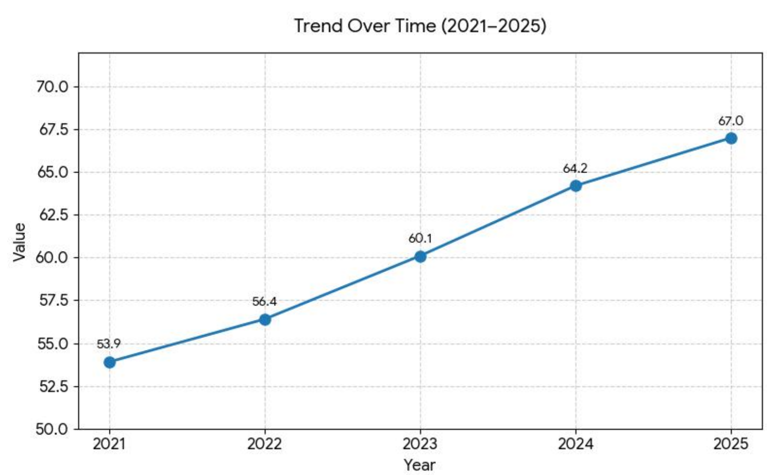
Data Sources: Exclusively secondary, utilizing government reports, academic journals, and online databases.

Analytical Focus: Intersectional examination of caste, class, and gender as determinants of financial inclusion.

Study Limitation: Constrained by the scope, updates, and accessibility of existing secondary data.

V. DISCUSSION AND ANALYSIS

Caste-wise financial inclusion Index



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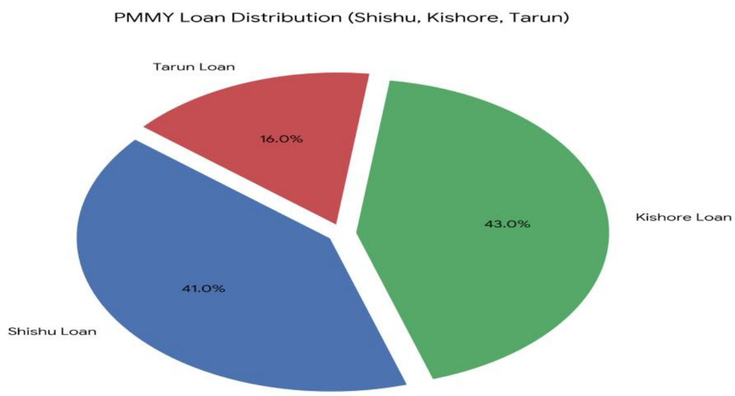
The RBI's Financial Inclusion Index for 2025 increased to 67.0, which is24.3% higher compared to 2021. This shows that more people in India are now getting access to banking, credit, and insurance services. The Pradhan Mantri Jan Dhan Yojana (PMJDY) alone has helped 55.98 crore people open bank accounts, and more than 55% of these accounts belong to women, which shows improvement in gender inclusion.

Credit Facilities to Scheduled Castes and Scheduled Tribes, banks have been directed to give special emphasis to SC/ST communities in their district and block-level credit planning. The circular mandates that at least 40 per cent of total Differential Rate of Interest (DRI) loans be sanctioned to SC/ST beneficiaries and that these groups receive priority sector classification for state-sponsored and self-employment programmes. From this RBI circular, the government and banks are trying to give more financial support to people from Scheduled Castes and Scheduled Tribes. The rules clearly say that these groups should get more chances to take loans and start their own work or business. It also shows that banks have to check regularly if enough loans are reaching them. This is a good step to reduce inequality and help poor families become self-reliant. But still, some people may not get full benefits because of less awareness or local issues. Overall, this shows that the government is working to make financial help reach everyone equally. (Reserve Bank of India Master Circular (RBI/2025-26/56, June 16, 2025)

Pradhan Mantri Mudra Yojana (PMMY):



Loan Category	Share (%)	Coverage Limit (PMMY Framework)
Kishore Loan	43.0%	Rs.50,000 to Rs.5 Lakh
Shishu Loan	41.0%	Up to Rs.50,000
Tarun Loan	16.0%	Rs.5 Lakh to Rs.10 Lakh

Dominant Share: Kishore and Shishu loans together comprise 84% of total disbursements.

Capital Intensity: Tarun loans account for the smallest volume share (16%) due to higher loan values and stricter evaluation criteria.

