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A CASE STUDY OF FINANCIAL INCLUSION IN INDIA

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Abstract

Financial inclusion is globally considered as a critical indicator of development and wellbeing o society. While inclusive banking began, inspirit, with the nationalization of banks in 1969 and 1980 in India. Financial inclusion is a critical indicator of development and wellbeing of society. As a result of renewed thrust on financial inclusion an inclusive financial system is widely recognized in policy circles as a proactive measure and has become a basic priority in many countries, including India. FI is considered as an effective means to sustainable economic growth and is intended to ensure that each citizen of the country is able to use their earnings as a financial resource for redeployment in productive sectors of the economy such pooled financial resources can be channelized to develop their enterprises fueling the nation's progress. This underlying theme has brought. FI in the spotlight and it has come to occupy centre-stage in financial intermediation.

Keywords: *Financial Inclusion, development, nationalization, banks.*

INTRODUCTION

Financial inclusion is a national priority of the government as it is an enable for inclusive growth. It is important as it provides an avenue to the poor for bringing their savings into the formal financial system an avenue to remit money to their families in villages besides taking them out o the clutches of the usurious money lenders. A key initiative towards this commitment is the Pradhan Manri Jandhan Yojna (PMJDY) which is one of the biggest financial inclusion initiatives in the world. P<JDY was announced by Prime Minister Narendra Modi in Independence Day on 15 August 2014. While launching the programme on 28 August the Prime Minister had described the occasion as a festival to celebrate the liberation of the poor from a vicious cycle.

On the 6th Anniversary of PMJDY union minister for finance and corporate affairs, Nirmala Sitaraman reiterated the important of this scheme. The Pradhan Mantri Jandhan Yojna has been the foundation stone for the Modi's government people centric economic initiatives. Whether it is direct benefit transfers COVID-19 financial assistance PM-KISAN increased wages under MGNREGA, life and health insurance cover the first step was to provide every default with a bank account which PMJDY has nearly completed PMJDY has brought the unbanked into the banking system expanded the financial architecture of India and brought financial inclusion to over 40 crore account holders. A majority of the beneficiaries are woman and most of the accounts are from rural India COVID-19 times we have witnessed the remarkable swiftness and seamlessness with which DBT, have empowered and provided financial security to the vulnerable sections of that DBT via PM Jandhan Yona have ensured every rupee reaches. Its intended beneficiary and prevented systemic leakage.

OBJECTIVE

(i) To study the development of in financial inclusion in India.
(ii) To study the progressive of PMJDY.

FINANCIAL INCLUSION IN INDIA

HISTORY

The term "financial inclusion" has gained importance since the early 2000s a result of identifying financial inclusion and it is a direct correlation to poverty.

The concept of FI, extending financial services to those who typically lack access has been goal for the government of India since the 1950s, to the late 1960s, culminating in 1969 with the nationalization of 14 commercial banks brought banking facilities to previously unreached areas of the country the branching of banks into rural areas increased lending for agriculture and other un-served rural population.

The lead banks scheme followed nationalization as a way to co-ordinate banks and credit institution by district to more comprehensively ensure that rural areas had their credit needs met. In 1975 the Government of India followed this with efforts to specially reach rural areas by establishing regional rural bank means to exclusively meet demand and the numbers of RRBs has significantly increased over the years.

By early 2000s the term financial inclusion was being used in the Indian context. In 2004 the Khan Commission created by Reserve Bank of India, investigated the state of financial inclusion in India and laid out a series of recommendations. The RBI has continued in its efforts in conjunction with the Government of India to develop banking products, craft new regulation and advocate of financial inclusion. Since the financial inclusion was established in priority for the GOI and RBI, progress has been made.

Mangalam Puducherry became the first village in India. Where all households were provided banking facilities. States or Union territories such as piducherry, Himachal Pradesh and Kerala announced 100% financial inclusion in all their districts. RBI vision for 2020 is to open nearly 600 million new customer's and services them through a variety of channeles by leveraging on IT. However illiteracy low income, saving and lack of bank branches in rural areas remain a roadblock to financial inclusion in many states and there is inadequate legal and financial structure.

