

FINANCIAL INCLUSION

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"My dream is to create a digital India that will ensure financial inclusion through mobile and e-banking".
Prime Minister Shri Narendra Modi

Abstract

Today's financial inclusion is an important issue that strengthens the country's economy. Financial inclusion can be defined as the process of ensuring access to financial services of vulnerable groups and low income groups (eg savings accounts, low cost loans, financial advisors and insurance facilities). The aim of financial inclusion is to ensure equal access of all sections of society to financial services. The main objective of this research paper is to understand financial inclusion and get detailed information about the schemes launched by the government from time to time to promote financial inclusion. Through this paper, we will study the schemes launched by the government to ensure financial inclusion such as Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Suraksha Bima Yojana, Atal Pension Yojana, Sukanya Samridhi Yojana etc.

Introduction

In this era of economic liberalization and globalization of the economy, the benefits of the growth of the Indian economy should reach the poorest of the society and that too become a partner in economic development. This is the basic basis of financial inclusion. Inclusion of everyone in the mainstream of economic development so that everyone can be benefited equally with the benefit of economic development is called inclusive development. In fact, it is a process in which people of different classes feel benefited from economic development. Generally, it has targeted the rural, urban poor, small farmers, scheduled castes, scheduled tribes, poor and people who have not yet been involved in the normal process of economic development and the general process of development based on market system. It is a path on which governments try to involve the common man in the formal structure of the economy to ensure that even the last person does not get deprived of the benefits of economic development and it should be included in the main stream of the economy and by doing so, the poor man is encouraged to save, invest safely in various financial products and can also borrow from the same formal channels when he needs to borrow.

Objectives of the study

- To understand financial inclusion
- To understand the need of financial inclusion
- To understand various scheme of government to encourage financial inclusion
- Study of the data related to financial inclusion schemes

Need for financial inclusion

Financial inclusion is needed to strengthen the country's economy and to ensure inclusive growth. Financial inclusion was required in India for the following reasons...

- Poverty alleviation for equal distribution of income
- Agricultural Development
- Reduction in regional inequalities

- For social and cultural development

Various scheme of government to encourage financial inclusion

Pradhan Mantri Jan Dhan Yojana

Hon'ble Prime Minister to ensure comprehensive financial inclusion by providing public access to banking services to all families in the country with at least one basic bank account, financial literacy, credit, insurance and pension facility for every family. Prime Minister Jan-Dhan Yojana (PMZ) as a National Mission on Financial Inclusion in its Independence Day address on August 2014 was announced.

Under this, a person who does not have a savings bank account can open an account without any minimum balance requirement and if he self-certifies that he does not have any officially valid documents required to open a savings account can open a small account.

Thus, the PMJDY provides for seamless availability of banking services to the underprivileged and creating awareness about financial products through financial literacy program.

Progress report of Pradhan Mantri Jan Dhan Yojana

Bank name/ type	Number of Beneficiaries at urban metro centre bank brances	Number of beneficiaries at rural/semi urban centre bank brances	Number of rural urban female beneficiaries	No of total beneficiaries	deposit in account (in crore)	number of rupay debit card issued to beneficiaries
Public sector banks	13.53	15.74	29.26	29.26	80785.0	24.14
Regional rural banks	1.02	5.26	6.28	6.28	18695.15	3.84
Private sector banks	.56	.69	1.25	1.25	2935.27	1.16
Grand total	15.11	21.69	36.79	36.79	102415.43	29.15

