Empowering India: A Comprehensive Study on Financial Inclusion Strategies and Impact in the Indian Context

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Abstract

Successful financial inclusion involves, using a variety of methods to address a variety of issues and problems to enable people and businesses to access a range of financial services. Over the years, India has seen significant developments in financial inclusion space driven by many key initiatives like Pradhan Mantri Jan Dhan Yojana, Digital India and Aadhaar, Institutional Microfinance Institutions (MFIs) and government subsidies and benefit transfers.

Objective

The purpose of the study is to conduct a comprehensive review of the existing financial inclusion scenario in India, including the extent of access to financial services across different demographics and regions.

Methodology

The paper is a conceptual paper. As the paper tries to explore the state of financial inclusion in India, it falls under the descriptive research category.

Research Gap

There are many theoretical perspectives in numerous research studies investigating financial inclusion initiatives. Several studies tried to explore statewide evaluation of the Financial inclusion. However, only few studies have explored the impact of financial inclusion on the Indian, yielding conflicting results. The result of these studies can be explored from two perspectives. Firstly, to conclude the extent of financial inclusion in India, and secondly, to assess the impact of financial inclusion on country economic growth, focusing on key government agencies like RBI or PMJY.

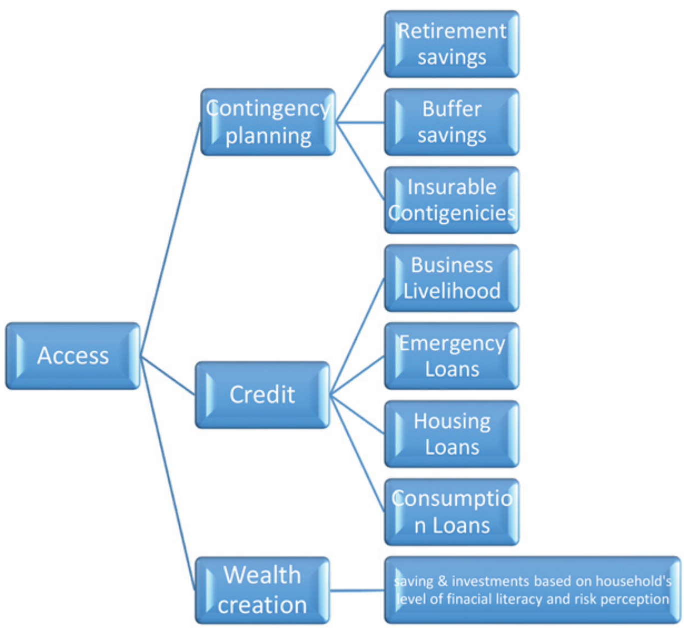
Conclusion

It was found that the extent of financial inclusion across India still remain low also there is wide variation. The study also revealed that bank and govt. initiative have a positive and strong impact on human development and financial inclusion status in India.

Keywords: Financial Inclusion, Brick and Mortar Presence, BC Registry, Payment Banks

Introduction

The term financial inclusion was coined by Governor of Central Bank of India (RBI) Sh. YV Reddy in 2005. Financial inclusion means "direct availability of monetary services at affordable costs to all or any segments, including underprivileged and low-income groups at the proper time." A committee on financial inclusion headed by Dr. C Rangarajan in 2008 defined financial inclusion as: "The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups like weaker sections and low income groups at a reasonable cost." In the words of HR Khan, the Deputy Governor of the RBI in 2011, "Financial inclusion is to extend the income for rural population, resulting in higher savings and a much bigger deposit base for banks and other financial institutions. It enables the govt to supply social development benefits and grants on to the beneficiary bank accounts, significantly reducing leakages and pilferages in welfare schemes.»



Source : 100 small steps: report of the committee on financial sector reforms (Chairman: Dr. Raghuram Rajan)

Figure 1: Household access to financial services

National Strategy for Financial Inclusion

On January 10, 2020, the Federal Reserve Bank of India (RBI) unveiled the National Strategy for Financial Inclusion (NSFI) for the five-year period from 2019 to 2024. The strategy was formulated under the umbrellas of the Financial Inclusion Advisory Committee (FIAC), and the inputs and concepts received from the Govt of India and other financial industry regulators. The first aim of this initiative is to bring everyone within the formal reach of monetary services, aligning with an important government objective.

Its main goal is to extend the reach, use, and long-term viability of monetary inclusion.

