

# Inclusive Growth through Government Programmes/Schemes in India- An Evaluative Study

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## ABSTRACT

*Inclusive growth means economic development that creates employment opportunities and helps in reducing poverty. It helps in having access to essential services in health and education by the poor. Economic growth results from labour force growth and productivity growth of workers in the grass root level. Financial Inclusion is the most important aspects in the present scenario for inclusive growth and development of the country. It is considered as an effective means to sustainable economic growth and is intended to ensure that each citizen of the country is able to use their earnings a national financial resource for redeployment in productive sectors of the economy. It aims to establish proper financial institutions to cater to the needs of the poor people. Inclusive growth implies direct links between the macroeconomic and microeconomic determinants of the economy and economic growth. The main objective of the present study is to understand Government initiatives for financial inclusion in India and also to examine the role of financial inclusion in inclusive growth. The present study is descriptive and analytical in nature and is based on secondary data. It is concluded that the various schemes initiated by the Government of India is contributing towards the inclusive growth and thereby the economic development of the country.*

**KEY WORDS:** Inclusive Growth, Financial Inclusion, Government Initiatives, Economic Development

## INTRODUCTION Inclusive Growth

Inclusive growth means economic development that creates employment opportunities and helps in reducing poverty. It helps in having access to essential services in health and education by the poor. Economic growth results from labour force growth and productivity growth of workers in the grass root level. Financial Inclusion is the most important aspects in the present scenario for inclusive growth and development of the country. It is defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost (Rangarajan 2008) in the report on financial inclusion in India. Financial inclusion can be described as the provision of affordable financial services, viz savings, credit, insurance services, access to payments and remittance facilities by the formal financial system to those who are excluded. Financial inclusion is considered as a vital indicator of development and wellbeing of a society. It is considered as an effective means to sustainable economic growth and is intended to ensure that each citizen of the country is able to use their earnings a national financial resource for redeployment in productive sectors of the economy. It aims to establish proper financial institutions to cater to the needs of the poor people. Inclusive growth implies direct links between the macroeconomic and microeconomic determinants of the economy and economic growth. Inclusive growth helps in economic growth that is distributed fairly across society and creates opportunities for all. People would feel more motivated and involved in the benefits of economic growth.

### Programmes / Schemes adopted by the Government

#### Pradhan Mantri Jan Dhan Yojana (PMJDY)

Hon'ble Prime Minister announced Pradhan Mantri Jan Dhan Yojana as the National Mission on Financial Inclusion in his Independence Day address on 15th August 2014, to ensure comprehensive financial inclusion of all the households in the country by providing universal access to banking facilities with at least one basic bank account to every household, financial literacy, access to credit, insurance and pension facility. Every Indian citizen who is the age of above 10 can open a bank account with Zero balance under this scheme. PMJDY offers unbanked persons easy access to banking services and awareness about financial products through financial literacy programmes. It offers life insurance cover of Rs. 30,000 and accidental insurance cover upto Rs. 1,00,000 without collecting any premium from the account holder. It provides overdraft facility upto Rs. 5,000 for active operations of the account.

#### Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

PMJJBY is a Government backed life insurance scheme in India. It is a one year life insurance scheme, offering coverage for death due to any reason and is available to people in the age group of 18 to 50 years.

Aadhar is the primary KYC for the bank account. The life cover of Rs. 2 lakh is for the one year period stretching from 1st June to 31st May and is renewable. Risk coverage under this scheme is for Rs. 2 lakh in case of death of the insured. The premium is Rs. 330 per annum which is to be auto-debited in one installment from the subscriber's bank account as per the option given by him on or before 31st May of each annual coverage period under the scheme. The scheme is being offered by the Life Insurance Corporation and all other life insurers who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose.

### **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

PMSBY is a Government backed accident insurance scheme. It offers accidental death and disability cover in case of death or disability due to an accident. The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhar would be the primary KYC for the bank account. The risk coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability. The premium of Rs.12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one installment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose.