note: all figures in crore

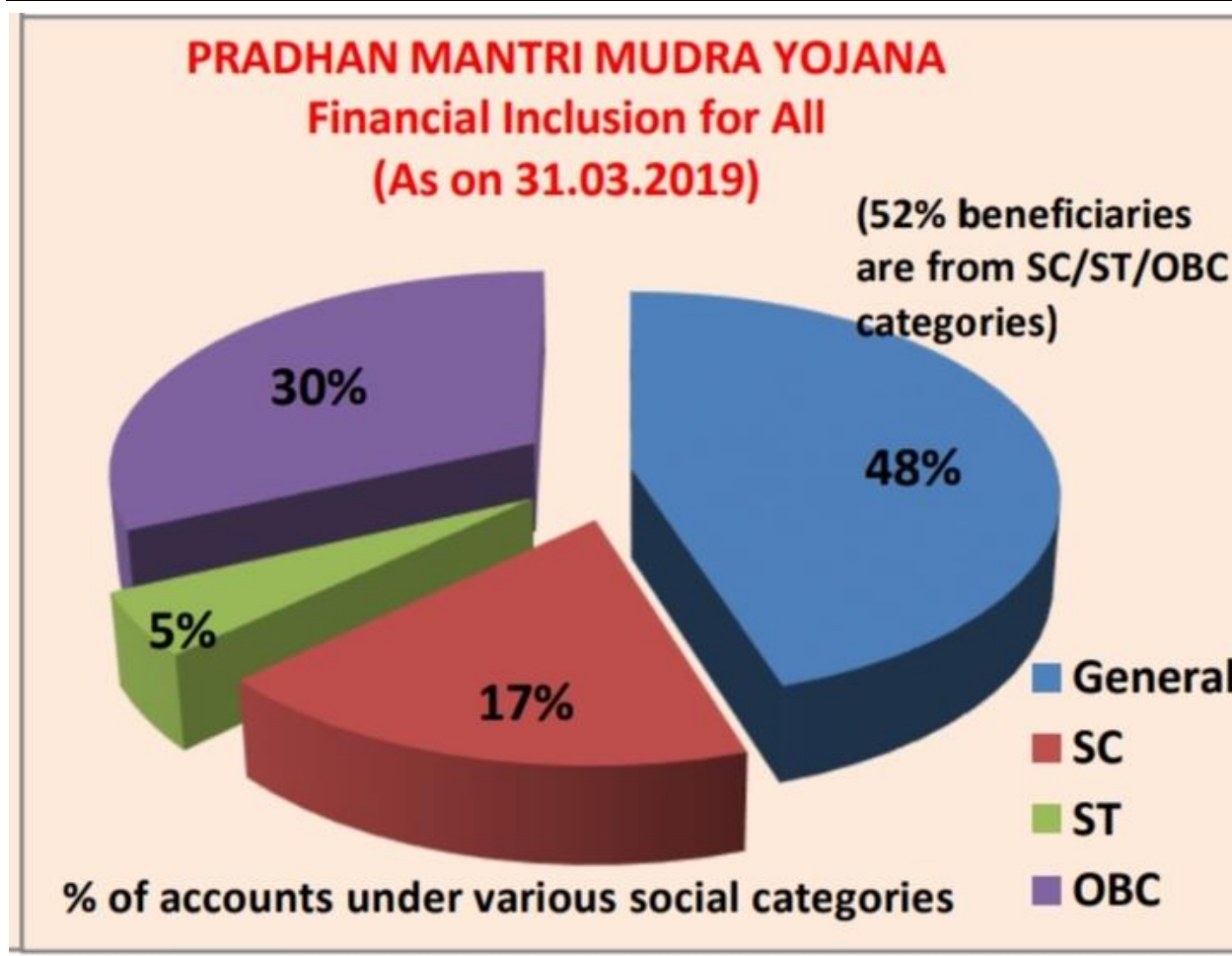
Source: progress report of Pradhan Mantri Jan Dhan Yojana.

Pradhan Mantri Mudra Yojana

The central government has launched the Pradhan Mantri Mudra Yojana (PMMY) to start small enterprises. Under this, people are given small loan for starting their venture. This scheme started in April 2015.

Three types of loans in Mudra (PMMY)

1. Shishu Loans: Loans up to Rs 50,000 are given under Shishu Loans.
2. Kishore Loans: Loans ranging from 50,000 to 5 lakh rupees are given under Kishore loan.
3. Tarun Loans: Loans ranging from 5 lakh to 10 lakh rupees are given under Tarun loan.



It is clear from this diagram that the Pradhan Mantri Mudra Yojana plays an important role in ensuring access to financial services of all sections. Hence Pradhan Mantri Mudra Yojana is an important component in financial inclusion.

Atal Pension Yojana

The Atal Pension Yojana (APY) was launched by the Hon'ble Prime Minister on 09 May 2015 to address the old age risks of unorganized sector workers who are not covered under any statutory social security scheme.