Women have received Rs.8.49 lakh crore in Shishu loans, Rs.4.90 lakh crore in Kishor loans, and Rs.0.85 lakh crore in Tarun loans under the Mudra scheme. Minority borrowers got Rs.1.25 lakh crore in Shishu loans, Rs.1.32 lakh crore in Kishor loans, and Rs.0.50 lakh crore in Tarun loans under the Mudra scheme.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Mudra Yojana (PMMY) also helped increase financial safety for poor families. But when we look deeper, the data still shows gaps between caste and class groups. People from Scheduled Castes (SCs) and Scheduled Tribes (STs) often face more problems in getting credit compared to others. The RBI's 2025 Master Circular even directed banks to reserve 40% of DRI loans for SC/ST beneficiaries, showing that the government knows about these inequalities. So,

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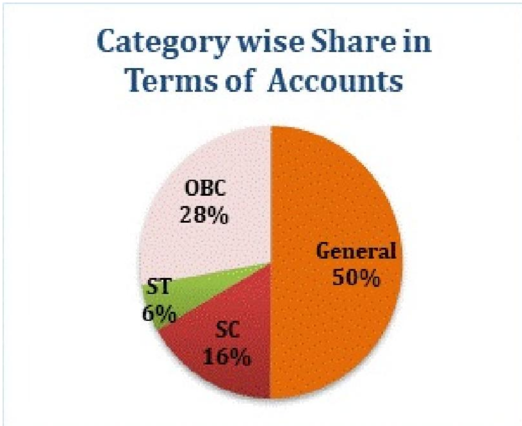
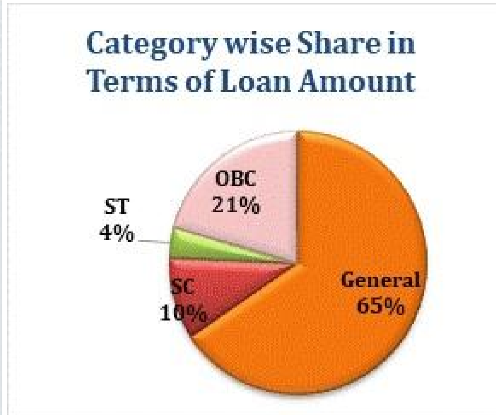
even though financial inclusion in India is growing fast, the difference in access between caste and class groups still needs more attention to make growth truly equal. (PRESS INFORMATION BUREAU (PIB), 2025)





Targets have been achieved since the inception of the Scheme, except for FY 2020-21 due to COVID-19 pandemic.
Table 1: Loan Sanction Data (2015–2025)

Financial Year	No. of Loans Sanctioned (in Crore	Amount Sanctioned (Rs. in Lakh Crore))
2015-16	3.49	1.37
2016-17	3.97	1.80
2017-18	4.81	2.54
2018-19	5.98	3.22
2019-20	6.23	3.37
2020-21	5.07	3.22
2021-22	5.38	3.39
2022-23	6.24	4.56
2023-24	6.67	5.41
2024-25 (as on 31.03.2025)	4.53	4.77
Total	52.37	33.65

The Pradhan Mantri Mudra Yojana (PMMY) helps small business owners get loans under three types — Shishu, Kishor, and Tarun. From 2015–16 to 2024–25, about 52 crore loans worth Rs.33.65 lakh crore were given. This shows that the scheme has helped many small entrepreneurs grow. Only in 2020–21, during COVID-19, there was a small drop. Most of the loans went to people from the general category (65%), but OBC, SC, and ST people also got good support. The government also started a special fund in 2016 to make loans safer and gave a 2% interest discount on

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Shishu loans in 2020–21. Overall, this scheme has helped more people — especially women and weaker groups — to become part of the banking system and start their own work.

Gender-wise access to financial inclusion in India:

Financial inclusion is defined as the sustainable and responsible delivery of affordable financial services to individuals and enterprises. By facilitating risk management, empowering women, and fostering entrepreneurship, financial inclusion strengthens economic productivity and drives macroeconomic growth. Through sustained interventions by the Indian government and the Reserve Bank of India (RBI), systemic barriers to formal banking—such as account creation, savings, and credit accessibility—have been significantly reduced. Demonstrating this progress, World Bank data (2024) indicates that 89% of adults in India possess formal bank accounts, achieving near-gender parity in account ownership.

Concise Executive Summary

- Definition & Impact: Provides affordable, sustainable financial products that mitigate risk, empower women, and catalyze business productivity and economic growth.
- Institutional Role: Strategic regulatory push by the RBI and government initiatives have integrated historically excluded populations into the formal banking sector.
- Key Metric: According to World Bank (2024) data, 89% of adults in India hold formal bank accounts, effectively bridging the gender gap in basic account ownership.

