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## Effect of Awareness of Government Initiatives on Financial Inclusion: A Study of Domestic Workers in the City of Bengaluru

By Kiran Hiremath<sup>1</sup> and Shalini R<sup>2</sup>

### Abstract

A key assumption in economics is that economic growth brings prosperity to all sections of the society in an equitable manner. Historically, economic growth is not associated with equitable distribution of wealth. Governments all over the world make policies and implement them to engineer an equitable distribution of wealth. Financial exclusion is the single most important factor which can keep poorer sections of the society away from the benefits of economic growth. Financial inclusion creates a window of opportunity for poor sections of society to take part in the economic prosperity brought in by economic growth. A financially inclusive society is where all financial products and services are available without difficulty at affordable cost. The Indian government has put policies in place to encourage financial inclusion by making financial products and services available to disadvantaged sections of the society. Jan Dhan Yojana to open bank accounts with zero balance, Aushyaman Bharath Yojana for medical insurance, Atal Pension Yojana for income after retirement, and Sukaya Samruddhi Yojana for supporting a girl child are a few of the schemes promoted by government for encouraging financial inclusion of the poorer sections of the society. Poor people residing in urban areas come to the city in search of a livelihood. They struggle to manage household expenses and some unforeseen events create a burden on their financial resources. Women in the family also participate in the workforce to support the family; many of them work as household domestic workers. The present study has been undertaken to assess the awareness regarding these initiatives among domestic workers in the city of Bengaluru. As per the report released by Bangalore Gruhakarmika Sangha (BBGS) and Manegelasa Kaarmikara Union, there are four lakh domestic workers in Bengaluru and the majority of them are women. Primary data has been collected using in-depth interviews. It is found that the awareness level with respect to government initiatives is not satisfactory.

*Keywords:* Financial Inclusion, Women, Urban Poor

### Introduction

Financial inclusion is the first step towards financial independence. Women face discrimination in their wages as well as employment opportunities as compared to men. Women spend approximately five hours on unpaid household work as compared to 30 to 40 minutes spent by men on household work (Women in Work, 2021). Due to lack of skills and time, many women from poor backgrounds work as domestic workers in the urban area. Household domestic workers are an invisible workforce in the economy who contribute to their household income. Women domestic workers have become an integral part of most households

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in urban India. But unfortunately, they live in deplorable conditions both at home and at the workplace. There has been continual growth in the number of domestic workers in urban India due to various factors like migration and the growing number of urban women working professionals. Despite this rising demand, the domestic worker has remained unrecognized, unorganized, and poorly compensated in India.

The work done by housemaids differs from house to house, there are no standard payments, work times are ill-defined, and there are few legislations to protect them from exploitation. The Code on Wages, 2019, was introduced to simplify existing labour laws, but this law is not applicable to domestic workers. Domestic Workers (Registration, Social Security and Welfare) Act, 2008 is the legislation for protection against exploitation, yet housemaids are part of an unorganized sector and there are difficulties in implementing the law. Domestic workers do not have access to paid leave, and they lose wages when they absent themselves from work. Leave for events like marriage or medical emergency in the family results in loss of pay and vanishing of all their savings. In many cases, they also need to take a loan from the informal sector, with a high rate of interest, for meeting expenses. Such events can push them further into poverty. The formal financial services sector has many products for saving, investment, risk management and credit, but domestic workers are unable to use these products and services due to educational illiteracy and financial illiteracy. The Reserve Bank of India (RBI) has recognized the importance of financial inclusion for the robust economic development of the country. Nationalization of the banks was the step in this direction. In addition, RBI has issued guidelines and encouraged commercial banks to provide banking services to the unbanked areas, primarily in rural areas. Domestic workers dwell in cities where there is no dearth of banking facilities.

### **Literature Review**

The present literature review consists of articles on the socio-economic conditions of domestic workers in various parts of India and elsewhere.

Prabhudesai (2020) attempts to study the level of awareness and actual use of different investment schemes introduced by the government for female domestic workers in Dombivili city. The findings of the study show that the awareness of these schemes among female domestic workers is very low and very few domestic workers are investing in the schemes promoted by the government.

