



ROLE OF FINANCIAL INCLUSION FOR INCLUSIVE GROWTH IN INDIA

Prof. Rupali Shamrao Nangare

Assistant Professor in Economics, Arts & Commerce College Madha.

ABSTRACT :

Finance is a heart of the economy and financial inclusion are the undergone for reaching new changes in banking sector. Financial inclusion on has recently become the buzzword among the policy makers and bankers and bankers in academic research. It is considered as an integral part of the efforts to promote inclusive economic growth the efforts to promote inclusive economics growth access to safe, easy and affordable financial services for the poor, vulnerable groups, disadvantage areas and logging sectors is accelerated growth and for reducing income disparities and poverty.



In 11th five year plan Govt. of India has been focused on inclusive development concept which is including five type models. Inclusive development is a pro-poor approach that equally values and incorporates the contribution of all stakeholders in development process. In fact, central Government of India has been focused on inclusive growth and development in 11th five plan. 11th five year plan is targeted "Faster & inclusive Growth" for such type of activity. This plan has been targeted to poverty reduction, unemployment reduction, economic inequality reduction, and most of sustainable development.

KEYWORDS : Financial inclusion, inclusive growth, Inclusive Development

Research methodology:-

This study is based on a review of key literature and descriptive analysis of secondary data.

Objectives:-

- 1) To highlight Financial inclusion scheme in India.
- 2) To highlight Rangrajan committee, Nachiket Mor, & Deepak Mohan committee Recommendation.

Hypothesis:-

- 1) Financial inclusion a need for inclusive growth.

INTRODUCTION

Finance is a heart of the economy and financial inclusion are the undergone for reaching new changes in banking sector. Financial inclusion on has recently become the buzzword among the policy makers and bankers and bankers in academic research. It is considered as an integral part of the efforts to promote inclusive economic growth the efforts to promote inclusive economics growth access to safe, easy and affordable financial services for the poor, vulnerable groups, disadvantage areas and logging sectors is accelerated growth and for reducing income disparities and poverty. In fact, it access to affordable finance

enables economic activities and to take advantage of growth opportunities. The banking sector and financial inclusion are correlated with close relations, because the banking sector in India has undergone for reaching changes in terms of coverage, credit disbursement and banking technology in providing the banking services during the last four decades.

In 11th five year plan Govt. of India has been focused on inclusive development concept which is including five type models. Inclusive development is a pro-poor approach that equally values and incorporates the contribution of all stakeholders in development process. In fact, central Government of India has been focused on inclusive growth and development in 11th five plan. 11th five year plan is targeted "Faster & inclusive Growth" for such type of activity. This plan has been targeted to poverty reduction, unemployment reduction, economic inequality reduction, and most of sustainable development. Financial inclusion is one of them to target economic inclusion through financial system is the heart of the economy saving & credit form two very important inputs for economic development. Financial inclusion means to the process of bringing in to the financial and banking issues, which have from outside & giving them opportunities to utilize various banking and financial services at most of low cost. In fact, inclusive financial sector is a financial sector which is provision of broad range of financial services, such as deposit, loans, payment services, money transfer, insurance, online banking services to the poor and low income households or people of the economy.

