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Financial Inclusion And Related Schemes

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Abstract:-

_Financial inclusion means to provide Universal access of banking services like banking credit insurance and pensions at affordable cost to low income group. It's aim to provide banking and payment services to the entire population without any discrimination.

The role of financial inclusion in combating poverty creating income generating opportunities and building financial resilience among the poor and marginalized group by providing easy to access services.

financial inclusion can be seen as a key pillar supporting India's development strategy towards becoming Vikshit Bharat by 2047.

Keywords :- Inclusion, Banking, KCC, Lead Bank

Objective :-

1. The present banking scenario

2. Policy issues edifly mention in relation to financial Inclusion program

3. The committee established for the financial inclusion

4. How does the financial inclusion benefit the poor

Research methodology-

Primary data are collected from observation and Interview.

Secondary data are collected from magzine, Newspaper and journals.

Literature Review -

Peterson Ozili focused on effect of Bank managerial discretion and regulation on financial inclusion outcomes.

Rituparna Choudhury & Sumeet Gupta focused on cashless and physical currency.

Introduction :-

Financial inclusion is increasingly being recognised as a key driver of economic growth and poverty alleviation the world over. Financial inclusion has been defined as "the process of ensuring access to financial services, timely and adequate credit for vulnerable groups Such as weaker sections and low income groups at an affordable cost

Financial Inclusion Triad:-

1. Financial inclusion policies
2. Customer Grievance Redressal Frame work
3. Financial literacy initiatives

India began its financial inclusion journey as early as in 1956 with the nationalisation of life insurance companies this was followed by nationalisation of banks in 1969 and 1980 the general insurance companies were Nationalised in 1972 a review of the status of financial Inclusion in India indicates that a host of initiative have been under taken over the years in the financial Inclusion domain.

Importance of financial inclusion:-

1. Creating a platform for inculcating the habit to save money.
2. Providing formal credit avenues
3. Plug gaps and leaks in public subsidies and welfare programmes.

Steps taken to support financial inclusion:-

1. Banking services reach homes through business correspondents:-

The banking systems have started to adopt the business correspondent that mechanism to facilitate banking services in those Areas where banks are unable to open brick and mortar branches for cost consideration.

2. No frills accounts -

These accounts provide basic facilities of deposit and withdrawal to a account holders.

3. Kisan credit card:-

The Kisan credit card scheme launched in 1998 provides farmers with timely hassle free access to short term formal credit for cultivation post harvest expenses and allied activities like animal husbandry and fisheries.

4. Lead Bank scheme:-

The Lead Bank scheme introduced by the RBI in 1969 based on the Nariman committee recommendation assigns a specific public sector bank to lead banking development in each district. It uses and area approach to co-ordinate credit promote financial inclusion and achieve 60% credit deposit ratios in rural or semi urban areas.

5. Local area banks:-

Local area banks are private small scale banks introduced in India 1996 to provide efficient Financial Service to rural and semi urban areas brijing the gap between commercial banks and cooperative.

6. Pradhanmantri jandhan Yojana:-

Pradhanmantri Jan Dhan Yojana was launched on 28th August 2014. Under this scheme 15 Million bank accounts were opened on inauguration day.The Guinness Book of World Record recognize the achievement stating.

Committees on financial inclusion :-

Khan Commission:-

RBI set up a Khan commission in 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid term review of policy and urged banks to review the existing practices to align them with the objective of financial Inclusion.

Rangrajan committee :-

In 2006 Government of India constituted Rangrajan committee. The committee feels that the task of financial inclusion must be taken up in a mission mode as a finance Inclusion at the national level.

Nachiket Mor committee :-

This committee was set up in 2013. This committee recommends a universal bank account to all Indians above the age of 18 years. This committee also recommends Aadhar will be the prime driver towards Rapid expansion in the number of bank accounts.

Deepak Mohanty committee :-

RBI constituted this committee on 15th July 2015 to work out a 5 year action plan for financial inclusion. This committee will work to spread the rich of financial services to unbanked population.

Four major reasons for lack of financial inclusion :-

1. Inability to provide collateral security

2. Poor credit absorption capacity

3. Inadequate reach of the institutions

4. We community network

Conclusion:-

According to world bank's Global findex 2025 about 89% of adult population in India have Bank account or mobile money account. In 2011 the percentage of adult bank account in India was 35%. I can say this is significant increase.

96% of household at least one member have a bank account. Approximately 15 crore people do not have bank account. I hope they will get there bank account very soon.

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