

AN EVALUATIVE STUDY OF THE ECONOMIC PACKAGE INITIATIVES ON THE FINANCIAL WEAKER SECTIONS OF THE SOCIETY

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Abstract:

This paper attempted to study the economic initiative in India, and Analyse financial weaker section issues and challenges, evaluate the role of economic initiative towards the financial weaker section. In order to accomplish the said objectives researcher collected data from the secondary source such as RBI websites, Newspaper, Financial Magazines and Research Articles, official website of government report. Researcher employed the analytical research technique in order to study the economic initiative in India, in addition to this Analyse financial weaker section issues and challenges and evaluate the role of economic initiative towards the financial weaker section. Indian economy is growing at a growth rate of 6% which is substantial and satisfactory in comparison to Europe and other world. We are still known as fastest growing economy after china. But growth is an unsustainable. The benefit of growth is not reaching to the poor. We have in India absolute poverty which is a stigma on over growth and development.. Some suggestions regarding weaker section financing are direct subsidy should be given to the banks for financing this section so that loss and NPA of bank be reduced .Assistance should be provided by local NGO's for identification of poor. A separate segment of banking operation "Banking for weaker section" be created and result of banks be highlighted with this segment. Interest rate should be reduced & subsidized. Financial education for weaker section be spread with more involvement of educational institutions.

Keywords: *Economic weaker, Economic Initiative, Challenges, Role Of Economic.*

1. INTRODUCTION

Indian economy is growing at a growth rate of 6% which is substantial and satisfactory in comparison to Europe and other world. We are still known as fastest growing economy after china. But growth is an unsustainable. The benefit of growth is not reaching to the poor. We have in India absolute poverty

which is a stigma on over growth and development. Inclusive growth is need of hour. 27.5% of our population still lives below the poverty line and known as weaker, oppressed and depressed section of the society.

Finance is one of the important keys to successes. It provides leverage and direct help in poverty alleviation. Finance is a panacea for all the ills of weaker and poor section. In any economy banks are the catalyst of development. Indian banking system is contributing its smart role in development and stands as friend, guide and philosopher for weaker section. Commercial banks in India since nationalization are providing finance to weaker section under priority sector lending (PSL). In this system banks have some targets and sub targets of deploying fund and credit to preferred and desired section and sectors of the economy. Preferred and desire section is weaker section and sectors are agriculture, small scale industries, small business man, education, housing and micro finance.

2. ECONOMIC INITIATIVE IN INDIA

The Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) government has introduced a multitude of economic programs since 2014. Make in India remains the flagship initiative; all other development programs seek to complement it.

Each new program addresses specific electoral campaign promises, and is followed by a promotional-buzz wherein catchy slogans highlight fundamental aims. The latest one, announced just last week, is Start Up India.

Make in India, Digital India, Smart Cities, Skill India, Housing for All and Start Up India are the government's top priority economic projects. They collectively envision India as a high-functioning economy focused on industry, innovation and entrepreneurship; the promotion of investor confidence; job creation; the development of infrastructure; and achieving total digital connectivity.

The effectiveness of these programs, some barely few months old, cannot be fully assessed until they mature over the next several years. However, preliminary assessments can be made on the basis of industry projections, the level of collaboration between central and state governments, the commitment of private sector participants, and FDI flows.

- **MAKE IN INDIA**

India's manufacturing sector is stagnant in comparison its flourishing services sector. Make in India thus aims to boost investment and industrial production to increase the GDP share of manufacturing from the current 16 percent to 25 percent. To achieve this, the government has identified 25 focus sectors for development. 100 percent FDI is allowed in all sectors except Space (74 percent), Defense (49 percent) and News Media (26 percent). A key emphasis of this campaign is improving the ease of

doing business in these sectors – faster clearances, transparency for permits and financing, as well as efficient e-governance mechanisms.