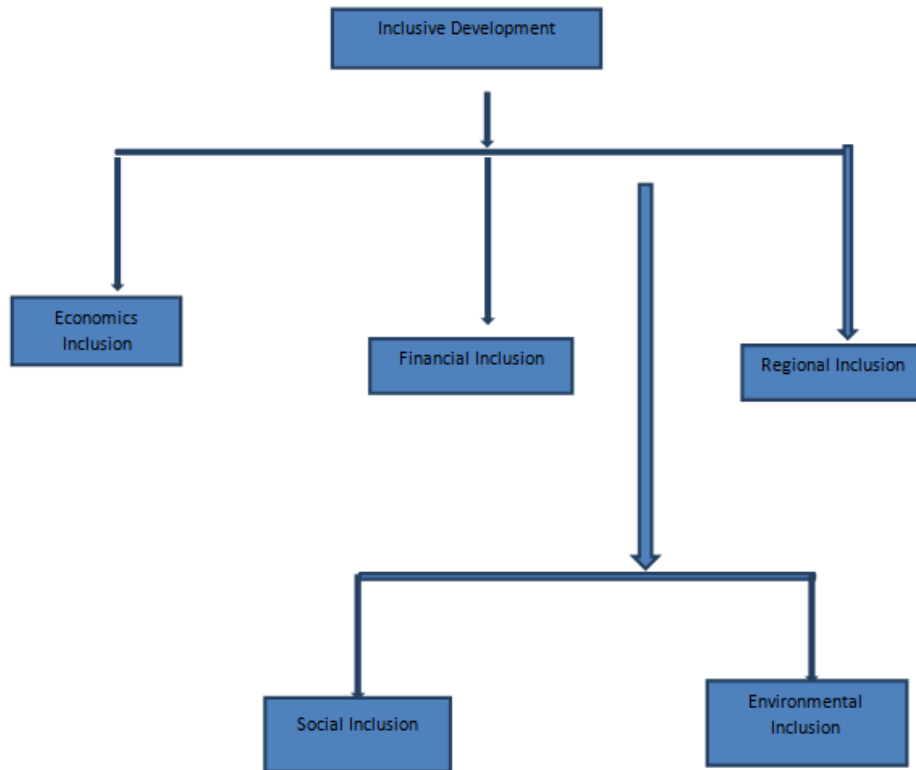
Inclusive Development:-

Before accepting inclusive development, the government of India has been working with under millennium Development Goals from 2000, which is covered poverty & Hunger, primary education, child death ratio, Health, environmental sustainability, and world sustainability. After, 2005 and special after the 11th five year plan, there is existence inclusive development with broad them of inclusive growth of economy. Inclusive development is equally values and it promotes transparency and accountability and enhances development co-operation between all people Growth in all sectors of economy is inclusive development.

1. Primary sector includes production of Raw material.
2. Secondary sector includes transformation of raw material or intermediate material in to goods. E.g. manufacturing.
3. Tertiary sector includes services.

This inclusive development is making every sector's growth viable and sustainable. In fact, this inclusive development financial health of each and every individual will be improved, because there will be no gap left between the all sectors of economy. United Nations Development programme (UNDP) has been considered sustainable Development, Democratic Governance and peace building and climate disaster resilience at international level. However, Govt. of India accepted this new policy of inclusive development in 11th and 12th five year plan. This policy has to work under following methods and structure that has been improves inequality of India.

3.1



Above chart No. 3.1 indicate that union government inclusive development process under 11th and 12th five year plan for exclusive growth of India.

A) Economic Inclusion :-

Economics inclusion is included poverty eradication through various scheme such as Mahatma Gandhi National Rural Employment Guarantee Scheme , Deendayal Antyodaya Yojana- National Rural Livelihood Mission& National Urban Livelihood Mission, prime minister Employment Generation programme and also included education, health, food, safe drinking water, shelter and rural development Yojana & urban development Yojana , Rural and Urban development scheme has been included as earlier as Jawaharlal Nehru National Renewal mission, Atal Mission for Rejuvenation & urban Transformation, smart city mission, these Yojana are going to development.

B) Financial inclusion:-

According to Dr. Kofi Annan; More than poor people has been away from saving, insurance, credit as an economic services, However these people can be entered to inclusion by financial inclusion in the world. The target of financial inclusion is, to reduce the gap between urban, rural and tribal area, incase financial need, and also bridge the gap between rich and poor people in the sense of credit or money.

Bank & financial institution including insurance companies and other financial companies adopt and implement policies aimed at bringing in to their all individuals and all section of people. In 1969, 14 banks were nationalized by the Indira Gandhi, it involve them in the efforts of the state at economic development. Indira Gandhi desired banks to adopt inclusive undoing policies to ensure that all productive and developmental efforts of people; including those of the poorest of the poor were funded by banks. It was adopt the poorest of the poor should also be enabled to save something however small such saving may be.

After the 2005-06, there are several changes in banking sector and the sequence is-

1. Established the committee on financial inclusion- Rangrajan committee-2008.
2. Established the committee – committee on comprehensive financial services for small Business & Low Income Households -2013.
3. Aadhaar card scheme for Agriculture bank account.-2015.
4. Deepak mohanti committee for medium –term path on financial inclusion- 2015
5. Swabhiman scheme has been started in 2011, which is induced Banks to the doorstep.
6. Pradhan mantra Jan- Dhan Yojana-2014.
7. JAM (Jan- Dhan-Aadhaar- Mobile Trinity Yojana-2015-16.

