



Government Interventions and Policy Frameworks to Ensure Financial Inclusion of Women in Nepal

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Abstract

Financial inclusion denotes a process that guarantees accessibility, availability, and utilization of the formal financial system for all constituents of an economy. To put it another way, it refers to the provision of financial services and products to both individuals and businesses, particularly those in disadvantaged and low-income regions, including credit, savings, insurance, and payment methods. Financial inclusion has become an important national priority in recent years as is a pivotal driver for gender equality and sustainable economic growth in developing nations. In Nepal, where women comprise the majority of the population but historically lag in economic participation, the state has transitioned from a general welfare-based approach to a robust, policy-driven interventionist strategy. The study has been undertaken to examine the government interventions and policy frameworks to ensure financial inclusion of women in Nepal. The study utilized a descriptive and analytical framework and relies on several policy models and regulations established in recent years to enhance women's financial inclusion in Nepal. A thematic examination of the National Financial Inclusion Strategy (2023–2028), the Procedures for Interest Subsidy on Concessional Loans (2025), and Digital Literacy Frameworks has been conducted. It is found that, the Government of Nepal has progressed past mere rhetoric, creating an advanced system of subsidized loans, required lending, and digital infrastructures. While significant progress has been recorded in account ownership, the study identifies proxy lending, digital illiteracy, and persistent socio-cultural barriers as critical challenges.

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Article History:

Received: 13 Jan 2026
Reviewed: 25 Feb 2026
Accepted: 19 March 2026

Keywords: *digital literacy frameworks, interest subsidy, concessional loans procedures, Nepal Rastra Bank*



How to cite this article: Giri, D. B.(2026). Government Interventions and Policy Frameworks to Ensure Financial Inclusion of Women in Nepal. *Himalayan Journal of Multidisciplinary Research*, 1(1). 109-114.



1. Introduction

Financial inclusion denotes a process that guarantees accessibility, availability, and utilization of the formal financial system for all constituents of an economy (Pant, 2016). To put it another way, it refers to the provision of financial services and products to both individuals and businesses, particularly those in disadvantaged and low-income regions, including credit, savings, insurance, and payment methods (McKinsey & Company, 2010). Financial inclusion encourages people and businesses to engage in the economy and develop financial stability, which is vital for economic growth and the eradication of poverty. It is regarded as a vital worldwide objective and is deemed a fundamental element of the Sustainable Development Goals (World Bank, 2025).

Especially in developing nations such as Nepal, financial inclusion has emerged as a crucial aspect of sustainable economic development. It is defined as the process of guaranteeing that individuals and businesses, especially those from low-income and marginalized segments of society, can access appropriate financial services and products. Financial inclusion is vital for enhancing economic growth, addressing poverty, and establishing long-term employment opportunities. Similar to numerous other developing countries, Nepal faces significant challenges in attaining financial inclusion due to a range of economic, social, and cultural factors. Financial inclusion is a must element of gender equality and economic stability in developing nations like Nepal and needs state's targeted policy-driven interventions. In Nepal, where women make up about 51% of the population, financial inclusion for women is essential for achieving sustainable economic growth. Excluding half of its workforce from the formal economy limits GDP growth. Uprety (2022) notes that women's financial inclusion has traditionally been hindered by restricted asset ownership, reduced literacy levels, and patriarchal societal structures. Duflo (2012) states, women's access to finance improves

family welfare and economic security compared to men. It allows women to invest in education, health, and small businesses, improving household welfare and contributing to local economic growth (Sahay et al., 2020).

Because of its importance, financial inclusion has drawn a lot of attention of academicians and policy makers all over the world in recent years (Sarma, 2010; World Bank, 2014). In Nepal, women's financial inclusion is a crucial issue and gaining attention of policymakers and academicians as well (Acharya et al., 2025). The study aims to examine the multi-faceted interventions by the Government of Nepal and Nepal Rastra Bank (NRB), including the National Financial Inclusion Strategy (2023–2028), the Interest Subsidy for Concessional Loans Procedures (2025), and Digital Literacy Frameworks.

2. Literature Review

In developing countries today, the role of women's empowerment has been increasingly seen as an important role in developing countries today. Aziz et al. Enhancing women's agency and resource accessibility is crucial for achieving inclusive and sustainable development.