Source: (RBI) website

Figure 2: National Strategy of monetary Inclusion 2019-24

Financial inclusion should have multiplier effect in improving overall economic output, reducing poverty and income disparity, and in promoting gender equality and women empowerment. The 7th goal of the 17 Sustainable Development Goals include Financial inclusion. The June 2023, G20 summit in India explored the policies for global financial inclusion, highlighting the necessity to prioritize G20 Top Philosophies for Digital Financial Inclusion. In line with this commitment, the govt. of India has implemented several initiatives within the social sector, each holding the potential to significantly impact policy. the present imperative is to formulate actionable policies that foster fair and inclusive growth.

Numerous research (Aghion & Bolton, 1997; Banerjee & Newman, 1993; Banerjee, 2001) have highlighted the fact that access to financial facilities contribute a lot in reducing unemployment, poverty and enhance development. Scholars discuss that the banking sector can play a major role in distribution of credit and promotion of economic activities. (Sen, 2000). Dangi and Kumar (2013) specifically examined the Federal Reserve Bank of India (RBI) plans and strategies and therefore the initiative implemented by Government of India during this context. The National Mission on Financial Inclusion was established by the govt of India with the target of extending banking services to each household within the country and ensuring the supply of a checking account for every home. The aim was to integrate individuals who had been marginalized from the economic system into the mainstream. This initiative facilitated the opening of bank accounts for any household, providing them with access to banking and credit services. At the core of the "Sab Ka Sath Sab Ka Vikas" development philosophy, the Pradhan Mantri Jan Dhan Yojana (PMJDY) was inaugurated on August 28, 2014, in Delhi. it's since expanded to hide every state, district, and bank branch, organizing campaigns to open an account for every household and, subsequently, for each adult.

Financial inclusion: The evolution in India

The conception of monetary Inclusion was firstly introduced in India in 2005 through an Annual Report by the then Governor of the Federal Reserve Bank of India, Y. Venugopal Reddy. Consequently, the Federal Reserve Bank of India (RBI) and therefore the Government of India (GoI) have employed various measures to include the agricultural population into the financial sector. the primary village in India where every household received fundamental banking services was Mangalam.

The journey of financial inclusion in India first began with the introduction of basic, no-frills bank accounts for people nationwide. Successively, the Federal Reserve Bank of India (RBI) focus shifted towards providing availability of credit facilities for the economically disadvantaged group. Several initiatives were introduced like providing General Credit Cards (GCCs) and Kisan Credit Cards (KCCs) toward simplifying credit access for the disadvantaged community. The RBI introduced the Business Correspondent/Business Facilitator (BC/BF) model after the approvals of the H R Khan Team, 2011, so as to grow the reach of monetary services through traditional brick-and-mortar branches across the country's 600,000 villages.

Literature Review

India has a vast population of 140.76 crores (2021) with more than 900 million residing in rural India and 500 Million in Urban India. The people from Rural India lack the facilities of easy access to financial product (Gounasegaran, Kuriakose, & Iyer, 2013). According to the NABARD status report of 2021-22, "There should be one bank branch for a population of 6,734." The 65% of bank branches are operative in urban India whereas only 35% are present in Rural India. The enhancement of monetary access holds the potential to uplift the financial well-being and living standards of underprivileged communities.

Consequently, the Reserve Bank of India (RBI) is urging all commercial banks to open new branches in rural India, to facilitate the availability of financial facilities for rural population (Dangi & Kumar, 2013). Hence, the financial exclusion is extending leading to the non-availability of financial services, like banking and credit, to underprivileged and low-income groups. This step is important for addressing the financial exclusion faced by vulnerable segments, including the rural community of India and also the people with low disposable income. It involves evaluating their accessibility to a range of financial services, like opening of savings account with no minimum balance and payment accounts, loan facilities, insurance, and pension options, as highlighted by Chhabra (2015) and Singh et al. (2014).

