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FINANCIAL INCLUSION AND ENTREPRENEURSHIP FOR ECONOMIC EMPOWERMENT OF TRANSGENDERSSunil Kumar S^{*1}¹Assistant Professor, Government First Grade College Vemagal – Kolar District

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DOI: <https://doi.org/10.59415/mjacs.304> | ARK: <https://n2t.net/ark:/26340/MJACS.v4i5.304>**Abstract**

Transgender persons in India and across the globe continue to face economic marginalization due to systemic exclusion, stigma, and lack of institutional support. Financial inclusion and entrepreneurship can act as catalysts for their social and economic empowerment. This paper examines the link between financial inclusion and entrepreneurship in creating livelihood opportunities for the transgender community, highlights barriers they face in accessing mainstream financial services, and suggests strategies for policymakers, financial institutions, and civil society to strengthen inclusive growth.

Keywords: Financial inclusion, Transgender entrepreneurship, Economic empowerment, Social equity, Inclusive finance

1. Introduction

Economic empowerment is a prerequisite for social dignity and participation in development. For transgender individuals, however, exclusion from formal education, employment, and financial systems has historically led to dependency on marginal or informal livelihoods such as begging or sex work (Bhat et al., 2021). While legal recognition through the *Transgender Persons (Protection of Rights) Act, 2019* in India has been a progressive step, access to financial services and entrepreneurial opportunities remains limited.

This paper explores how financial inclusion—universal access to affordable financial products and services—combined with entrepreneurship development can serve as a sustainable pathway for the economic empowerment of transgenders.

2. Objectives of the Study

1. To analyze the role of financial inclusion in improving the socio-economic status of transgender persons.
2. To examine entrepreneurship as a tool for self-reliance and livelihood creation.
3. To identify challenges faced by transgender individuals in accessing financial and entrepreneurial opportunities.
4. To suggest policy measures and institutional frameworks for strengthening transgender entrepreneurship and economic empowerment.

3. Financial Inclusion and Transgender Community

Financial inclusion refers to providing affordable financial products and services such as savings, credit, insurance, and digital payments to marginalized groups (RBI, 2020). For transgenders, financial inclusion is not just about access to banking but about **identity recognition, trust building, and socio-economic integration.**

Benefits of Financial Inclusion

- **Access to credit** for entrepreneurial ventures.
- **Savings and insurance** to reduce vulnerability.
- **Digital payments** to integrate them into mainstream commerce.
- **Social dignity** through financial independence.

Current Gaps

- Lack of identity documents aligned with gender identity (UNDP, 2018).
- Discrimination from banking staff and institutions.
- Low financial literacy (World Bank, 2017).
- Absence of targeted financial products.

4. Entrepreneurship as a Pathway for Empowerment

Entrepreneurship provides autonomy, creativity, and income-generation opportunities. For transgenders, self-employment reduces dependence on traditional or marginalized occupations (ILO, 2019).

Possible Entrepreneurial Opportunities

- **Small businesses:** tailoring, beauty salons, catering, retail stores.
- **Digital enterprises:** e-commerce, social media content creation.
- **Skill-based services:** handicrafts, performance arts, training programs.
- **Collective enterprises:** cooperatives, self-help groups (SHGs).

Advantages of Entrepreneurship

- Enhances self-reliance.
- Builds community networks.
- Encourages innovation and visibility in the mainstream economy.
- Reduces stigma through economic contribution.

5. Challenges Faced by Transgender Entrepreneurs

1. **Financial Barriers:** Difficulty in accessing loans, lack of collateral, high interest rates.
2. **Social Stigma:** Prejudice from customers, suppliers, and society (Singh & Sinha, 2020).
3. **Skill Gaps:** Limited vocational training and business management skills.
4. **Policy Gaps:** Insufficient targeted government schemes for transgender entrepreneurs.
5. **Market Barriers:** Difficulty in establishing customer trust and brand credibility.

6. Policy Framework and Best Practices

- **Government Schemes:**
 - *SMILE Scheme* (Support for Marginalized Individuals for Livelihood and Enterprise) provides rehabilitation and vocational training (Ministry of Social Justice, 2022).
 - *Stand-Up India* and *PMEGP* can be extended with transgender-specific provisions.
- **Banking Initiatives:**
 - Simplified KYC norms to accept transgender identity.
 - Special loan products with lower collateral requirements.
 - Financial literacy workshops tailored to transgender communities.
- **Civil Society & NGOs:**
 - Incubation centers and mentorship programs (Naz Foundation, 2019).
 - Linking transgender SHGs with microfinance institutions.

- Awareness campaigns to sensitize society and markets.
- **Global Examples:**
 - Microfinance models in Bangladesh and the Philippines demonstrate how marginalized groups can be empowered through group lending and cooperative enterprises (Yunus, 2007).

7. Recommendations

1. Develop **exclusive entrepreneurship cells** for transgender individuals in universities and skill training institutes.
2. Create **gender-inclusive financial products** with flexible repayment structures.
3. Promote **transgender cooperatives and SHGs** for collective entrepreneurship.
4. Integrate **digital financial literacy** into skill-development programs.
5. Strengthen **public-private partnerships** to provide seed funding, mentorship, and marketing support.

8. Conclusion

Financial inclusion and entrepreneurship are not merely economic tools but instruments of social justice for the transgender community. True empowerment comes when transgenders are recognized as active contributors to the economy, not passive beneficiaries of welfare. By building inclusive financial systems, promoting entrepreneurship, and ensuring policy support, society can unlock the potential of transgenders, leading to equitable and sustainable development.

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