### **Atal Pension Yojana (APY)**

APY was launched on 9th May, 2015 and is open to all saving bank/post office saving bank account holders in the age group of 18 to 40 years and the contributions differ, based on pension amount chosen. Subscribers would receive the guaranteed minimum monthly pension at the age of 60 years. Under APY, the monthly pension would be available to the subscriber, and after him to his spouse and after their death, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the nominee of the subscriber. The minimum pension would be guaranteed by the Government. In the event of pre-mature death of the subscriber, Government has decided to give an option to the spouse of the subscriber to continue contributing to APY account of the subscriber, for the remaining vesting period, till the original subscriber would have attained the age of 60 years. The spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse. After the death of both the subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.

### **Pradhan Mantri Mudra Yojana (PMMY)**

PMMY was launched on 8th April 2015 and under this scheme a loan of upto Rs. 50,000 is given under sub-scheme 'Shishu'; between Rs. 50,000 to 5.0 Lakhs under sub-scheme 'Kishore'; and between 5.0 Lakhs to 10.0 Lakhs under sub-scheme 'Tarun'. Collaterals are not required for this scheme. These measures are aimed at increasing the confidence of young, educated or skilled workers who would now be able to aspire to become first generation entrepreneurs; existing small businesses, too, will be able to expand their activities.

### **Stand Up India Scheme**

Government of India launched the Stand Up India scheme on 5th April, 2016. The Scheme facilitates bank loans between Rs.10 lakh and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one Woman borrower per bank branch for setting up Greenfield enterprises. This enterprise may be in manufacturing, services or the trading sector. The scheme which is being implemented through all Scheduled Commercial Banks is to benefit at least 2.5 lakh borrowers. The scheme is operational and the loan is being extended through Scheduled Commercial Banks across the country.

Stand Up India scheme caters to promoting entrepreneurship amongst women, SC & ST category i.e those sections of the population facing significant hurdles due to lack of advice/mentorship as well as inadequate and delayed credit. The scheme intends to leverage the institutional credit structure to reach out to these underserved sectors of the population in starting Greenfield enterprises. It caters to both trained and trainee borrowers.

## Pradhan Mantri Vaya Vandana Yojana (PMVVY)

The 'Pradhan Mantri Vaya Vandana Yojana' has been launched by the Government to protect elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions, as also to provide social security during old age. The scheme is implemented through the Life Insurance Corporation of India (LIC) and provides an assured return of 8% per annum for 10 years. Mode of pension payment is based on the option exercised by the subscriber.

The scheme was initially open for subscription for a period of one year i.e. from 4th May, 2017 to 3rd May, 2018. Further, the minimum purchase price under the scheme was Rs.1.5 lakh per family for a minimum pension of Rs. 1,000/- per month and the maximum purchase price was Rs.7.5 lakh per family for a maximum pension of Rs.5,000/- per month.

In pursuance to Budget Announcement 2018-19, the Pradhan Mantri Vaya Vandana Yojana has been extended up to 31st March, 2020. The limit of maximum purchase price of Rs. 7.5 lakh per family under the scheme has also been enhanced to Rs 15 lakh per senior citizen. Accordingly, the maximum pension admissible under the scheme is now Rs.10,000/- per month.

### STATEMENT OF THE PROBLEM

For inclusive growth and development of the country financial inclusion is the most important aspect. Government tries to ensure comprehensive financial inclusion of all the households in the country by providing universal access to banking facilities, financial literacy, and access to credit, insurance and pension facility. In this context the present study tries to find out the various programmes adopted by the Govt. Are the approaches adopted by the Govt improving financial inclusion and inclusive growth? Can it be considered as an effective means to sustainable economic growth of the country?

### OBJECTIVES OF THE STUDY

- To understand Government initiatives for financial inclusion in India.
- To examine the role of financial inclusion in inclusive growth.

### RESEARCH METHODOLOGY

The present study is descriptive and analytical in nature. It is based on secondary data which is collected from the websites of RBI, Govt of India and other research papers, journals, books, newspapers etc.