Financial inclusion has become an important agenda for the government and have gained huge memento globally. However, these studies did not enhance any measure of the mixing of monetary inclusion. Financial inclusion encompasses various services like access to formal financial systems, which give savings, loans, insurance, also as payment and remittance facilities. This facet of monetary inclusion plays an important role in ensuring economic security for both individuals and families (Kelkar, 2014). Ravikumar (n.d.) tried to analyse the role of banking sector in the mission of enhancing the financial inclusion of a nation, and found that the various factors had a significant impact like the number of bank branches and ATM penetration, number of people served per branch, the distribution of banking branches in rural vs urban area, also as credits and deposits of Scheduled Commercial Banks (SCBs) and Cooperative banks in India. The findings of this study propose that while the bank play a significant role in promoting financial inclusion and inclusive growth, but there exist a huge gap in serving population across the nation. In their study, Joseph and Varghese (2014) studied the impact of financial exclusion on the progress of the Indian economy, specifically that specialize in indicators like the closure rate of banks branches measured by the amount of branches and therefore the underutilization of debit and credit cards. Mukherjee and Chakraborty (2012) conducted an study on the efficiency and role of commercial banks within the state of Jharkhand, comparing them with the performance of regional rural banks (RRBs), self-help groups (SHGs), and non-banking financial companies (NBFCs) to foster financial inclusion. The findings indicated that the banks fell in need of achieving their intended objectives, suggesting the necessity for more frequent reporting to the Federal Reserve Bank of India (RBI) on their financial inclusion achievements. during a separate study, Uma and Rupa (2013) in their study tried to compare the involvement of SHGs to financial inclusion, revealing a direct correlation between SHG association and financial inclusion. The study demonstrated that there is a positive trend in the utilization of credit, opening of bank account and reduction in the number of defaulters in loan repayment with the involvement of SHG groups.

Objective of the Study

1. To research the effectiveness and impact of government-led initiatives, like Jan Dhan Yojana in promoting financial inclusion.
2. To measure the role of Indian Banks in promoting Financial Inclusion in India.
3. To spot the main reasons hindering the access to financial services in India.

Methodology

The data utilized in this study is the secondary data published by various sources. Number of internet sites, like the RBI and therefore the IMF, both publish statistics that were utilized during this study. This paper has tried to incorporate most of the indications found in literature for assessing the performance of the states in financial inclusion. Counting on their goals, different studies have checked out with different sets of monetary inclusion metrics.

Results & Discussion

Extend of monetary Inclusion

India began incorporating accounting in 1956 with the nationalization of life assurance companies. Subsequent steps involved the nationalization of many commercial scheduled banks in 1969 and 1980, alongside the nationalization of general insurance companies in 1972.

The extent of Monetary inclusion from several viewpoints is being shown using various data sources, including:

1. Financial Inclusion Index
2. Measures by RBI/Government for promoting Financial Inclusion
2. CRISIL - Inclusix
3. IMF 'Financial Access Survey' Results

RBI: Financial Inclusion Index

In 2021, the financial institution of India RBI announced the FI-Index with an objective of evaluating the level of monetary inclusion throughout the state. The RBI has acknowledged that enhanced financial inclusion (FI) is important for nurturing broader, complete, and justifiable financial progress.

The FI Index is meant as an inclusive measure, covering details from the banking services, investment, insurance, postal, and pension sectors. This design was developed in consultations with the govt and respective sectoral regulators.

Table 1: FI (Financial inclusion) Index parameters

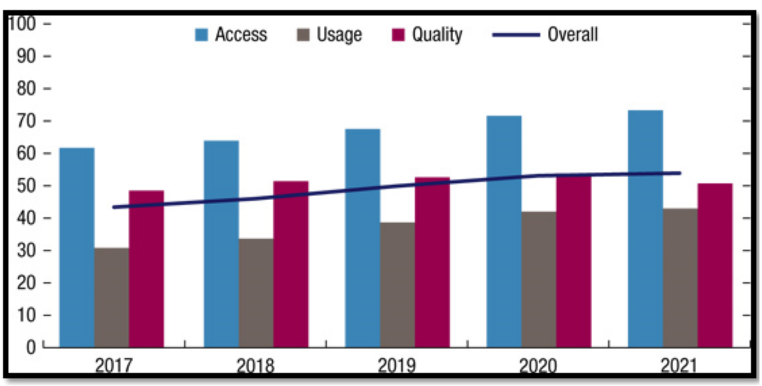
Year	Access	Usage	Quality	FI-Index
Mar-17	61.7	30.8	48.5	43.4
Mar-18	63.9	33.7	51.4	46
Mar-19	67.5	38.7	52.6	49.9
Mar-20	71.6	42	53.8	53.1
Mar-21*	73.3	43	50.7	53.9

*Some of the data points are provisional.

Source: RBI

The FI Index is structured around three primary parameters – access (35%), usage (45%), and quality (20%), each involving various dimensions.

These dimensions, in turn, are calculated and supported 97 indicators. The index is meant to be responsive to factors like the accessibility easiness, convenience, and utilization of facilities, as well as the quality of services, as reported by PTI.



Source: RBI website

Figure 3: RBI Financial Inclusion Index, 2017–21

The significance of the financial inclusion index (FI Index) released in March 2023 is 60.2 as against 56.4 in March 2022, consistent with a press release released by the Federal Reserve Bank of India (RBI) on September 15, 2023. The RBI report further highlighted that the Pradhan Mantri Jan Dhan Yojana (PMJDY) was a serious breakthrough for financial inclusion and therefore the "growth, promotion and adoption of digital payment method in recent years" have also been main contributors.

