An Overview of Financial Inclusion in India

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Abstract

Financial Inclusion has been a focal point for researchers and policymakers around the world for quite sometime now. This paper aims to give an overview of financial inclusion in India. The concerted efforts of the government of India and the Reserve Bank of India. The paper tries to capture the positive impact of the various financial inclusion policies and measures shown by the increase in number of rural bank accounts, total direct finance to agriculture and number of bank branches. However there still needs a lot to be done so as to ensure that the poor vulnerable population are brought under the purview of formal banking and are insulated from sudden economic shocks.

Keywords: Financial Inclusion, Economic Growth, Formal Finance

1. Introduction

Financial Inclusion can be defined as the delivery of financial services at an affordable cost to the population which was previously unbanked, with special focus on the low-income and under-privileged part of the population. The Government of India and Reserve bank of India have taken several steps to ensure financial inclusion such as expanding the number of rural bank branches, the banking correspondent model , no frill accounts etc. Financial inclusion not only ensures social inclusion but is also a great business opportunity.

Financial Inclusion 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)**

"Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of society including vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players" **(Chakrabarty, 2013).**

Financial inclusion has been an issue of concern for governments and central banks

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