

Importance of Financial Inclusion in India

Dr A. B. Joshi

Importance of Financial Inclusion

Financial inclusion strengthens the availability of economic resources and builds the concept of savings among the poor. Financial inclusion is a major step towards inclusive growth. It helps in the overall economic development of the underprivileged population. In India, effective financial inclusion is needed for the uplift of the poor and disadvantaged people by providing them with the modified financial products and services.

About Financial Inclusion :

Financial inclusion is a method of offering banking and financial services to individuals. It aims to include everybody in society by giving them basic financial services regardless of their income or savings. It focuses on providing financial solutions to the economically underprivileged. The term is broadly used to describe the provision of savings and loan services to the poor in an inexpensive and easy-to-use form. It aims to ensure that the poor and marginalised make the best use of their money and attain financial education. With advances in financial technology and digital transactions, more and more startups are now making financial inclusion simpler to achieve

Financial inclusion in India

PMJDY: Around 192.1 million accounts have been opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY). These zero-balance bank accounts have been accompanied by 165.1 million debit cards, a life insurance cover of Rs 30,000 and an accidental insurance cover of Rs 1 lakh.

Other than PMJDY, there are several other financial inclusion schemes in India — Jeevan Suraksha Bandhan Yojana, Pradhan Mantri Vaya Vandana Yojana, Pradhan Mantri Mudra Yojana, Stand Up India scheme, Venture Capital Fund for Scheduled Castes under the social-sector initiatives, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Varishtha Pension Bima Yojana (VPBY), Credit Enhancement Guarantee Scheme (CEGS) for scheduled castes, and Sukanya Samriddhi Yojana.

Source:(<https://www.business-standard.com/about/what-is-financial-inclusion#:~:text=Financial%20inclusion%20is%20a%20major,modified%20financial%20products%20and%20services>).

The way forward

The business of banking is changing rapidly. Products and services rendered and built on disruptive technologies are increasingly being placed in the hands of end customers, and the behaviours of banks are changing in terms of customer convenience, transparency, pricing and customer service. As customers' behaviours and expectations change, so do the business and operational models.

(Source : <https://www.assochem.org/uploads/files/Knowledge%20Report.pdf>)