Measures by RBI/Government for promoting Financial Inclusion

There are several notable plans initiated by Government of India increasing the financial-inclusion net within the nation. Some of them are highlighted in this paper.

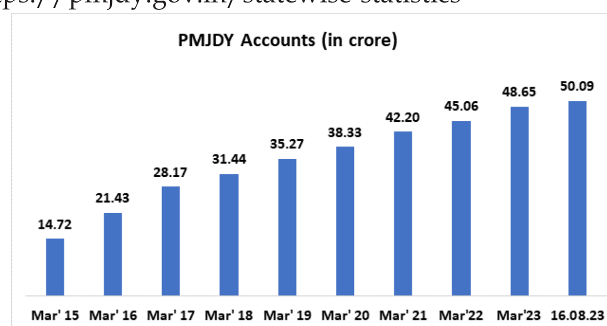
Pradhan Mantri Jan Dhan Yojana (PMJDY)

On the 15th of August 2014, the govt announced PMJDY with the goal of ensuring inclusive financial strategy for all within the nation with an aim to make banking services available to all section of the society, improving financial literacy, provision of credit, insurance, and pensions facilities to all Indian.

Achievements of PMJDY (as on 8/11/2023)

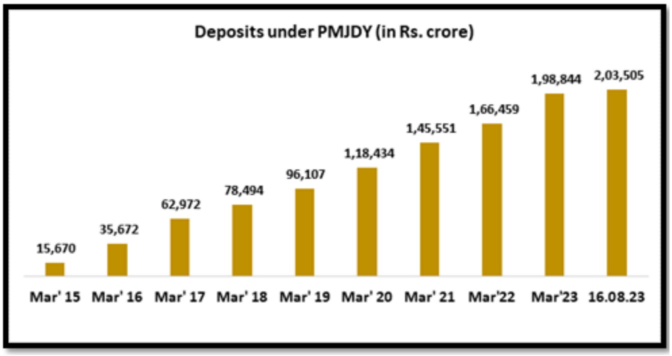
Total Sum of PMJDY Accounts in rural/semi-urban	339,753,127
Overall Number of PMJDY Accounts in urban/metro	169,114,338
Total Beneficiaries	508,867,465
Deposit in recipient accounts (in crore)	208,131.99
No. of RuPay cards delivered to recipients	345,526,843