PROGRESS-REPORT

Pradhan Mantri Jan - Dhan Yojana

(All figures in Crore)

Sources: www.pmjdy.gov.in

BENEFICIARIES AS ON 10/02/2021						
Bank Name / Type	**Number of Beneficiaries at rural/semiurban centre bank branches**	**Number of Beneficiaries at urban metro centre bank branches**	**No Of Rural-Urban Female Beneficiaries**	**Number of Total Beneficiaries**	**Deposits in Accounts(In Crore)**	**Number of Rupay Debit Cards issued to beneficiaries**
Public Sector Banks	20.30	12.82	18.16	33.11	107607.08	26.24
Regional Rural Banks	6.55	0.93	4.31	7.47	26852.09	3.41
Private Sector Banks	0.69	0.56	0.69	1.25	4177.41	1.13
Grand Total	**27.53**	**14.30**	**23.16**	**41.84**	**138636.58**	**30.78**

Table IV.6: Financial Inclusion Plan: A Progress Report			
Particulars	**End-March 2010**	**End- March 2018**	**End-March 2019***
1	**2**	**3**	**4**
Banking Outlets in Villages - Branches	33,378	50,805	52,489
Banking Outlets in Villages > 2000-BCs	8,390	100,802	130,687
Banking Outlets in Villages < 2000- BCs	25,784	414,515	410,442
Total Banking Outlets in Villages – BCs	34,174	515,317	541,129
Banking Outlets in Villages- Other Modes	142	3,425	3,537
Banking Outlets in Villages - Total	67,694	569,547	597,155
Urban locations covered through BCs$	447	142,959	447,170
BSBDA - Through branches (No. in Million)	60	247	255
BSBDA - Through branches (Amt. in ₹ Billion)	44	731	878
BSBDA - Through BCs (No. in Million)	13	289	319
BSBDA - Through BCs (Amt. in ₹ Billion)	11	391	532
BSBDA - Total (No. in Million)	73	536	574
BSBDA - Total (Amt. in ₹ Billion)	55	1,121	1,410
OD facility availed in BSBDAs (No. in million)	0.2	6	6
OD facility availed in BSBDAs (Amt. in ₹ Billion)	0.1	4	4
KCC - Total (No. in Million)	24	46	49
KCC - Total (Amt. in ₹ Billion)	1,240	6,096	6,680
GCC - Total (No. in Million)	1	12	12
GCC - Total (Amt. in ₹ Billion)	35	1,498	1,745
ICT-A/Cs-BC-Total transactions (Number in million)#	27	1,489	2,084
ICT-A/Cs-BC-Total Transaction (Amount in ₹ billion)#	7	4,292	5,884

*: Provisional.
$: Out of 447,170 outlets, It is reported that 388,868 outlets provide limited services like only remittances or sourcing of loans, etc.
#: Transactions during the financial year.
Source: As reported by banks.

Sources: https://m.rbi.org.in/

RECOMMENDATIONS

- Areas of concern identified by RBI should be taken seriously by all players of micro finance in the country and remedial measures should be taken immediately.
- For all accounts holders there is a need of for proper regulation in this segment for better access of all financial products and services by poor people.
- E-Banking training and financial literacy programme should be organized expensively because micro finance is a big road for state like Bihar, UP, Oddisa etc. to travel to make financial inclusion of the state a complete success.

SUGGESTION

- One should assess the exact role of RBI and central government in the growth of micro finance independently and separately if possible.
- Research should be conducted role of PMJDY in the future growth of micro finance in our country. Another area of research could be on banking corresponding model small finance and payment banks possible role in the growth of micro finance as well and its support in financial conclusion in the country.

CONCLUSION

The promotion of financial system should reach the person which is possible through the technology, viable tool that provides financial access in quick and most effective way. The best existing tool is automated tailor machine operated everywhere in the nation. Banks should give wide publicity of no frills accounts. Technology can be a very valuable tool in providing access to banking products in remote areas but ATMs still are not considered user friendly by the people who are illiterate and non-user of technology. Banks, in this case needs to re-engineer the design of exiting technology which create opportunity for traditional users to use technology.

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