Research shows that financial services access fosters gender equality. In their 2017 study, Women's Economic Empowerment through Digital Finance, Leora Klapper and Dorothe Singer, demonstrated that digital financial services improve women's economic participation and empowerment. Several studies, ranking above Linda Mayoux Cheston & Lisa Kuhn and Valerie Blumberg et al. have shown that financial inclusion and micro-finance programs have positively impacted women empowerment through financial control and improving their economic status.

At the macroeconomic level, the degree of financial inclusion is an important element concerning the efficacy of a country's monetary policy. Anil K. Pant (2016) contends that greater engagement of participants in the formal financial system strengthens



the transmission mechanisms of monetary policy and, therefore, the prospects of the economy growing without inflation. Likewise, Aaron Mehrotra and James Yetman (2015) state that financial inclusion changes the behavior of households and firms, thereby impacting the degree of effectiveness of monetary policy. In a similar vein, Gulzar Khan (2012) posits that financial inclusion positively impacts the effectiveness of monetary policy and fiscal policy.

At the microeconomic level, financial inclusion economically empowers the previously excluded individuals. According to Oji (2015), the financial inclusion of formerly excluded individuals helps them to partake in entrepreneurial activities and at the same time, increases their income, and helps in the economic upliftment of the community. Financial inclusion is essential for the establishment of small businesses and creating jobs, which is critical for the survival of an economy at the community level.

Naila Kabeer (2001) describes the conceptual basis of empowerment as women's empowerment being the process whereby an individual learns to develop the capacity to make strategically important life choices that were previously inaccessible to her. Increased access to financial means, especially to forms of money such as credit and savings, has been tied to the welfare of households and the improved welfare of their children. In the case of Nepal, Meena Acharya (1983) points out that improved financial means for women enhances their bargaining power in the household and their decision making contributions.

2.1 Research Gap

While substantial research has highlighted the positive correlation between financial inclusion and women's empowerment in various global contexts, there remains a significant gap in understanding the unique challenges and opportunities for women in Nepal regarding financial inclusion. Despite studies such as those by Leora Klapper and Dorothe Singer (2017),

which show how digital financial services enhance women's economic participation globally, Nepal's distinct socio-cultural and economic context has not been extensively explored in relation to government interventions and policy frameworks. Additionally, the impact of financial inclusion on women's entrepreneurial activities and income generation at the microeconomic level, as emphasized by Oji (2015), lacks specific focus on Nepal's rural and marginalized communities where access to financial services remains constrained.

Moreover, while macroeconomic studies (Pant, 2016; Mehrotra & Yetman, 2015; Khan, 2012) emphasize the role of financial inclusion in improving the efficacy of monetary and fiscal policies, the effect of gendered financial inclusion on Nepal's economic growth has not been sufficiently examined. There is also limited research on how women's access to financial resources, particularly credit and savings, can alter traditional power dynamics in households in Nepal, as suggested by Meena Acharya (1983), particularly in the context of local women's financial literacy and barriers to formal financial systems.

Further exploration is needed to bridge these gaps and examine the nuanced impact of government policies aimed at ensuring financial inclusion for women in Nepal, including the effectiveness of digital finance tools, micro-finance programs, and targeted governmental interventions. This research could provide deeper insights into creating policy frameworks tailored to Nepal's unique socio-economic landscape to enhance women's economic participation and empowerment.

3. Methods

The study utilized a descriptive and analytical framework and relies on several policy models and regulations established in recent years to enhance women's financial inclusion in Nepal. A thematic analysis of the National Financial Inclusion Strategy



(2023–2028), the Procedures for Interest Subsidy on Concessional Loans (2025), and Digital Literacy Frameworks has been conducted.

4. Findings

4.1 Regularity Frameworks

National Financial Inclusion Strategy (NFIS) 2023-2028

The National Financial Inclusion Strategy (NFIS) 2023-2028 of Nepal, directed by the Nepal Financial Inclusion Roadmap (2017-2022) and its later revisions, functions as the primary plan for the Ministry of Finance and NRB. Its main goal is to guarantee accessible funding for everyone by 2030. The approach highlights the two importance for women: Compulsory reporting by Banking and Financial Institutions (BFIs) to monitor the number of loans specifically provided to women and Promoting Agent-led banking in rural regions where women’s movement is frequently limited by domestic duties (NRB, 2025).

Monetary Policy and Mandatory Lending

Nepal Rastra Bank’s yearly monetary policies have consistently reinforced the criteria for Banking and Financial Institutions (BFIs) to assist women. Banks classified as A, B, and C are required to designate a specific percentage (between 4% and 5%) of their overall loan portfolio to the disadvantaged sector, which places significant emphasis on women-managed micro-enterprises (Simkhada, 2025).