Source: https://pmjdy.gov.in/statewise-statistics



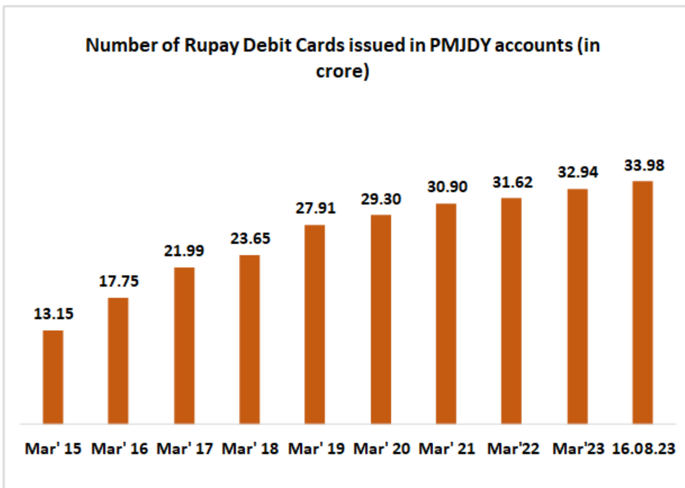
Source: PIB.gov.in

Figure 4: PMJDY account status



Source: PIB.gov.in

Figure 5: Deposit under PMJDY



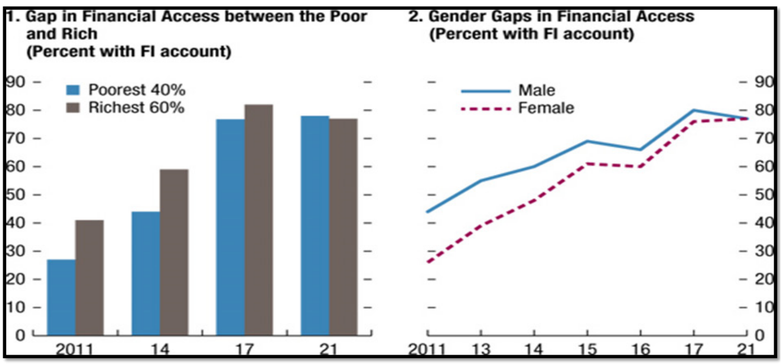
Source: PIB.gov.in

Figure 6: No. of RuPay cards issued in PMJDY 'Financial Access Survey' 2023

Table 2: Access and use of monetary Services

Indicator	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Automated Teller Machines (ATMs) per 100,000 adults	12.87	17.80	19.70	21.24	22	21.65	20.95	21.50	21.21	24.64
Branches of commercial banks per 100,000 adults	11.85	12.87	13.54	14.06	14.51	14.50	14.58	14.74	14.42	14.31
Deposit accounts with commercial banks per 1,000 adults	1,160.72	1,337.41	1,541.79	1,731.27	1,881.54	1,937.25	1,967.61	2,030.71	2023.67	2130.48
Loan accounts with commercial banks per 1,000 adults	141.18	149.78	152.78	168.75	175.81	197.34	228.80	264.13	285.22	303.1
Mobile money transactions: number per 1,000 adults	35.98	116.06	270.11	627.69	1662.40	3031.52	4078.93	4111.97	3822.87	5008.21

Source: IMF

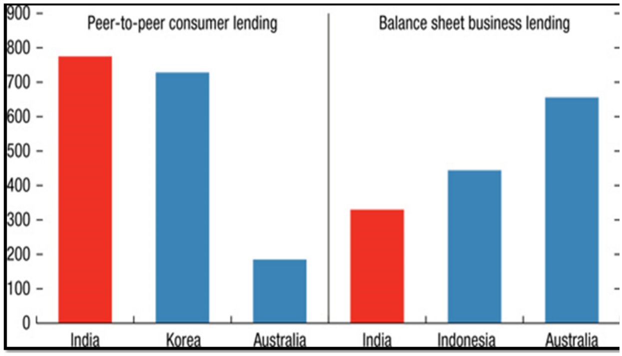


Source: International Bank for Reconstruction and Development, Global Findex database; and Finclusion database.

Note: FI = financial organization.

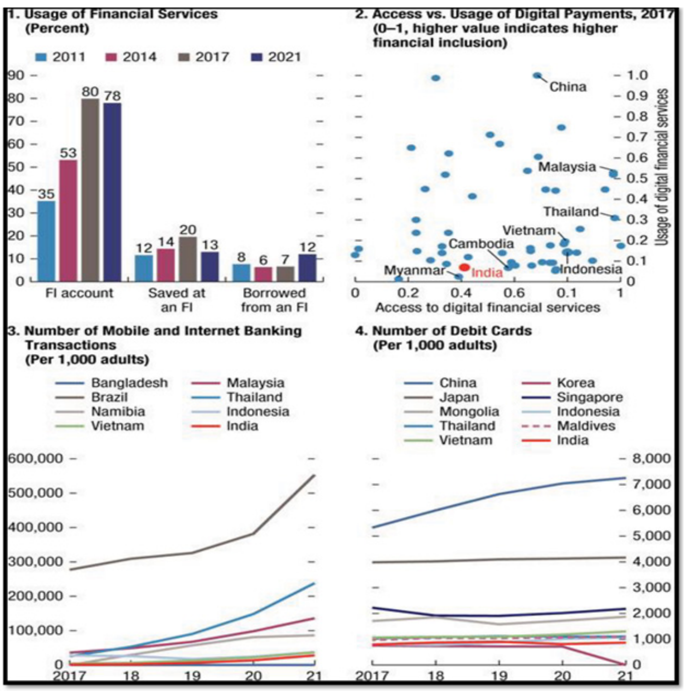
Figure 7: Gaps in Access to Financial Services across Income Groups and Gender Have Narrowed down

As stated in race data compiled by the Cambridge Centre for Alternative Finance (2021), India emerges as a serious marketplace for alternative finance market, specifically in the realm of credit provided by Fintecs and bigtech, within the South and Central Asia regions. In 2020, India accounted for 89% of recorded digital loans. India maintains leadership position in both peer-to-peer and peer-to-peer consumer/business lending in 2019 and 2020.



Source: Cambridge Centre for Alternative Finance.

Figure 8. Top Three Countries in Asia-Pacific (Millions of dollars)



Sources: IMF, Financial Access Survey (panels 3 and 4); Sahay et al. (2020) (panel 2); and International Bank for Reconstruction and Development Global Findex Database (panel 1).

Figure 9: Use of monetary services remains low

CRISIL – Inclusix

CRISIL Inclusix may be a exclusive index designed to live the extent of monetary inclusion in 666 districts in India. For its purposes, CRISIL has divided the indications into four levels:

Region, State, District and city level.