- **DIGITAL INDIA**

India currently exhibits a pronounced digital divide. While it has the second-largest online population in the world after China, more than a billion Indians still lack access to internet facilities. The government is trying to fix this imbalance through its Digital India initiative, which has three core areas – the creation of digital infrastructure, delivery of e-governance and digital services, and spreading digital literacy. Slated for completion by 2018 on the basis of a selective public-private-partnership (PPP) model, Digital India aims to connect 250,000 gram panchayats (village councils) in three years, build a national information infrastructure by March 2017 (at a cost of about US \$2.3 billion), and establish public Wi-Fi hotspots among other plans.

- **SMART CITIES**

A huge obstacle in the way of India's development is its problematic infrastructure. The Smart Cities initiative aims to create cities where basic infrastructure is built on a sustainable model. Under the initiative, smart cities should also benefit from assured water and electricity supply, sanitation and solid waste management, urban mobility and efficient public transport, IT connectivity, e-governance and citizen participation and the safety and security of citizens. The Ministry of Urban Development has selected 100 cities and towns as future smart cities – every Indian state has at least one such city. The Smart Cities Council India has been formed and will be part of the U.S.-based Smart Cities Council – a collective of smart city experts and organizations operating in over 140 countries.

- **SKILL INDIA**

India has a unique demographic dividend. The country has a high proportion of working age population, while accelerated economic growth has increased the demand for skilled manpower. At the same time, India is also a very difficult country to source skilled labor. The Skill India campaign was launched this July to prepare graduates and workers alike for the skills needed by industry. The goal of the program is to train 400 million people by 2018 over the next seven years through the National Skill Development Corporation.

- **HOUSING FOR ALL**

An estimated 1.77 million people live without housing in India, according to the 2011 census. Moreover, 65 million people live in slums – a figure that could rise to 104 million in 2017, by some estimates. Overcoming this housing challenge is the target of Housing for All. Under this mission, the central government is set to build 20 million homes for the urban poor by 2018, which will coincide with the 75th year of India's independence. This will require investments of up to US \$181 billion – the state exchequer has already committed US \$45 billion.

Start Up India

In his Independence Day address on August 15, Modi announced the government's latest initiative "Start Up India, Stand up India". The program is designed to promote financing for start-ups and incentives to boost entrepreneurship. Start-ups had already been a part of the government's campaign to promote job creation through entrepreneurship, and it is included in the objectives of the Skill India and Digital India initiatives. The Start Up India campaign will, however, see another form of assistance to people who want to start new ventures and businesses, particularly those from demographic groups that have experienced discrimination

3. OBJECTIVES OF THE STUDY

1. To study the economic initiative in India.
2. To Analyse financial weaker section issues and challenges
3. To evaluate the role of economic initiative towards the financial weaker section

4. RESEARCH METHODOLOGY

In order to accomplish the said objectives researcher collected data from the secondary source such as RBI websites, Newspaper, Financial Magazines and Research Articles, official website of government report. Researcher employed the analytical research technique in order to study the economic initiative in India, in addition to this Analyse financial weaker section issues and challenges and evaluate the role of economic initiative towards the financial weaker section

5. ISSUES AND CHALLENGES OF FINANCIAL WEAKER SECTIONS

The concept of weaker sections refer to all persons who became suppressed, depressed, and oppressed because of socio-political, socio-economic or socio-religious reasons. Weaker section includes:

- Small and marginal farmers with land holding of 5 acres and less.
- Landless labourers.
- Tenant farmers and share croppers.
- Artisans, village and small industries.
- Beneficiaries of the integrated rural development program (IRDP).
- Scheduled castes and scheduled tribes.
- Beneficiaries' different rates of interest schemes.

6. PROBLEMS AND SHORTCOMING OF FINANCING TO WEAKER SECTIONS IN INDIA

Despite a remarkable growth of priority sector lending by the commercial banks in recent years, some basic problems and shortcomings are found in this system during the course of study.

1. Unduy broad based classification of priority sector- Under the existing system, the classification of priority sector advances has remain broad-based, so that even big borrower could avail of the benefits of priority treatment provided by the banks.

