



# Financial Inclusion – A Perspective

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## Abstract

The slogan by Hon'ble Prime Minister of India "Sabka Saath Sabka Vikas" aims at balanced development of all sections of the society in specific reference to banking, it is ensured by financial inclusions.

Financial inclusion focuses on bringing the underprivileged section of the society under formal banking system at an affordable cost and in timely manner. Under this study the research data of World Bank, RBI & SBI and other general & articles is deeply studied & analysed.

**Keywords:** Financial inclusion, banks, development, economy

## Objectives of the Study

1. To understand and analyse the process of Financial Inclusion particularly in India
2. To have deep insights into the benefits of financial inclusion (FI) in Indian economy vis-à-vis the state of world affairs.
3. Role to be played by "Antardisha" – a dashboard by RBI.

## Literature Reviews

Sarma (2007), computed the financial inclusion in year 2004 comprising of 45 countries aiming at number of bank accounts per hundred population, the number of bank branches per thousand population, ratio of savings etc.

Beck, et al 2006, 2006 Conrad, talks of common measure of financial inclusion like ATM penetration, demographic credit penetration, cash deposit ratio etc.

2011, Chattopadhyay developed the financial inclusion index for the major states in India and all the districts of West Bengal.

Roy 2012 studied overview of financial inclusion and concluded at banks have set up their branches in the remote corners of the country.

Dr. V.K. Aggarwal (2014) concluded about the hurdles faced like illiteracy, lack of technology etc.

## Introduction

Financial Inclusion refers to the process of bringing the entire population of the country whether privileged or disadvantage under the ambit of banking system so as to ensure that even the last person is not left out from the benefits of economic growth.

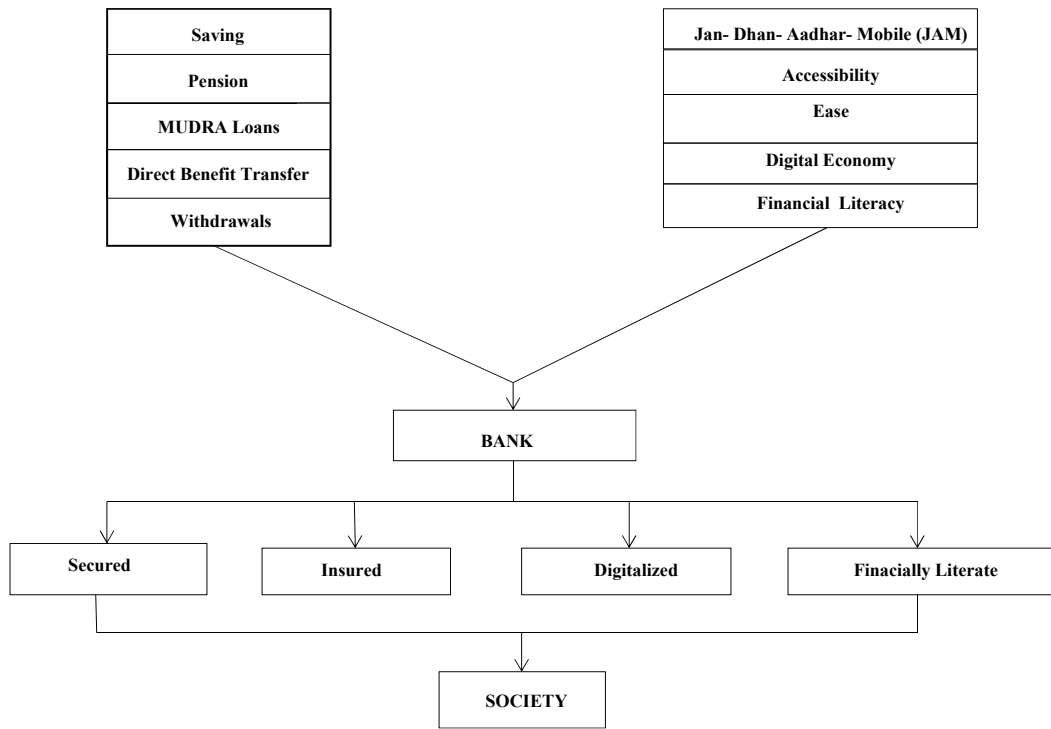
The vision behind financial inclusion is :

- Universal access
- Providing basic financial services
- Skill development
- Financial literacy & education
- Customer protection

A number of financial institutions were created, modified to foster the process of financial inclusion. To name a few payment banks, business correspondents, small finance banks etc. by launching large number of schemes- Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit transfer, No-frills account, Green Counter Channels, MUDRA loans etc.

