

A STUDY ON FINANCIAL INCLUSION & ECONOMIC GROWTH OF INDIA

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ABSTRACT

The research paper on financial inclusion & growth of India is an effort of the author to light on main financial inclusion schemes announced by prime minister of India .The author highlights the ways with the help of which the schemes can be more effectively implement in the India. As India is a big country many people are still deprived from financial services. The paper studies the basic concept of financial inclusion & various ways to achieve the same .It also tries to cover the relation between the financial inclusion & economic growth of India.

Keywords- *Financial Inclusion & Economic Growth*

INTRODUCTION

A big country like India is facing a big problem like uneven development of the country. The India divides into the two big sector i.e. .Organised sector & unorganised sector .There are various issues in front of the country like poverty & unemployment .For the purpose of the solving the same there is only one way that is all the people of the country needs to be under the inclusion of the financial services. The uneven growth of India creates problem for the performance of the country. Financial inclusion is providing banking services to the masses who are deprived from financial services .It is a major challenge in front of the Indian economy. Financial inclusion leads towards the sustainable & social development. (Singh). (Radhika Dixit, 2013)There is need of inclusive growth as the help of which poverty can be reduced, unemployment can be controlled ,income inequalities can be removed, agriculture production can be achieved & it will protect the environment. Financial inclusion gets importance when the prime minister of India announce various schemes for all like

- 1) **Pradhan Mantri Jan-dhan Yojana(PMJDY)**-Under this scheme the account can open in any branch .The account holder will get the basic saving account.The benefits like accident insurance upto 1 lakh,no minimum balance requirement ,easy transfer of money will be available on this type of account.

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- 2) **Pradhan Mantri Jeevan Jyothi Yojana (PMJJY)**-This scheme is for people who are in age of 18 years-50years.The premium of Rs.330/-charged & it is debited from the savings. The sum of Rs.200000 paid to the nominee.
- 3) **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**-It is for the people who are age between 18years-70years.The total coverage under the same is up to Rs.200000/-.The premium is Rs.12/-p.a. & its auto debited from the savings account.
- 4) **Atal Pension yojana(APY)**-It is a scheme for those who are not able to get pension facility.Under this the subscriber will get the pension of Rs.1000 to Rs5000 Per month.

All these schemes are announced by the prime minister of India to provide social security to the people. The people can get the benefit out of it for the financial inclusion & the accounts linked up with subsidy so that those who deserve the subsidy they can direct benefit of the same. Based on the various secondary data the author tries to find the ways on the basis of which the financial inclusion schemes can be implemented in market easily. Similarly the research paper tries to highlight the relation between financial inclusion & economic growth.

Research Methodology-The methodology for the research paper is secondary data analysis. The research is descriptive in nature.

Objective of the study

- 1) To study the concept of financial inclusion.
 - 2) To study the ways of achievement of financial inclusion.
 - 3) To study the relation between financial inclusion & economic growth.
- Financial Inclusion can be done with the help of the following ways.

1) Financial literacy-

The financial literacy is the important way with the help of which financial inclusion can be achieved. Literacy will aware the borrowers as well as depositors.

2) Use of Technology-

With the help of the technology the financial inclusion can be achieved easily as the banks can reach to the people in unorganized sector

3) Removal of Language barrier-

There is needed to remove barrier of language. As India is vast country & there are various languages. The language should not be barrier under the financial inclusion-

Financial Inclusion & Economic growth-

The Financial inclusion leads India towards economic growth by following ways

1) Reduce Poverty –

The poverty can be reduce with the help of the financial inclusion. As poor people will get finance with the help of the government scheme .It will lead towards reduction in poverty. As the poverty reduce the nation will be economically strong.

2) Reduction in inequality-

Inequality occurs due to wide gap in rich & poor. The poor people deprived of financial services .Due to the financial inclusion everyone is a part of the system it will lead towards reduction of inequality. Everyone will get the benefits.

3) Uniform rate of Interest throughout the country-

If all the people covered under the financial inclusion there will be uniformity in the rate of interest. All the people get finance at uniform rate of interest moneylenders monopoly will get reduce.

4) Increase in standard of living of people-

As various schemes announced by the prime minister of India .It will increase the standard of living of the people. There will be generation of employment through the schemes like make in India.

5) Timely & adequate finance-

Financial inclusion will helps to get timely available & adequate finance.

6) Habit of savings-

The financial inclusion creates habit of savings in people. It is a critical tool with the help of which the habit of saving can be developed.

7) Social development-

The social development can be achieved with the help of the financial inclusion. Various classes of people can be covered with the banking services & there will be achievement of social development

Financial inclusion leads country towards the economic growth. It will try to improve the overall performance of the country. The economy will be get developed as more people will be under the organised money market .It will save poor people from the moneylenders. Even the banks will also get new target market. 'GO RURAL' will become a new mantra for Indian banking & they can reach to the unbanked people with the help of the financial schemes launched by Government of India.

Conclusion-

Economic growth is depend on availability of growth opportunities. In a big country like India for financial inclusion there are big challenges like geographical challenge. Though the scheme of government tries to cover each and every aspect of the social security .It is necessary that the scheme should reach towards the people who are actually needs the same.

The author suggested the ways with the help of the same the schemes can be achieved more importance .The economic growth of the country is not only depends on rich people but it also depends on poor people .If the poor people also get the social security with the help of the financial inclusion it will leads country towards the economic growth.

Financial inclusion will increase the performance of the Indian economy. Many schemes of the Indian government can lead country towards the development of the Indian economy.

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