CRISIL Inclusix Score Financial Inclusion Level:

High level >65.0	- Above average level - Between 50.1–65.0
Below average level - 35.0-50.0	Low level <35.0

CRISIL – Inclusix (out of 100) improved from 35.45 in March 2009 to 37.76 score in March 2010, from 37.123 in March 2011 to 37.643. This number stood at 58.0 at the top of financial year 2016.

ROLE OF BANK IN PROMOTING FINANCIAL INCLUSION

Banking Penetration

Table 3: State wise account opened by August 2023

S. No.	State Name	Beneficiaries at rural/ semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiary accounts (in crore)
1	Andaman And Nicobar Islands	43,645	17,592	61,347	35.58
2	Andhra Pradesh	7,697,182	6,655,408	14,254,590	4,316.26
3	Arunachal Pradesh	327,101	134,131	451,232	237.91
4	Assam	18,073,421	4,934,954	23,137,375	5,982.41
5	Bihar	40,747,026	16,307,490	57,054,516	20,947.12
6	Chandigarh	43,455	276,705	320,160	174.76
7	Chhattisgarh	11,989,064	5,119,827	17,108,891	6,135.03
8	Delhi	554,849	5,534,646	6,089,495	2,810.66
9	Goa	170,252	30,882	201,134	165.44
10	Gujarat	11,055,614	7,152,358	18,207,972	9,292.74
11	Haryana	4,921,326	4,659,259	9,580,585	5,806.37

12	Himachal Pradesh	1,699,374	147,798	1,847,172	1,326.57
13	Jammu And Kashmir	2,292,536	447,995	2,740,531	1,761.74
14	Jharkhand	15,051,128	3,091,043	18,142,171	7,756.91
15	Karnataka	11,180,757	7,519,151	18,699,908	7,676.12
16	Kerala	3,605,987	2,467,874	6,073,861	2,593.08
17	Ladakh	17,389	4,763	22,442	27.53
18	Lakshad-weep	8,577	1,788	10,285	17.45
19	Madhya Pradesh	25,984,315	16,610,944	42,675,259	12,063.69
20	Maharashtra	18,837,753	14,913,519	33,751,272	12,845.47
21	Manipur	670,146	405,905	1,066,051	258.48
22	Meghalaya	679,129	77,353	746,482	433.99
23	Mizoram	238,723	144,448	373,171	159.64
24	Nagaland	188,431	215,076	384,507	134.81
25	Odisha	16,260,285	4,520,229	20,770,514	8,989.81
26	Puducherry	103,814	103,000	206,814	104.91
27	Punjab	5,049,407	3,741,469	8,790,876	4,242.44
28	Rajasthan	22,415,520	12,076,397	34,491,917	16,617.36
29	Sikkim	59,452	28,970	88,232	53.67
30	Tamil Nadu	7,948,751	7,114,479	15,053,230	5,258.78
31	Telangana	6,321,711	5,091,875	11,413,586	3,578.72
32	The Dadra And Nagar Haveli And Daman And Diu	203,226	26,075	229,381	156.71
33	Tripura	799,082	206,647	1,014,719	521.6
34	Uttar Pradesh	65,388,985	25,366,937	90,755,922	43,572.12
35	Uttarakhand	2,343,175	1,155,339	3,498,514	2,193.63
36	West Bengal	36,854,639	12,752,232	49,606,871	20,044.78
37	Total	339,753,127	169,114,338	508,867,465	208,131.99

Source: PIB

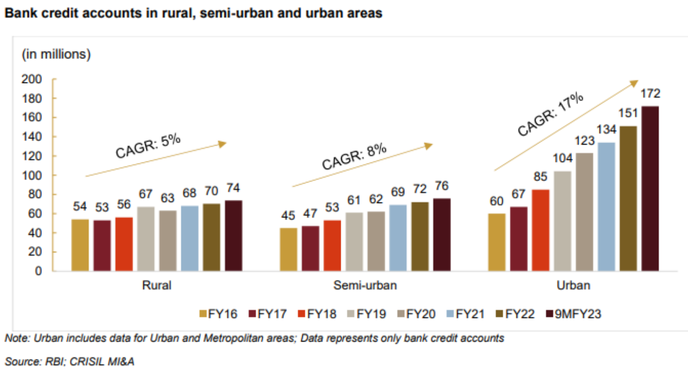


Figure 10: Bank credit accounts in rural vs semi-urban and concrete regions

The real growth is happening in rural areas because it has less competition for banking services programs in rural areas because of lower financial impact compared to urban areas.