The basic overview & the purpose of financial Inclusion can be demonstrated as:

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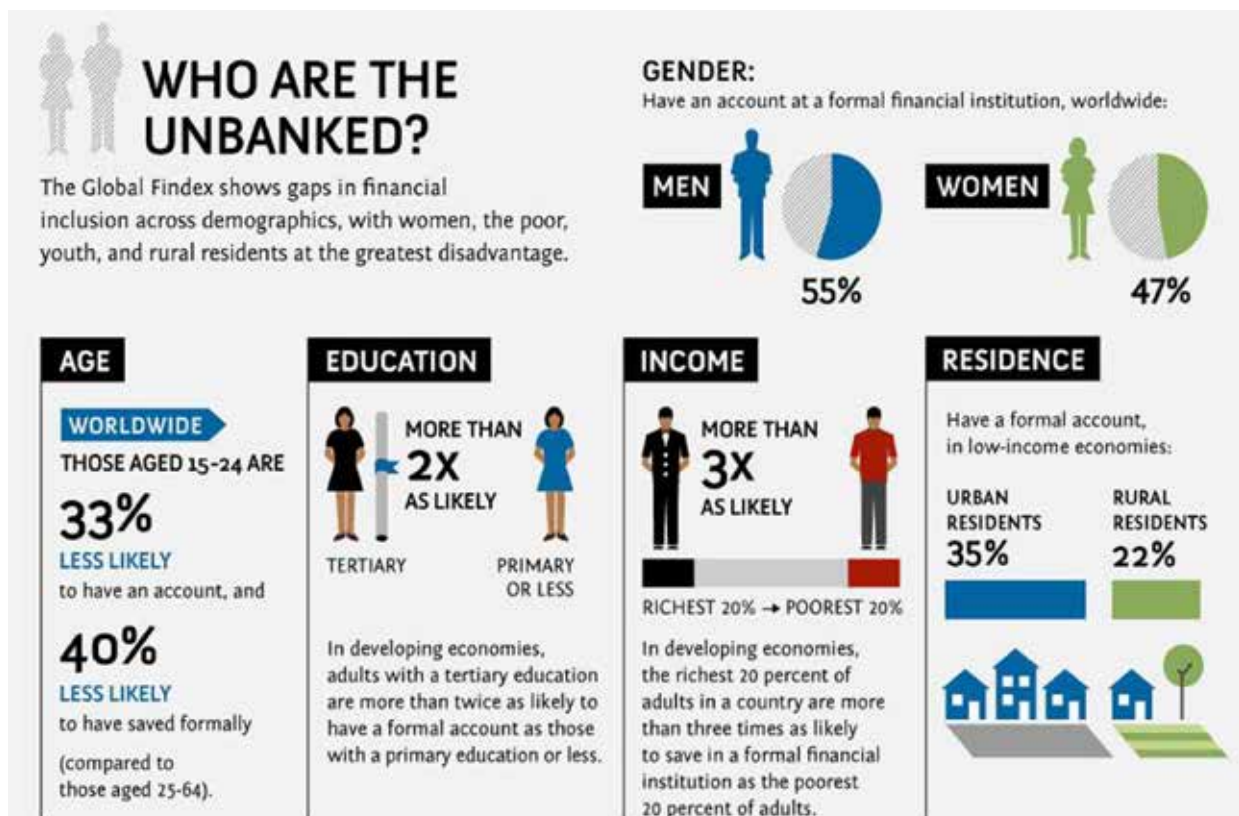
To make the dream of financial inclusion becomes a reality, it was ensured that digital payments are promoted by creating a favourable operating and policy environment which is totally safe and transparent. Further also establishing the digital identification for example Aadhar to ensure safety & security. It also overcomes the problem of government leakages in public subsidies and welfare programmes as

government can directly transfer subsidy into the account of beneficiary.