Chand (2019) compares the minimum wages of domestic workers with that of other unorganized sector workers in Dehradun. The findings of the study show that domestic workers earn far less in monthly minimum wages than their counterparts engaged in the unorganized sector. The findings also show that they are not aware of insurance guaranteed under Jan Dhan Yojana and social security schemes like Rashtriya Swasthya Bima Yojana.

Beri (2020) explains the socio-economic conditions and challenges faced by women domestic workers in India. The author suggests that the development of a collective programme will improve the social status and working conditions of women domestic workers. This is possible if the government and nongovernment organizations come forward to address their plight.

Tomar & Kishore (2018) aim to assess the living conditions and physical health profile of female domestic workers in an urban slum in Central Delhi. The findings of the study show that the majority of the respondents have a low socio-economic status and work in deplorable conditions which include long working hours with no job security.

Khillare & Sonawane (2016) attempt to study the work-life balance of women domestic workers and its impact on their personal and family life in the district of Buldana, Maharashtra. The findings of this study indicate that due to the long working hours, they cannot focus on

their family due to which these relationships have turned sour. They are unable to satisfy their financial needs due to low wages.

Rani & Saluja (2017) study the various employment-related issues of domestic workers in the state of Punjab. The authors also try to find the relationship between their gender and the realization of their rights. Primary data was collected from 600 respondents and the findings show that the socio-economic conditions of domestic workers are not good due to the absence of a uniform wage structure and their facing several issues at home as well as at the workplace. Female domestic workers are doing double the amount of work and are paid less than half when compared to their male counterparts.

Parameshwara (2016) highlights the socio-economic conditions of women domestic workers in the city of Bangalore. The author also tries to understand their occupation structure and wage structure. The study tries to bring out the legal framework which is only on paper and yet to be implemented effectively. Findings show that there is an absence of legal protective measures. The findings also show the deplorable working conditions, health and safety of domestic workers in the city of Bangalore.

Sandhya (2019) analyses the socio-economic status of maid servants in Karnataka. The data was collected from 250 respondents in the state of Karnataka. The results show that poor economic status is the main reason for women to take up the job of domestic worker. They suffer from low self-esteem due to a lack of respect in society.

Paul, Murthy & Datta (2018) study the work profile of domestic workers, access to social security, health, habitat, and domestic violence. The primary data was collected from a huge sample of 1510 respondents in Mumbai. The outcomes of the study show low wages leading to low consumption, liabilities, and poor habitat. Apart from this study, domestic workers also face challenges like sexual harassment at the work place, poor health due to the nature of work, and overwork.

Augustine & Singh (2016) focuses on the conditions of work and working conditions of domestic workers and problems related to health, wages, work security, family-related problems and also sexual harassment at the work place. Domestic workers are unaware of any welfare programs, social security measures, and also legislation enacted for their protection and wellbeing.

Vimala M analyses the socio-economic conditions, occupation and wage structure of women domestic servants in Thrissur. A detailed study on various factors impacting the lives of women domestic servants is studied. The factors include demography, wage, loans, savings, expenses, working environment, unionization, health condition, housing, and others. The author concludes that awareness of exploitation faced by domestic servants needs to be created and encourages them to organize themselves to protect their lives and try to live life with dignity.

Priya & Sudarshan (2019) examine the discrimination and harassment faced by women domestic workers, their health, safety and working conditions, and also their awareness of government schemes, policies, and acts for their welfare and protection in Selaiyur district. Situation analysis is done to analyse the data collected. The findings reveal that the majority of domestic workers are illiterate and are unaware of the schemes promoted by the Government.

Thiruvassagam, Rajasekar, Vettriselvan (2019) aims to understand the socio-economic background of women domestic workers and the problems faced by them in Mangochi District in Malawi. A large number of women domestic workers are engaged in seasonal employment in this region. The findings show that poor economic conditions drive them to get into this occupation and they are exploited by employers in all possible ways.

Chandramouli & Kodandarama (2018) analyse the working conditions, living conditions, poor bargaining power and social insecurity experienced by women domestic

workers in India. They are subjected to injustice and deprived of basic necessities due to the absence of active welfare measures and legal safeguards.