The compound yearly rate of growth (CAGR) of the amount of bank loans in rural areas from 2016 to September 2023 is 5%. At an equivalent time, the annual growth of loans within the middle of the city is around 8 percent. However, as small banks and payment banks expand their reach and presence in semi-urban and rural areas, alongside financial knowledge and highways, the expansion of the agricultural population should be faster as there is huge untapped potential in rural areas. Within the urban environment, the amount of bank loans increased at a CAGR of 17% between fiscal year-end 2016 and September 2023.

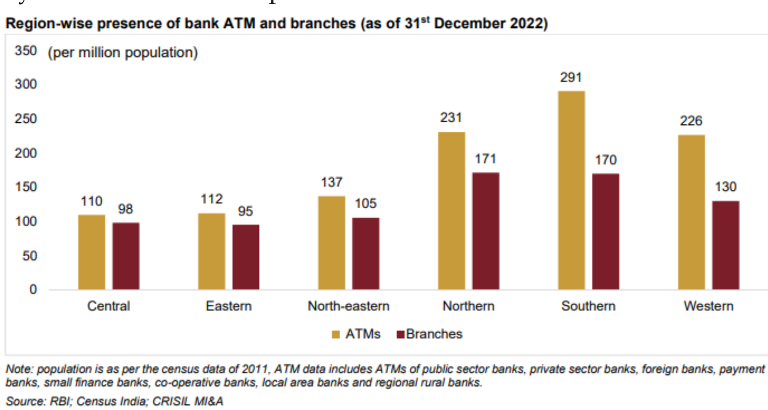


Figure 11: Distribution of bank ATMs and branches by region (as of New Year's Eve, 2022)

The eastern region has fewer branches and ATM locations compared to the southern and western regions, sunset, loans and deposits access. is additionally less. CRISIL MI&A reports that this trend is less common among large banks in these regions.

	districts	overall population in India	overall credit	Deposit ratio	tration of credit in top 5 district s^	credit in rural areas	ation of credit accounts in top 5 districts*	accounts in rural areas
Maharashtra	36	9%	28%	100%	90%	2%	77%	6%
NCT of Delhi	11	1%	11%	93%	100%	0%	100%	0%
Tamil Nadu	38	6%	9%	103%	62%	12%	44%	26%
Karnataka	31	5%	7%	62%	75%	11%	50%	29%
Gujarat	33	5%	5%	70%	72%	7%	49%	16%
Telangana	33	3%	5%	99%	79%	10%	48%	21%
Uttar Pradesh	75	17%	5%	42%	38%	24%	23%	36%
Andhra Pradesh	26	4%	4%	133%	64%	20%	49%	29%
West Bengal	23	8%	4%	46%	73%	16%	47%	44%
Kerala	14	3%	3%	62%	66%	3%	52%	4%
Rajasthan	33	6%	3%	75%	53%	18%	40%	29%
Madhya Pradesh	52	6%	3%	69%	54%	14%	33%	25%
Haryana	22	2%	3%	55%	62%	10%	44%	19%
Punjab	23	2%	2%	52%	61%	22%	46%	27%
Bihar	38	9%	1%	41%	46%	29%	36%	47%
Odisha	30	3%	1%	41%	61%	24%	47%	50%
Chhattisgarh	28	2%	1%	67%	73%	11%	52%	22%
Assam	34	3%	1%	49%	50%	26%	37%	40%
Jharkhand	24	3%	1%	32%	68%	21%	53%	49%
Chandigarh	1	0%	1%	85%	100%	0%	100%	1%
Jammu & Kashmir	20	1%	1%	53%	60%	38%	50%	49%
Uttarakhand	13	1%	1%	35%	89%	23%	82%	32%
Himachal Pradesh	12	1%	0%	30%	74%	65%	68%	69%
Goa	2	0%	0%	25%	100%	18%	100%	31%
Puducherry	4	0%	0%	62%	100%	12%	100%	15%
Tripura	8	0%	0%	33%	87%	44%	83%	34%
Meghalaya	12	0%	0%	32%	93%	41%	88%	42%
Manipur	16	0%	0%	75%	83%	32%	82%	28%
Nagaland	12	0%	0%	52%	84%	22%	81%	28%
Arunachal Pradesh	25	0%	0%	31%	72%	29%	65%	34%

Source: RBI, CRISIL MI&A

Figure 12: Rural loans of public banks and their concentration within the first five regions (as of New Year's Eve, 2022)

Table 4: Branches and ATMs of Scheduled Commercial Banks (At end-March 2021)