4.2 Significant Government Interventions

Concessional Loan Program (2025 Update)

A major change took place on August 11, 2025, when the Council of Ministers of Nepal sanctioned the Interest Subsidy for Concessional Loans Procedures 2025, superseding the previous guidelines from the year 2018.

| Feature | Details for Women Entrepreneurs |
|------------------|--|
| Loan Limit | Up to NPR 1,500,000 |
| Collateral | Group guarantee or project-based (Collateral-free) |
| Interest Subsidy | 6 % Government-paid Subsidy |
| Effective Rate | Often as low as 2%–4% for the borrower |

Source: *The Interest Subsidy for Concessional Loans Procedures 2025*

At the end of 2025, around NPR 75.40 billion has been allocated in concessional categories, with Women Entrepreneurship Loans representing almost 24% of the overall amount (Nepal Economic Forum, 2025). This policy directly tackles the collateral issue by permitting women to utilize their business plans instead of land titles-which they seldom possess-as security.

Tax Incentives and Registration Rebates

To promote the formalization of women-owned businesses, the Industrial Enterprise Act and later budget speeches have proposed a 35% reduction in industry registration fees for women, a 20% reduction on industrial property registration (e.g., patents/trademarks), and income tax exemptions for the initial 5-7 years for women-operated micro-enterprises in disadvantaged areas (Governance Lab, 2023).

Digital Financial Inclusion (DFI) and FinTech

Following the COVID-19 pandemic, the NRB redirected its attention toward Digital Financial Literacy. The Financial Inclusion Portal introduced in 2025 offers up-to-date monitoring of digital adoption rates among women. Likewise, the expansion of digital wallets has been encouraged by NRB’s Payment System Oversight framework. Digital inclusion is linked to heightened financial independence, as women acquire management of their savings without the necessity of visiting physical bank locations (Acharya et al., 2025).

4.4. Implementation Challenges and Barriers

Even with strong policies, various obstacles at the ground level remain.

- Despite collateral-free policies, banks frequently require a lot of documentation that rural women

Table 1: Interest Subsidy for Concessional Loans



struggle to deal with (Uprety, 2022).

- Research shows that certain loans recorded in women's names are primarily handled and used by male relatives to benefit from the 6% interest subsidy (Nepal Economic Forum, 2025).
- Although 4G coverage has grown, the disparity in usage continues to be significant because of reduced smartphone ownership and lower literacy levels among women in rural areas.

5. Discussion

The analysis shows that Nepal has developed its financial inclusion policy to address women's economic empowerment, but there is a continuing gap between policy formulation and its implementation. Regulatory frameworks, such as the National Financial Inclusion Strategy (2023–2028) spearheaded by Nepal Rastra Bank, and the positive lending bias regulations, signal the strengthening of institutional frameworks to the provision of women's accessible financing, including subsidized loans, digital financial services, and other handholding measures. These measures, to a large extent, have removed the traditional financing barriers (e.g. the absence of collateral and high cost of borrowing) to women's economic empowerment. Evidence, however, shows that such initiatives are greatly inhibited by a number of structural and sociocultural factors, such as elaborate financial and/or lending instrument documentation, proxy financial control by men in households (e.g. male family members), and the digital illiteracy of women. These factors suggest that while Nepal's financial inclusion policy design is seemingly progressive, its potential to transform the economic status of women in Nepal is great but its progressive impact is largely dependent on the country's persistent gaps in implementation and the structural as well as sociocultural factors of the country that impede women's access, control, and agency.

6. Conclusion

The Government of Nepal has progressed past mere

rhetoric, creating an advanced system of subsidized loans, required lending, and digital infrastructures. The 2025 Concessional Loan Procedures mark a significant step toward establishing a credit-as-a-right framework for women entrepreneurs. Nevertheless, for these initiatives to fulfill their complete potential, the government needs to streamline the paperwork process and invest more significantly in digital literacy to guarantee that women are the true decision-makers, not merely the names listed on the loan documents.

Acknowledgments

The researcher expresses gratitude to the editor and the unnamed reviewers for their feedback, which has significantly enhanced the paper.

Funding

The research did not obtain any outside financial support.

Declaration of Competing Interest

The author states that there are no conflicts of interest.

Data Availability

The data that underlie the findings of this research can be obtained by reaching out to the author.

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