Above mentioned such types of committees and scheme have been successfully worked for financial inclusion in India.

c) Regional Inclusion:-

16 largest state and 10 forward states and 6 backward states has been classified for the purpose of regional imbalance in India. The Government of India has been focused on financial measures subsidies for backward state, Backward Regions Grant Fund, special fund for backward state, and also connectivity through 14th finance commission for reduce the regional imbalance, which is most of targeted of regional inclusion.

D) Social Inclusion:-

Social inclusion is the one of steps of inclusive development. The social sector reforms are needed to develop the situation in child problems, women problem, disabilities, older person problems, backward class development and social security. These factors indicate the social inclusion. In fact, the central Government has to work on these areas with help of different scheme in India.

E) Environmental Inclusion:-

Sustainable development concept is work under environmental inclusion in India. Sustainable development is the organizing principal for meeting human development goals while at the same time sustaining the ability of natural systems to provide the natural resources and eco system services up on which the economy and society depends. With the help of international organization. The central govt. has tried to sustain economy through environmental inclusion.

Financial inclusion scheme in India:-

The Reserve Bank of India and central Govt. has been introducing more than schemes for the purpose of financial inclusion. However, these schemes has been identify intend to provide social security; such schemes have been started over different years due to a lot of planning and different research by several financial experts and policymakers and government. These schemes are following:-

- 1) Pradhan mantri Jan Dhan Yojana
- 2) Atal pension Yojana(APY)
- 3) Startup India scheme.
- 4) Pradhan mantri mudra Yojana.
- 5) Pradhan mantri Suraksha Bima Yojana.
- 6) Credit enhancement Guarantee scheme for scheduled castes.
- 7) Jeevan Suraksha Bandhan Yojana.
- 8) Sukanya samriddhi Yojana.
- 9) Venture capital fund for scheduled castes under the social sector Initiatives.
- 10) Varishtha pension Bima Yojana.

These schemes are more helpful to improve financial and economic situation of beneficiary in india. Last some decade, banking structure become strong because number of account holder and number of depositors has been spread up in rural and urban area. Both rural and urban banking centers, the number of bank customers has been increased, in fact the number of bank customers has been increased, from 2.36

crore in 1971 to 42.91 crore as on March, 2008. In the same way, the total number of deposit accounts is 58.16 crore, deposit accounts and the rural branches have total 13.30 crore saving accounts in 2009-10 (RBI). The number of borrowing accounts also has increased very impressively during the 1971 to 2008 year. Though not as rapidly as the deposit account amount borrowed being less than ₹ 10,000 were only 10.2 lakh in 1968 and it was increased to 9045 crore in the year of 2008.

Financial inclusion has been started from 2005-06, but basically purpose of financial inclusion already start from 1969 with 14 Nationalized, Lead Bank Scheme, Regional rural bank, even though NABARD Bank in 1982. In fact, this institute was established for the purpose of financial inclusion in India. However, it was spread from the recommendation of C. Rangrajan committee, Nachiket mor committee and Mohanti committee.

1) Rangrajan committee:-

The committee was set on financial inclusion for provide financial services to social and backward class poor people under chairmanship of C. Rangrajan in 2008. The committee has been recommendation following:-

- i) 50% financial excluded people should be supply financial services with the help of commercial and RRB Bank in 2012 year.
- ii) The process of technology, it is responding of NABARD which is necessary for financial inclusion.
- iii) It increased funds for micro finance through SHGs and result of that it become to empowerment of finance.
- iv) The committee has recommended that, it should use primary Agriculture society to need of micro and small enterprises.

2) Nachiket Mor committee:-

The committee was set on financial inclusion for committee on compressive financial services for small Business and low income Households in 2013 under chairmanship of Dy. Governor shri Nachiket mor and the committee has been recommended as following:-

- i) Every youth would become bank account holder before 1st January 2016 and the account name is universal Electronic Bank Account (UEBA).
- ii) The Bank account would be opened at the time of issuing Addhar card.
- iii) The close down interest subvention scheme and start with Direct Benefit Transfer to the farmer.
- iv) There should be cancelled statutory Liquidity ratio and cash Reserve Ratio should be reduced.
- v) 80% loan criterion is gives leading sector economy.
- vi) It should be develop payment banks, however the facilities will be provide smoothly such as credit, insurance, risk management, etc.
- vii) Every district life insurance – GDP ratio should be 30:100.
- viii) Before 1st Jan 2016, every low income households and small enterpriser should have supply finance for business.