2. Need to identify priority sectors appropriately- It is necessary to identify appropriate sectors with in the priority sectors on a rational basis. So that preferential treatment can be availed by defined and targeted persons.
3. Need to examine the viability of project under priority sectors- while granting credit to artisans, cottage industries, etc., the bank should also examine the viability of the marketability point of view if not so this loan will poses the problem of recovery for the banks
4. Efficacy- There is always the problem of ensuring the effective end use of the loans given to the priority sectors.
5. 5 Need to re-look at target- There is a time need to review the target fixed at the inception of scheme, for example 40% of total bank credit to priority sector and other sub-targets. At present time it should be revised on rational basis.
6. The problem of bad debt- Another problem is the problem of bad debt arising from indiscriminate lending by banks, keeping an eye on the fulfilment of the stipulated targets.

6.1 SOME PROBLEMS FACED BY BANKS IN FINANCING WEAKER SECTION.

1. Increasing N.P.A.	3. High over dues
2. Political issues	4. Unsuccessfulness of Business

6.2 PROBLEMS FACED BY WEAKER SECTION

1. High rate of interest on loan	4. Bank staff is not cooperative
2. Lack of financial knowledge	5. Lack of security of collateral
3. Cumbersome process of getting loan	6. Fear factor about recovery process

7. ROLE OF ECONOMIC INITIATIVE TOWARDS THE FINANCIAL WEAKER SECTION

- Improve higher and better productivity;
- Faster growth Individual and whole economy;
- Reduction In income inequalities of Individual and whole economy;
- Widespread development breaking the barrier of location-specific and centres specific development;
- global admiration and recognition; reduction in poverty;
- Likely increase in national income;

- Increase in employment and income opportunities;
- Help in more effective distribution of subsidies;
- helpful in the implementation of social security schemes, such as old-age pensions, window pensions and so on;
- (x) helpful in shifting to direct distribution of subsidies by way of crediting the bank account of the targeted beneficiary rather than the indirect distribution of subsidies;
- (xi) Helpful in plugging the leakage through distribution channels.
- Availability of adequate and transparent credit from formal banking channels will foster the entrepreneurial spirit of the masses to increase output and prosperity in the countryside.

Hence, it is believed that Economic initiative can initiate the next revolution of growth and prosperity. In the 21st century, India has been pulling all the right levers to advance Economic initiative and economic citizenship by channelling its own transactions to lubricate the system. India's journey towards economic ascension relies on how the 65% unbanked population of India (conservative 2012 estimate by World Bank) is enabled with financial infrastructure.

8. CONCLUSION

Quantitatively, public sector banks have progressed well in priority lending but their qualitative aspect is to be evaluated. For instance over dues, bad debts and NPA have been serious problems faced by the bank in respect of advances made to the weaker sections of society private sector banks are lagging behind in PSL progress. There is a need to revise time to time the targets and sub-targets set by RBI for this scheme. Eligibility for SSI and SSB and weaker section should be redefined on rational basis. Projects under PSL should be effectively checked and evaluated for the purpose of viability and efficacy. For under recovery of dues and NPA (Non-Performing Assets) in case of weaker section advances, suggestion is, – A special model like micro financing (Bank linkage self help group) be formed, as in this model recovery rate is nearly 95%. Projects for small scale for infrastructure development in villages like road construction, electricity, drinking water and primary education projects should be preferred under priority sector lending and special sub-targets be set for the schemes.

Overall impact of priority sector lending scheme is positive. Banks are now deploying credit in desired direction and providing an impetus to the rural economy. Future prospect of the PSL is bright in India. Some more suggestions regarding weaker section financing are direct subsidy should be given to the banks for financing this section so that loss and NPA of bank be reduced. Assistance should be provided by local NGO's for identification of poor. A separate segment of banking operation "Banking for weaker section" be created and result of banks be highlighted with this segment. Interest rate should be reduced &

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