Atal Pension Yojana (APY) is a very beneficial social security scheme for people working in the unorganized sector. By investing in APY, you get regular income to spend after retirement. The central government started APY in May 2015. Earlier, there was no such scheme for people working in the unorganized sector.

1. Investor (subscriber) gets pension. (From the age of 60 till death)
2. After the death of the investor, the spouse continues to have a pension.
3. After the death of the spouse, the amount deposited (which was deposited till the age of 60 years) is given to your nominee (nominee).

Sukanya Samridhi Yojana

Sukanya Samridhi Yojana is a small savings scheme. It was started under the 'Beti Bachao Beti Padhao' campaign. This scheme helps in raising funds for the education of daughters and their marriage. At present, 8.1 percent interest is available under the scheme. Under Section 80C of the Income Tax Act, tax exemption is also available for investing in this scheme. That is, you can avail tax rebate on an investment of Rs 1.5 lakh per annum. The returns from the scheme are also tax free. You have the benefit of tax exemption for this financial year by investing in the scheme till 31 March.

Sukanya Samridhi account can be opened anytime before daughter's age is 10 years. This account opens with Rs 250. Earlier, one had to deposit Rs 1,000 for this. A maximum of Rs 1.5 lakh can be deposited in it in any financial year. Account can be opened in any post office or bank branch. It can be kept operational for 21 years after opening the account. If parents want, they can run it till the daughter gets married at the age of 18 years

Prime Minister Suraksha Bima Yojana

This protection scheme is designed to protect your future and it is the lowest premium insurance policy. The Prime Minister Suraksha Bima Yojana was announced by Finance Minister Arun Jaitley in his annual budget 2015-16 on 28 February 2015.

There are a large number of people in India who do not have any type of life insurance. For this, the Pradhan Mantri Suraksha Bima Yojana was started.

Under the Pradhan Mantri Suraksha Bima Yojana, you are paid in three cases:

1. 2 lakh rupees will be paid on death in accident.
2. In case of permanent total disability due to accident: Loss of both eye or both arms or both legs or loss of one eye and one arm or one leg will be paid for Rs. 2 lakh.
3. In case of accidental permanent partial disability: In case of loss of sight in one eye or failure of using one arm or one leg, Rs. 1 lakh will be paid.

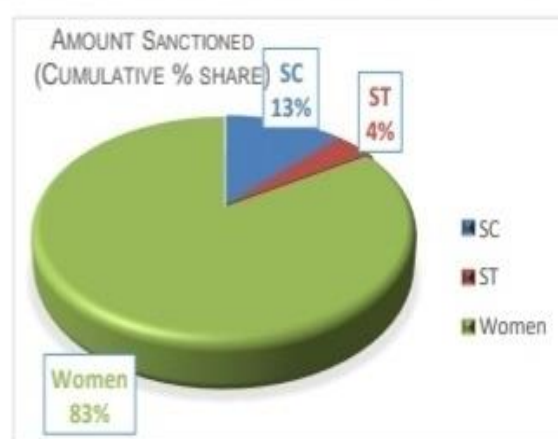
Stand up india

The Stand up India Scheme was launched in August 2015. The purpose of this loan scheme is to promote entrepreneurship among Scheduled Caste / Scheduled Tribe / women entrepreneurs. Under this scheme, loans from Rs 10 lakh to Rs 1 crore are given by SC / ST or women entrepreneurs for new projects or Greenfield projects.

Total number of entrepreneurs benefited under Stand Up India scheme, as on 31.03.2019 is tabulated below:

Stand Up India as on 31.03.2019

Performance under Stand Up India Scheme (Amt. in Rs. Crore)								
Date as on	SC		ST		Women		Total	
	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.
31.3.2019 (cumulative)	10451	2096.25	3103	646.1	59429	13342.72	72983	16085.07



Conclusion

The schemes launched by the government from time to time to ensure financial inclusion have made financial services accessible to all sections of the society. Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Mudra Yojana, Pradhan Mantri Suraksha Bima Yojana, Atal Yojana, Sukanya Samridhi Yojana, Stand Up India Scheme etc. proved to be an important factor in the path of financial inclusion. Inclusive development can be ensured through financial inclusion, which promotes economic development of the country.

References

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