3) Deepak Mohanti committee:-

For the purpose of Government to person (G2p) these committee was established for this purpose on medium term path on financial inclusion in 2015. The recommendation of this committee is for next 5 year, i.e. 2015 to 2020 and Recommendations are following:-

- i) All bank account should be link to Aadhaar card (94%bank account)
- ii) For the purpose of Government to person benefit there should be provide online banking services (Mobile Banking) with cheap rate.
- iii) There is need link land assets to Aadhaar card.
- iv) The close down interest subvention scheme with introducing universal crop insurance scheme for farmer.
- v) There should be developing Gold Kisan Credit card with highly use technology and elasticity for loan.
- vi) Micro finance and payment Bank should be develop.

- vii) There should be developing physical information of Bank on mobile and computers.
- viii) There should be developing more comprehensive technology for small investor and businessman.
- ix) On the basis of corporate social Responsibility industrialist should be help of funds to SHG.
- x) The financial literacy should be more creative for supply of financial literacy.
- xi) At the purpose of economic reform or financial performs, there should be direct benefit transfer of energy and irrigation subsidies.

Conclusion:-

Financial inclusion is one of them to target economic inclusion through financial system is the heart of the economy saving & credit form two very important inputs for economic development. Financial inclusion means to the process of bringing in to the financial and banking issues, which have from outside & giving them opportunities to utilize various banking and financial services at most of low cost. In fact, inclusive financial sector is a financial sector which is provision of broad range of financial services, such as deposit, loans, payment services, money transfer, insurance, online banking services to the poor and low income households or people of the economy.

References:-

- 1) M.H. Suryanarayana (2008) "Inclusive growth: what is so exclusive about it"?
- 2) Dr. Awadshesh Kumar Sing, Background paper of "inclusive urban development in india.".
- 3) Inclusive growth "Arthapedia"
- 4) Vijay kelkar (2010) "Financial inclusion for inclusive growth" ASCI Journal of management 39(1):55-68
- 5) K.K.Ammannaya (June 2008) "Financial inclusion for inclusive growth" Sothern Economist ISSN 0038-4046.
- 6) K.K.Ammannaya (Feb 2013) "Total Financial inclusion Via Financial Literacy" Sothern Economist ISSN 0038-4046.
- 7) Narendra Singh(2012) "Financial inclusion A key to inclusive growth"
- 8) K.C.Chakrabarty (2009) "Banking: A key Driver to inclusive growth" Address delivered at Chennai
- 9) C.Paramasivan&V.Ganeshkumar (2013) "Overview of financial inclusion in india"International Journal of management and development Studies ISSN(Online) 2320-0685
- 10) VigneswaraSwamy (2010) "Bank based financial intermediation for financial inclusion and inclusive growth" bank and bank System vol 5, Issue 4.
- 11) Rekha Mehta (2010) "Inclusive Growth: Why It Is Important" Sothern Economist ISSN 0038-4046.
- 12) RadhikaDixit&MunmunGhosh (2013) "Financial inclusion for inclusive growth of india-A study of Indian States" international journal of Business Management & Research ISSN 2249-6920
- 13) Report of the committee on financial inclusion India (Chairman: C Rangrajan) (2008), Government of India.
- 14) Dr.VighneswaraSwamy&Dr.Vijayalakshmi "Financial inclusion for inclusive growth in india-Issues& challenges.
- 15) Government of india ,"Inclusive growth vision and strategy"
- 16) Kiran Kumar Kakarlapudi "Innovations and Inclusive Growth, A Case of Banking Industry in India".
- 17) SukhadeoThorat (2013) "Inclusive Growth More than Safety Nets."SIG Working Paper
- 18) Dr. VivekSingla"Financial inclusion- financial services for Everyone" International Journal of Review, Survey and ResearchISSN23194618-V2I2M6-052013.