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Abstract

Abstract:

Financial inclusion may be 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. According to the World Bank, globally, about two billion people make absolute use of the set of formal financial services. Also, about half of the adult population in the most disadvantaged households are either un-banked or under-banked (Nanda and Kaur 2017). To create an awareness, all the legal bodies associated with Financial Inclusion and Financial literacy have started with many initiatives to increase the level of financial literacy. As per the RBI annual report (2016-17), financial literacy level has been increased in knowledge, attitude and behavior parameters.

Key Words:

Financial inclusion, Financial literacy, Rupay card.

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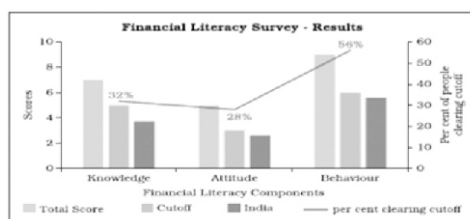
Financial Literacy is considered to be an important tool to achieve financial inclusion and economic growth. Financial Literacy is the base and primary step for financial inclusion. It provides knowledge on merits and demerits of financial products and services, based on that an individual can select the right product which suits his/her needs. Financial literacy in simple words is the knowledge about various financial products. There is various research conducted by various organizations indicated low level of financial literacy across the globe. Financial inclusion is a multi-dimensional concept with heterogeneous views prevailing across the globe. Financial inclusion broadens the resource base of the financial system by developing a culture of savings among large segment of rural population and plays its own role in the process of economic development. Further, by bringing low income groups within the perimeter of formal banking sector; financial inclusion protects their financial wealth and other resources in exigent circumstances. Financial inclusion helps for potential increasing banking business, improve standard of living, boost the growth of banking and create a bridge between urban-rural divide.

In India, Reserve Banking of India, the Security and Exchange Board of India, Insurance Regulatory Development Authority, Pension Fund Regulatory and Development Authority (PFRADA) were implemented different awareness program for financial literacy. These bodies are engaged in various

financial education programs in improving financial literacy that helps to increase level of financial inclusion. The expansion of horizon of financial inclusion can be done through various initiative taken by banking system, financial regulators and government. Government of India has taken many initiatives to promote financial inclusion. It includes Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Atal Pension Yojana. Reserve bank of India has taken various steps in this regard such as Basic Saving Bank Deposit Account (BSBDA), relaxation in KYC norms, use of extensive technology in banking, opening of branches in unbanked rural areas, liaising of different banks. There are certain govt. schemes launched by Govt of India to promote financial inclusion. The Reserve Bank of India undertook a pan-India Financial Literacy and Inclusion Survey based on the OECD/INFE (International Network on Financial Education) Toolkit. The survey was conducted in 29 states and 5 union territories (excluding Andaman & Nicobar Islands and Lakshadweep Islands). As per the OECD/INFE methodology, financial literacy is measured across three components viz. financial knowledge, attitude, and behavior.

The percentage of Indian population scoring above the minimum required threshold score is 32 per cent for financial knowledge, 28 per cent for financial attitude, and 56 per cent for financial behavior. The results of the survey are presented in the chart below.

Table 1 : Financial Literacy in India



(Source: RBI Annual report 2016-17)

Table 2 : Financial Inclusion in India

Particulars	End- March 2010	End- March 2016	End- March 2017
1	2	3	4
Banking Outlets in Villages – Branches	33,378	51,890	50,860
Banking Outlets in Villages->2000-BCs	8,990	98,968	105,402
Banking Outlets in Villages->2000- BCs	25,784	432,271	438,070
Total Banking Outlets in Villages – BCs	34,174	531,229	543,472
Banking Outlets in Villages- Other Modes	142	3,248	3,761
Banking Outlets in Villages -Total	67,694	586,307	598,093
Urban Locations covered through BCs	447	102,552	102,865
BSBDA-Through branches (No. in million)	60	238	254
BSBDA-Through branches(Amt. in ₹ billion)	44	474	691
BSBDA-Through BCs (No. in million)	13	231	280
BSBDA-Through BCs (Amt. in ₹ billion)	11	164	285
BSBDA-Total (No. in million)	73	469	533
BSBDA Total (Amt. in ₹ billion)	55	638	977
OD facility availed in BSBDAAs (No. in million)	0.2	9	9
OD facility availed in BSBDAAs (Amt. in ₹ billion)	0.1	29	17
KCCs -Total (No. in million)	24	47	46
KCCs -Total (Amt. in ₹ billion)	1,240	5,131	5,805
GCC-Total (No. in million)	1	11	13
GCC-Total (Amt. in ₹ billion)	35	1,493	2,117
ICT A/Cs-BC-Total Transactions (No. in million)	27	827	1,159
ICT A/Cs-BC-Total Transactions (Amt. in ₹ billion)	7	1,687	2,652