A lot of research has been done in unorganized sectors, especially on women domestic workers in India with respect to their socio-economic conditions, health, safety and working conditions. To the best of our knowledge, very little research has been done on understanding the awareness level of urban women domestic workers about government-promoted initiatives on financial inclusion in India. Hence this study is taken up to understand the level of awareness among women domestic workers in the city of Bangalore.

### **Objective and Methodology**

The government is making an effort to improve financial inclusion for inclusive and sustainable growth of the country. Opening a bank account is the beginning of the process to include a poor section of the society into the formal financial system. But opening bank accounts does not mean that the poorer sections of society are included in the formal financial system. They should have financial products available to them for easy consumption. The government has initiated multiple schemes to encourage the opening of bank accounts, providing pension schemes for young as well as old people belonging to the poorer section of the society, and health insurance to name a few. After the COVID-19 pandemic, there has been further emphasis on banking transactions, and the government has used the process of Direct Benefit Transfer to help the poor people. Domestic workers belong to the underprivileged section of society. The study has been undertaken to understand the domestic worker's awareness regarding various government initiatives in this regard.

Qualitative research methodology is used for the study. The researchers have conducted in-depth interviews of household maids. The schedule was prepared to collect socio-economic data and to get basic information regarding banking practices. The interviews were conducted in the local language. The information was collected over a friendly discussion, while researchers noted relevant points. The primary data was collected from the 18 respondents; nine workers were interviewed by each of the researchers. Each interview duration varied from 15 minutes to 25 minutes.

### **Results and Analysis**

#### *Socioeconomic Profile of the Respondents*

The respondent's ages ranged between 20 to 58 years with eight respondents belonging to 30 to 40 years' category. Twelve domestic workers are married (67 %), 5 were unmarried (28%) and one was a widow. Ten workers have two adults at home, 4 have 3 adults at home, 3 workers have 4 adults at home, and 1 has 5 adults at home. 56 percent of the respondents have two adults at home. Out of 13 married workers, 5 of them have one child, 8 of them have two children and one maid has three children. 62 percent of the respondents have two children. Eleven respondents are literate as they are able to read and write, 4 maids are able to write their signature, and 3 are illiterate. Only four of the respondents have migrated to Bengaluru in search of a job, and 14 maids (78%) have a domicile in Bengaluru. The number of where they offer their services ranges from 1 to 8 households. 5 maids cater to three or less than three households, 11 maids cater to 4 to 6 households, and 2 maids cater to more than 6 households. Sixteen maids (89%), with exception of two maids, get food at the workplace. 9 house maids get a weekly holiday, while 9 do not get a weekly holiday. The income of 3 maids is less than Rs. 10,000 p.m., 13 maids' income is between Rs.10,000 to Rs.20,000 per month and 2 maids earn more than Rs. 20,000 per month.

*Financial Inclusion***Table 1: Thematic Framework**

Knowledge regarding financial transactions	Finance is the domain of Men – Male in the family is considered knowledgeable regarding financial transactions. The bank transactions are done under the guidance of the husband, father-in-law or father
	Women do not make an attempt to know more about banking transactions
	Primary source of information regarding financial matters is ‘friends & relatives’
Awareness Regarding Government promoted initiatives	Aware of Self Help Groups (SHGs) and Ayushman Bharath
	Not aware of the majority of the government promoted initiatives including the government flagship programme - PM Jan-Dhan Yojana
Reasons for low awareness	Illiteracy and financial illiteracy
	Do not know from where they can get the information
	Low confidence level

*Knowledge of Financial Transactions*

In the sample study, 17 respondents (94%) have an account in a commercial bank. Almost everyone has a bank account, but only ten of them responded with the reason for opening the bank account. Among the respondents, 5 had opened the account for saving and the remaining five responded that they wanted to avail themselves of the possibility of a loan. All the workers had taken loans. 9 maids had taken loans from friends and relatives, 4 maids had taken loans from money lenders, 3 maids had taken loans from banks, and 2 had taken loans from SHG. The maids who borrowed from the bank said that the reason to borrow from the bank is the low-interest rate. 13 maids have borrowed from the informal sector (friends & relatives and money lenders) as they found it to be very convenient and no documents are required in order to get a loan, the repayment of the loan is at their convenience, and the repayment instalment is small. Visiting banks is not preferred as they find it difficult to understand and follow bank procedures. They are unable to provide the documents demanded by the banks and they find the environment in the bank to be hostile. Hence, domestic workers depend on their male counterparts for banking transactions.