Table 2: Give table title

Variable Name (% age 15+)	Country Data
Population, age 15+ (millions)	1,077.7
GNI per capita ($)	2,390.0
Account	Account
All adults, 2024	89.0
All adults, 2021	77.5
All adults, 2011	35.2
Account, by type	Account, by type
Account at a bank or similar financial institution	88.7
Mobile money account	23.1
Digitally enabled account (any account used with a card or phone)	31.1
Account, by individual characteristics	Account, by individual characteristics
Women	89.2
Adults in the poorest 40% of households	86.3
Adults out of the labor force	89.5
Rural	89.9
Made or received digital payments in the past year	Made or received digital payments in the past year
All adults, 2024	48.5
All adults, 2021	34.9
Made a digital merchant payment, 2024	18.3
Made a digital merchant payment, 2021	11.9

Made an online bill payment	15.2
Received a government payment into an account	21.2
Received a private sector wage into an account	12.7
Saving money in the past year	Saving money in the past year
Saved formally or informally	38.6
Saved formally using an account, 2024	27.0
Saved formally using an account, 2021	14.1
Saved informally using a savings club or person outside the family	13.1
Borrowing in the past year	Borrowing in the past year
Borrowed formally or informally	63.3
Borrowed formally	15.1
Financially resilient: Not difficult to access extra money in 30 days	Financially resilient: Not difficult to access extra money in 30 days
All adults	33.1
Women	22.6
Adults in the poorest 40% of households	18.7
Could cover more than 2 months of expenses if income is lost	22.0
Mobile connectivity	Mobile connectivity
Has a personal mobile phone	66.5
Women	54.3
Adults in the poorest 40% of households	56.0
Has a personal smartphone	42.0
Women	31.8
Adults in the poorest 40% of households	25.0
Has a password on their mobile phone	38.3

(The Little Data Book on Financial Inclusion 2025 by the World Bank)

According to the World Bank's *Little Data Book on Financial Inclusion 2025*, India has achieved notable advancements in formal financial access. Adult account ownership expanded from 35.2% in 2011 to 77.5% in 2021, reaching 89.0% by 2024, with women's account ownership rising to 89.2% and establishing near gender parity in basic banking access. Digital transaction adoption also accelerated, with adults making or receiving digital payments increasing from 34.9% in 2021 to 48.5% in 2024. However, structural gaps in digital infrastructure and financial resilience remain. Mobile device ownership among women remains low—54.3% own a mobile phone and only 31.8% own a smartphone—constraining digital inclusion. Furthermore, while 63.3% of adults borrowed money in the preceding year, only 15.1% accessed formal credit channels. Financial vulnerability persists, with only 30.1% capable of securing emergency funds without major difficulty and just 22.0% able to sustain living expenses for over two months during an income disruption.

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Data Summary & Key Metrics

Financial Inclusion Indicator	Past Trend	2024 Figure	Key Takeaway
Adult Account Ownership	35.2% (2011) / 77.5% (2021)	89.0%	Massive expansion in formal banking footprint.
Female Account Ownership	—	89.2%	Achieved structural gender parity in account ownership.
Digital Payments Adoption	34.9% (2021)	48.5%	Significant uptick in electronic transaction adoption.
Female Mobile Access	—	54.3% (Mobile) / 31.8% (Smartphone)	Digital divide limits female fintech participation.
Formal Savings Rate	—	27.0% (38.6% overall savings)	Majority of savings occur outside formal accounts.
Formal Credit Rate	—	15.1% (63.3% overall borrowing)	Deep reliance on informal credit networks remains.
Financial Resilience	—	30.1% (Emergency funds access) / 22.0% (>2 months runway)	High vulnerability to sudden economic shocks.

Hindrances for financial inclusion of Transgender Community

The Transgender Persons (Protection of Rights) Act defines a transgender individual as one whose gender identity does not align with the sex assigned at birth, encompassing trans men, trans women, and individuals with non-binary identities. Systemic prejudice and institutional exclusion subject transgender populations to widespread marginalization, disproportionate poverty, social stigma, and physical violence. Severe disparities in healthcare access, employment opportunities, and educational attainment undermine their fundamental rights and quality of life. Furthermore, these social constraints translate into profound financial exclusion, as transgender individuals face structural barriers in opening bank accounts, securing credit, and accessing formal financial services.

Concise Policy Overview

- Legal Definition: Recognizes individuals whose self-identified gender differs from the sex assigned at birth, including trans men, trans women, and non-binary persons.
- Socio-Economic Barriers: Marked by systemic discrimination, elevated poverty levels, vulnerability to violence, and restricted access to healthcare, education, and employment.
- Financial Exclusion: Social stigma and institutional hurdles restrict equal access to basic banking infrastructure, formal credit, and financial products.

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The Transgender Persons (Protection of Rights) Act, 2019, provides a national legal framework to safeguard the rights and welfare of transgender individuals in India by prohibiting discrimination across employment, education, public services, and financial assistance. Despite these statutory protections, transgender populations experience persistent institutional exclusion within the formal financial sector. Driven by pervasive social stigma, familial estrangement, and a consequent lack of inherited property, these individuals face severe barriers to asset ownership. Furthermore, standard banking requirements—such as mandatory collateral and identity documentation aligned with self-identified gender—present structural hurdles that routinely impede transgender people from opening basic accounts, securing credit, and accessing formal financial facilities.