Sl. No	Name of the Bank	Branches					ATM's		
		Rural	Semi-Urban	Urban	Metro-politan	Total	On-site	Off-site	Total
Public Sector Banks		28838	24038	16664	16802	86311	78007	59106	137113
1	Bank of Baroda	2861	2097	14823	17945	8215	8664	2971	11631
2	Bank of India	1845	1465	803	943	5036	2389	3164	5552
3	Bank of Maha-rashtra	611	461	372	471	1915	1505	445	1950
4	Canara Bank	3082	3142	2104	2131	10456	9138	4334	13453
5	Central Bank of India	1603	1333	810	862	4608	2746	898	3644
6	Indian Bank	1941	1599	1269	1224	6012	4249	687	4935
7	Indian Overseas Bank	902	961	651	687	3201	2720	425	3145
8	Punjab and Sind Bank	570	279	356	326	1531	1067	30	1097
9	Punjab national Bank	3901	2690	2267	1932	10778	8620	5172	13881
10	State Bank of India	7914	6496	3981	3830	22221	25706	36911	62617
11	UCO Bank	1084	828	619	556	3066	2246	225	2362
12	Union Bank of India	2566	2718	1972	2079	9334	9099	3968	13957

Source: RBI Report on Trend and Progress of Banking in India 2020-21.

Table 5: Financial Inclusion Plan: A report

Sl. No	Particulars	End March 2010	Dec 2020	Dec 2021 (Provisional)
1	Banking outlets in Villages-Branches	33478	55073	53249
2	Banking outlets in Villages>2000BC's	8490	849955	1518496
3	Banking outlets in Villages<2000BC's	26784	344685	326236
4	Total outlets in Villages- Branches	35174	1194640	1844732
5	Banking outlets in Villages-Other modes	143	3474	2543
6	Banking outlets in Villages- Total	67695	1253277	1900533
7	Urban locations covered through BC's	457	325507	1413529
8	BSBDA- Through branches (In lakh)	601	2722	2722
9	BSBDA- Through branches (Amount in crore	4400	121219	118625
10	BSBDA- Through BC's (In lakh)	130	3672	3919
11	BSBDA- Through (Amount in crore)	1100	78284	95021
12	BSBDA- Total (In lakh)	735	6384	6631
13	BSBDA- Total (Amount in crore)	5500	199503	213646
14	OD facility availed in BSBDA's (In lakh)	2	59	64
15	OD facility availed in BSBDA's(Amount in crore)	10	505	556
16	KCC Total (In lakh)	240	490	473
17	KCC Total(Amount in crore)	124000	679064	693596

Source: RBI Annual Report 2021-22

Factors Affecting Access to Financial Services

Although there is improvement in access to financial services, several factors still hinder the access to financial services in India.

Sectors/Geographical Area

Many financial companies/bank operate in profit-oriented sectors, making it difficult for rural people to avail the financial services. Although several other factors like lack of proper transportation facilities, population density, rural and remote areas, and population mobility also affect accessibility.

Lack of Laws and Gender Discrimination:

Lack of laws, like birth certificates and identity cards, restricts access to financial services for minorities. Especially women who don't have property or assets have difficulty accessing credit without a male guarantor.

Low Financial Literacy:

Lack of education and financial literacy poses a serious barrier to accessing various financial services. many of us are unaware of the importance of monetary products like bank accounts, checking accounts, bank loans or overdrafts, and insurance. Improving financial literacy can increase the utilization of monetary products by a spread of market observers, including business journalists, NGOs and financial institutions.

Income and Commercial Costs:

Although Government has several services designed for low income groups, access to these services remains difficult for the poor due to hidden banking charges for availing certain services that exist especially in India.

Sort of Business:

The type of business, whether it is small or large company, whether it is incorporated or unincorporated, also affects access to financial services. Many banks tend to favour large borrowers and affiliated businesses, resulting in rejection of loan applications from small borrowers and non-affiliated businesses.

Conclusion

To summarize, the aim of universal financial inclusion can only be reached by collaborative efforts between mainstream financial institutions and fringe players like rural co-operatives, NBFCs, MFIs, credit societies, NGOs, and so on. so as to support the explanation for financial inclusion, each of them must play a complimentary role. The time has come to create a financial inclusion tapestry during which all of those institutions can fit together during a way that maximises their contribution. the govt and therefore the RBI are currently concentrating their efforts during this area.

Access to financial services is considered to play an important role in the development of the nation economic growth, with specific importance on providing these facilities to low-income community, considering the fact of low financial literacy rate among the economically disadvantaged section.

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