*Awareness of Government Initiatives*

The government has promoted various schemes to include the poor in the formal financial system. The first step of financial inclusion starts with having a bank account. The government launched Prime Minister’s Jan-Dhan Yojana (PMJDY) in August 2014 which facilitated individuals with no bank account to open a bank account to provide financial services at an affordable cost. Among the respondents, 5 maids are aware of SHG, 2 maids are aware of the Ayushman Bharath scheme, and 4 maids are aware of Sukanya Samruddhi Yojana. Only one maid was aware of the PMJDY scheme. In the case of other government initiatives, they said that they have heard about some of the other schemes but do not know what they are about. Except for one respondent, no one has a PMJDY account and none of the maids have an

Ayushman Bharath card. Two respondents, who have migrated to city in search of a job but have roots in the village, said that their father or father-in-law who stays in the village is aware of PMJDY and Ayushman Bharath; if she wants to take benefit of these schemes then she needs to go to the village.

### **Reasons for Low Awareness**

When the researchers discussed various government initiatives with domestic workers, they said that they do not know of any such schemes and no one had told them about it. They also asked if these schemes are available, then where they should go to avail these benefits. In their daily routine, they do not have time or mind space to think about these schemes. Convenience is the most important factor. Due to illiteracy, they find it difficult to follow the banking jargon; hence they do not have the confidence to ask about the schemes. It was apparent to the researchers that the domestic workers surveyed lacked the confidence to discuss and inquire regarding financial matters. They also feel that with their meagre and irregular income they cannot afford or make use of the schemes. They also expressed their anguish regarding ill-treatment due to caste issues.

### **Conclusion**

The study was eye-opening for the researchers. Domestic workers in Bengaluru are urban poor, and they lack understanding of financial services and various government initiatives instituted for them. The socio-economic conditions of the domestic workers in Bangalore are deplorable. They are subject to innumerable challenges at home as well as at the workplace. Being in the unorganised sector, they have to compromise on low wages, poor working conditions, long working hours, ill-treatment, and insecurity.

Most of the respondents in our study are literate but are not well versed in English. A few of them can only sign their signature. Because of this, they hesitate to go to the bank or post office and are not aware of how to apply for various schemes promoted by the government. Coming from a poor economic background negatively affects their self-confidence. Domestic work is the most convenient and sought-after occupation as it does not require any special qualification or skill. Hence the women in vulnerable conditions end up choosing this occupation to earn their livelihood. All the respondents are from nuclear families due to which they have no proper support system to take care of their children when they are at the workplace. Long work hours do not give them enough time for childcare which all of them regret. Some of them also put up with abusive and alcoholic spouses which impacts their physical and mental well-being. The domestic workers are also socially discriminated against. Casteism prevails in many households and the domestic workers suffer silently. They are also subject to ill-treatment and humiliation.

Illiteracy and poverty are the two main factors for the lack of awareness about the government's financial schemes, welfare measures, and protective legislation. Due to their socio-economic profile, they suffer from low self-confidence which hinders them from approaching the bank or post office staff. Another difficulty is the long and tedious process of documentation to receive the benefits promoted by the government. The bank staff are not very friendly or helpful, and this discourages the women from approaching the bank staff.

It is almost six and a half years since the first initiative – PM Jan-Dhan Yojana. The government is using Direct Benefit Transfer (DBT) to execute social welfare schemes. During the COVID-19 pandemic, DBT was used by both the central government and state governments to transfer money directly to an individual's account. Domestic workers who do not have a PMJDY account have lost out on the helping hand extended by the government to sail through an extraordinarily difficult situation. The Ministry of Finance, on completion of six years in August 2020, announced that 400 million bank accounts have been opened under

the scheme. But still, 176 million women lack PMJDY accounts (Women in work, 2021). This study concludes by suggesting that there is an urgent need for programmes that create awareness regarding government welfare schemes and to educate and counsel women domestic workers –the urban poor.

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