Concise Policy & Institutional Summary

- Legislative Framework: The Transgender Persons (Protection of Rights) Act, 2019, legally prohibits discrimination in employment, education, and access to financial services.

Root Causes of Financial Exclusion:

- Social & Familial Rejection: Disownership and familial separation limit access to ancestral property and financial support networks.
- Documentation Inequities: Discrepancies between official government IDs and self-identified gender create administrative barriers to account opening and credit access.
- Collateral Constraints: Lack of property ownership restricts the ability to meet bank collateral requirements for loans.

To promote institutional inclusion, the Reserve Bank of India (RBI) has mandated the inclusion of a "third gender" category on official banking documentation, facilitating direct benefit transfers (DBT) for government pensions and welfare payments. These targeted measures enhance formal financial integration and foster economic autonomy by facilitating micro-entrepreneurship, personal savings, and long-term financial planning. However, systemic execution gaps persist; transgender individuals continue to face structural hurdles in securing valid identity documentation and residential proof, compounded by pervasive social stigma within financial institutions.

Key Policy Interventions & Structural Challenges

Institutional Reforms:

- Gender-Inclusive Documentation: RBI-mandated inclusion of the third-gender option on standardized banking forms.
- Direct Benefit Transfers (DBT): Direct digital disbursement of government pensions and welfare funds into bank accounts.

Socio-Economic Benefits:

- Enables micro-entrepreneurship, asset building, and capital accumulation.
- Enhances personal autonomy and financial literacy.

Persistent Barriers:

- Documentation Discrepancies: Administrative hurdles in obtaining updated government-issued IDs and proof of address.
- Societal Stigma: Continued social prejudice and institutional bias hindering equitable access to financial services.

While targeted government interventions—such as the digital disbursement of subsidies, pensions, and social welfare payments—have improved formal financial access and awareness among transgender populations, comprehensive institutional reform remains essential to achieving full financial equity. The primary goal of financial inclusion extends beyond basic account ownership; it seeks to dismantle structural barriers so that all demographic groups, including

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gender minorities and historically marginalized communities, can access formal financial systems on equal terms to build sustained economic independence and live with dignity.

Key Synthesis & Future Outlook

- Policy Progress: Direct Benefit Transfers (DBT) and digital welfare schemes have successfully integrated gender-marginalized populations into the primary banking infrastructure.
- Core Objective: Establish an inclusive financial ecosystem that guarantees equitable access to credit, savings, and enterprise tools for all citizens, regardless of gender identity or socio-economic background.
- Imperative Action: Further policy interventions and institutional sensitization are required to eliminate lingering administrative barriers and ensure long-term economic autonomy and dignity.

IV. CONCLUSION

India has achieved substantial progress in expanding financial inclusion, significantly improving access to formal bank accounts, credit facilities, and digital payment ecosystems. Targeted interventions by the Indian government and the Reserve Bank of India (RBI) have progressively integrated historically marginalized groups—including socioeconomically disadvantaged populations, Scheduled Castes, Scheduled Tribes, women, and transgender individuals—into the formal financial system. Notably, gender disparities in basic banking access have largely narrowed, accompanied by rapid digital adoption. However, structural bottlenecks persist, including digital illiteracy, documentation deficits, physical and technological accessibility barriers, and lingering socio-cultural discrimination. To achieve comprehensive financial equity, collaborative policy execution between financial institutions and state actors is essential. Strategic priorities must focus on enhancing digital and physical infrastructure accessibility, implementing institutional bias-reduction training for banking personnel, and executing targeted financial literacy drives in underserved regions—ensuring that all citizens, regardless of caste, gender, or physical ability, achieve sustained economic empowerment and dignity.

Key Policy Synthesis & Strategic Action Plan

Institutional Progress: Regulatory policies and government initiatives have successfully expanded the formal banking footprint to reach historically excluded demographics.

Persistent Structural Challenges:

Administrative & Digital Divide: Hurdles related to valid identity documentation, limited smartphone ownership, and rural connectivity gaps.

Systemic Discrimination: Socio-cultural bias and a lack of physical/digital accessibility for marginalized communities and individuals with disabilities.

Strategic Roadmap for Universal Inclusion:

Infrastructure Standardization: Optimize physical branch layouts, ATMs, and digital banking platforms for universal accessibility.

Institutional Capacity Building: Conduct mandatory sensitization programs for financial institution personnel to mitigate socio-cultural biases.

Grassroots Literacy Drives: Expand targeted community-level financial education and digital literacy campaigns across rural and peripheral regions.

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