### ANALYSIS & FINDINGS

**PMJDY** was conceived as a bold, innovative and ambitious mission. Census 2011 estimated that out of 24.67 crore households in the country, 14.48 crore (58.7%) had access to banking services. In the first phase of the scheme, these households were targeted for inclusion through opening of a bank account within a year of launch of the scheme. The actual achievement, by 26th January 2015, was 12.55 crore.

**Table 1 Pradhan Mantri Jan Dhan Yojana (PMJDY) (All figures in crores)**

Bank Name	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at Urban metro centre bank branches	Number of rural /urban female beneficiaries	Number of total beneficiaries	Deposits in Accounts	Number of Rupay Debit card issued
<b>Public Sector Banks</b>	16.44	14.02	16.08	30.46	93,322.87	24.49
<b>RRBs</b>	5.44	1.10	3.68	6.54	21,266.06	3.58
<b>Private Sector</b>	0.70	0.56	0.67	1.26	3194.16	1.15

<b>Banks</b>						
<b>Total</b>	<b>22.58</b>	<b>15.68</b>	<b>20.43</b>	<b>38.26</b>	<b>1,17,783.09</b>	<b>29.22</b>

**Source:** Pmjdy.gov.in

The total number of beneficiaries in the rural /semi urban bank branches is 22.57 crores where as the number of beneficiaries in urban centre bank branches are 15.69 crores. The total number of female beneficiaries is 20.44 crores. As on 31<sup>st</sup> March 2019 the total number of beneficiaries under this scheme is 38.26 crores. The total amount of deposits mobilised under this scheme is 1,17,783.10 crores and the number of Rupay Cards issued is 29.23 crores. The inclusive aspect of this is evident from the fact that 22.58 crore (59%) of PMJDY accounts are in rural areas and 20.43crore (over 53%) PMJDY account holders are women.

**PMJJBY** As on 31st March, 2019, cumulative gross enrollment reported by banks subject to verification of eligibility, etc. is over 5.91 crore under PMJJBY. A total of 145763 claims were registered under PMJJBY of which 135212 have been disbursed.

**PMSBY** As on 31st March, 2019, cumulative gross enrolment reported by Banks subject to verification of eligibility, etc. is over 15.47 crore under PMSBY. A total of 40,749 Claims were registered under PMSBY of which 32,176 have been disbursed.

**Atal Pension Yojana (APY)** As on 31st March, 2019, a total of 149.53 lakh subscribers have been enrolled under APY with a total pension wealth of Rs. 6,860.30 crore.

**Pradhan Mantri Mudra Yojana (PMMY)** As on 31.03.2019, Rs. 3,21,722 crores sanctioned (Rs. 142,345cr. - Shishu, Rs. 104,386 cr. Kishore and Rs. 74,991 cr. - Tarun category), in 5.99 crores accounts.

**Stand Up India Scheme** As on 31.03.2019, Rs. 16,085 crore has been sanctioned to women in 72,983 accounts (59,429 – women, 3,103-ST and 10,451 – SC).under Stand up India Scheme. Women accounts for over 81% of the total beneficiaries. These schemes have financially empowered women to lead a better life and chase their dreams of being an entrepreneur.

## CONCLUSION

Inclusive growth helps economic growth that creates employment opportunities and helps in reducing poverty. For promoting inclusive growth, the Government is implementing various Programmes/ Schemes for creating better employment opportunities, strengthening social infrastructure and providing basic amenities like water, electricity, roads, sanitation and housing covering all sections of population. These schemes have financially empowered women to lead a better life and chase their dreams of being an entrepreneur. Access to financial services to the disadvantaged and low income groups at affordable costs strengthen financial inclusion and helps to reduce income disparities thereby overcome poverty and it will lead to economic growth. It is the growth at the level of financial transactions in the economy. The volume of transactions under the various schemes proves that these programmes increases the inclusive growth and contribute towards the economic development of the country.

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