### Research Methodology

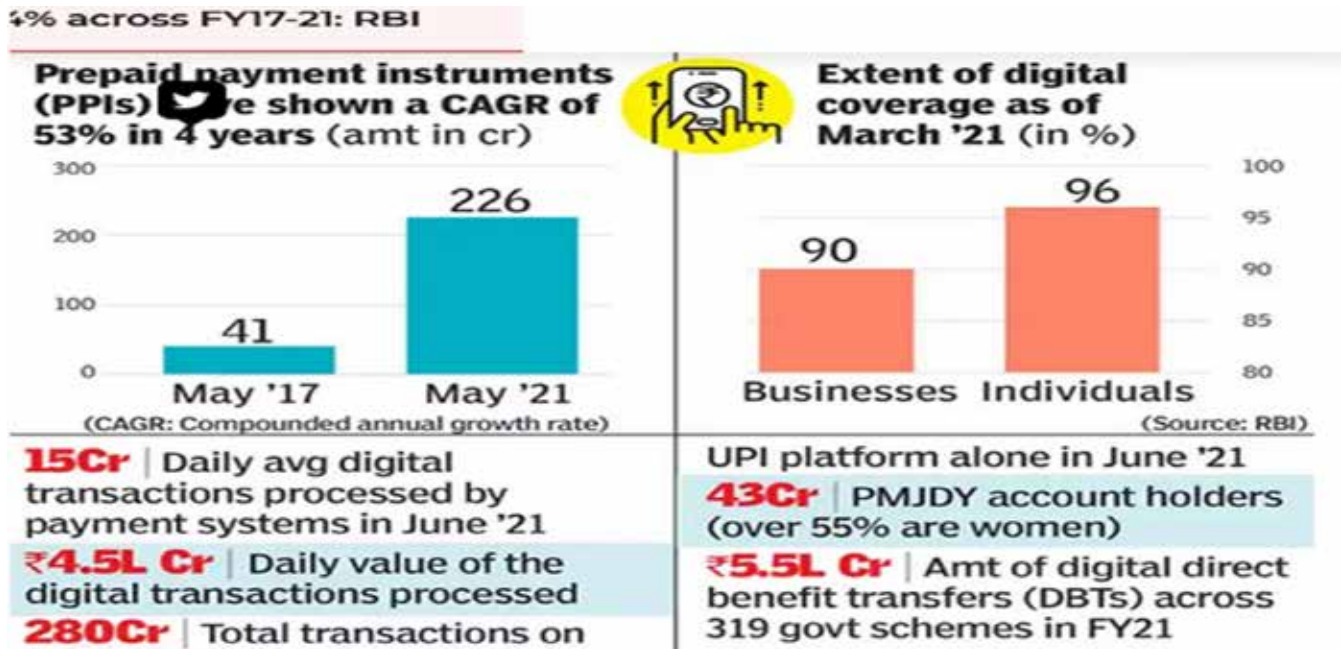
Secondary data is used where the focus is on the research done by SBI in India and World Bank at the international level which is elaborative, descriptive and co-relational.

### Analysis



According to State Bank of India report on financial access survey, mobile and internet banking transactions per 1000 adults have increased from 183 in 2013 to 13615 in 2019. This is made possible by initiation of schemes like PMJAY supported by robust digital infrastructure, re-orientation of bank and use of banking correspondent

model as well. At the same time, number of bank branches increased from 13.6 to 14.7 per lakh adults which was much ahead than countries like Germany, China and South Africa. SBI further co-related it with negatively with crime that is more financial inclusion and less rate of crime.



As per RBI's financial inclusion for the period ending March 2021 stood at 53.9 against 43.4 for period ending March 2019. The value of FI index for March 2012 stands at 56.4 vis-à-vis 53.9 in March 2021 with the growth witnessed across all sections.

### Conclusion

Holistic efforts are being made by all the stakeholders may it be banks, government, financial institutions, and the citizens of the society as well. We have marched ahead on our way of financial inclusion despite hurdles like financial illiteracy, poverty, technological gaps, leakages in delivery of benefits to the people by government. So, India stands at the moderate level of financial inclusion in comparison to other countries. Therefore, efforts be made to make financial inclusion more inclusive by removing hurdles as financial inclusion enables SDG- sustainable development growth. Financial inclusion has multiple positive effects as financial inclusion , digital education and technology are closely related and helps in balanced growth and development of nations.

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