(Source: RBI Annual report 2016-17)

To understand financial inclusion, it should need to understand financial literacy:

To understand financial literacy, need to identify of the need of finance to mass should be understand. Along with that how person's finance mater for the economy and unclutched their resources form

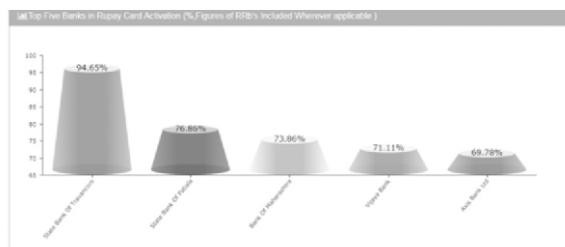
unorganized to organized sector is a challenging task for the economy.

For this regards under PMJDY following steps would be focused:

To reach till this domain major public-sector banks provided Rupay cards to the bank account holder.

Information for the same would be share as under.

Table 3 : Top five banks in Rupay Card activation



To spread literacy school going genre is targeted by PMJDY which is shown as under.

Following table suggested public sector bank provided contribution to spread awareness in ruler segment for financial literacy and awareness. To spread awareness among rural people different seminars, workshop organized at schools, colleges and gram panchayat places so villagers have been provided information about organized saving and investment, how organized saving helpful to them for future aspect purpose and how it will upgrade their life standard. The following table is provided information about how many Scholl and colleges covered by banking sector to spread awareness among villagers.

Table 4 : Participants covered by schools and ITI,VIP,OC's

Sr.No	BANK NAME	PARTICIPANTS COVERED BY SCHOOLS	PARTICIPANTS COVERED BY (ITI,VTP,OC'S)
1	Punjab National Bank	57468	101494
2	Central Bank of India	240861	40721
3	Bank of Baroda	219250	31411
4	Syndicate Bank	34243	17623
5	Canara Bank	13435	11620
6	Indian Bank	28176	10158
7	Dena Bank	61502	9239
8	Indian Overseas Bank	857	7779
9	Bank of India	95025	7538
10	State Bank of Bikaner And Jaipur	620	5581

This table suggested PMJDY continuously spread awareness among mass of the people and spread plastic money among them which would helpful to the government for money laundry policy

Table 5 : Schools covered by Public sector banks

Top 5 Banks Covering Schools		
SL NO.	BANK NAME	NO. OF SCHOOLS COVERED
1	Bank Of Baroda	3266
2	Allahabad Bank	2499
3	Central Bank Of India	1899
4	Bank Of India	1089
5	Union Bank Of India	1088

Rupay card and Active Rupay card issued by public sector bank: The following table suggested public sector bank issued by Rupay card and active Rupay card as under. Such way maximum spread of financial awareness spread by public sector bank through plastic currency spread.

Table: VI Rupay card issued- activated by banks

Sr.No	BANK NAME	Rupay Card Issued	Active Rupay Card	% of Rupay Card Active
1	State Bank of Travancore	654153	619142	94.65
2	State Bank of Patiala	2359051	1813262	76.86
3	Bank of Maharashtra	2173865	1605618	73.86
4	Vijaya Bank	2638907	1876624	71.11
5	Axis Bank Ltd	1083840	756298	69.78
6	State Bank of India	86902688	53561405	61.63
7	State Bank of Mysore	2425506	1464636	60.38
8	Corporation Bank	7598037	4559013	60.00
9	HDFC Bank Ltd	3144366	1818149	57.82
10	Jammu & Kashmir Bank Ltd	2271879	1292870	56.91

Future Aspect

Above all discussion focused that in development of financial inclusion in Indian economy major contribution provided by public sector banks only. During research it would also know that SLBC organized different Gram Sabha for the rural sector people which provided them knowledge for saving and investment in organized sector which gives economy financial resources for development and growth. Further research would conduct on the development of gram sabha and how it wouldve enhancement for

development at rural sector.

Question:

1. How does the financial literacy relate with financial inclusion?
2. Do you feel that government initiatives will help to increase the financial inclusion? Explain.
3. Analyze the case and give your comments about financial inclusion with respect to Indian economy.

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