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A REVIEW ON THE SCHEMES OF THE FINANCIAL INCLUSION PLAN OF INDIA (WITHREFERENCE TO SOUTHERN REGIONS OF TAMIL NADU)

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Abstract

In a developing country, the financial policy, condition and system plays an important role for the sustainable growth of the economy. Financial inclusion is a gateway to serve financial services at an affordable cost, timely services to the vulnerable and weaker sections of the economy through the basic banking services. Present study focuses attention on the importance of plans and public opinion on awareness, needs, challenges and achievements to have growth and development in the economy. The required data collected from various research studies. Arithmetic average has been applied to test the enrolment under financial inclusion plan in Southern Regions of Tamilnadu.

Keywords: Financial; inclusion; sustainable; services, affordable.

Introduction

The concept of financial inclusion *was* first introduced in India during 2005 by Reserve Bank of India. Financial Inclusion is a guarantee issued by the Federal Deposit Insurance Corporation (FDIC) of deposits in a bank. Financial Inclusion is a method of offering banking and financial services and solutions to each and every individual existing in the society without any prejudices. It's main objective is to include every individual by giving them basic financial services without the consideration of individuals occupation, savings or the source of income. It is a process of assuring access to the vulnerable groups of the society at an affordable cost. The contents of financial inclusion plans include the banking services, insurance and equity products. In order to promote the country's economy, particularly to protect the financial wealth and other resources during exigencies, government bring the financial systems to help the underprivileged and weaker sections of the society including low-income group of people under unreserved category. In addition, the risk of this group is being exploited by usurious lenders can be motivated.

Objectives of Financial Inclusion Plans

- A basic straight forward banking account for making and receiving payments
- Maintenance of savings in terms of investment and pension
- Simple credit facilities and overdrafts linked with straight forward opening (no-frills) accounts.
- It provides an opportunity for remittances and money transfers
- Micro insurance (life) and non-micro insurance (life and non-life) and provision of micro pension facilities.

Importance of Financial Inclusion Plans

This scheme is considered to be a major step towards the growth and development of financial aspects. These plans enhance the availability of economic resources and it establishes the concept of savings among the poor and needy people. It promotes the development of the underprivileged population. As a developing country is considered, there is a need to uplift the facilities of the poor and weaker sections of the society by making some modifications in the financial products and services. The major purpose of the scheme is to bring in digital financial solutions to the economically underprivileged people of the nation. It also intends to bring in mobile banking or financial services

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inorder to reach the poorest people living in extremely remote areas of the country. The initiatives of financial inclusion, advised all banks to open Basic Savings Bank Deposit (BSBD)accounts with minimum common facilities of no minimum balance, deposit and renewal of cash at bank branches and ATMs, receipt or credit of money through electronic payment channels, facility of providing ATM cards. The three important factors of financial inclusion consist of technology, women inclusion and regulations.

Financial Inclusion and Digital Payment Systems

It is remarkable to note that under the financial inclusion plan, all payments are made with the help of a digital payment system. The Government of India has launched several electronic wallet systems through Smart phone applications. Some of the most common electronic payment systems includes Bharat Interface for Money (BHIM), Aadhar pay, easy and quick payment transactions using Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD) banking methods, Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and payment with debit and credit card. Electronic wallets can be used with the help of electronic means of mobile phones. These wallets replace physical wallets. The payers can make use of the payments on both online as well as by offline means. The users have to download the e-wallet applications on their mobile phones and can make use of all types of transactions. The electronic wallets used for mobile phone recharges, bill payments, grocery stores payments and for all types of e-commerce transactions. This system of making payments is much helpful to the financially backward sections of the society. Even though these types of payments are new to them, they enjoy offers, receive cash options and rewards. The e-wallet payments have the option to choose regional languages in addition to English, since it facilitates them to make payments conveniently and with their own awareness. The e-wal let not only allows to make payments directly but also to transfer the funds from one account to another. Some of the special financial products and services offered for attaining financial inclusion, particularly the low-income people living in rural and urban areas of the community have very limited entry of financial products and services, Scheduled Commercial Banks(SCBs) have been directed by the Reserve Bank of India to operate on financial stability and to offer exclusively financial products to the economically weaker sections of the society.

The need for a financial inclusion plan was raised in India soon after the demonetisationprocess. The prohibition on usage of Z500/- and ?1000/- notes, increased the demand and need for alternative methods of making payments for financial services. This created a profound change in payment systems and introduced a number of digital wallets throughout the country. The objective of the government is to develop cashless transactions, introduce a number of government policies *as* to have a distance between the financial institutions and the customers, which helps to maintain good healthy relationships and in turn increases the mobility of funds. The introduction of financial inclusion plans, every economic agent of the country has made use of formal financial services that paved the way for overall development of the economy in respect of payments using electronic methods.

The financial sources are the main aspects of financial inclusion. This system has been broadly classified based on credit aspects, wealth creation and on contingency plans. As per the credit aspect, the credit policies of the government, the low-income individuals are benefited to have a proper access to emergency loans, consumer loans, housing loans and business livelihood loans at affordable rate of interest. Under the wealth facet, allowing even the poor individuals to have easy and reliable investment options that create good results and returns. Even the low-income households should have basic financial knowledge and understanding on the possibility of risk and uncertainty and to develop an awareness on the maintenance of savings and investments in future threats. Under the contingency plan, making each and every individual to create a form of right resource of finance to be ready for the future, even though the low- income group people have no means to improvetheir income or to develop their lifestyle, even when they get old.

It is evident that many people are unaware of retirement plans and provide a probable chance for them to enhance good returns in the later stages of their lives. Accordingly, to make the individuals safe

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and to secure their life in future, the insurance system has been enunciated by the government ofIndia, to include even the less fortunate people who do not have a chance to insure their life or vehicle due to the high cost involved for insurance. Government has taken maximum obligation to offer insurance options at subsidised premiums to the economically weaker sections of the society. This will help them to secure their life in the evening when something happens in their life, unfortunately sad to make a payment as excessively high consumption cost. In general, it is the practice that in case of emergencies, people generate required funds from their friends, relatives, money lenders for the monetary support under the circumstances and the insurers financially get ready to face the uncertainties.

Keeping in view financial stability and sustainability, the Reserve Bank of India instructed all banking institutions to open more and more banking institutions branches in both rural and urban areas where there is no easy accessibility of banking services. It is remarkably pointed out to initiate and to open banks in places where there is no good transportation facilities and availability of banks. With this mandatory provision of the Reserve Bank of India, banks are distributed in the ratio of banks in villages and towns to have more or less equal balance.

The Financial Literacy Centres(FLCs) from time-to-time issue instructions to make modifications and revisions regarding the functioning of financial operations. The Financial Literacy Centres directs the rural branches of various commercial banks to improve the financial awareness on a large scale and enhance their activities by organising simple and snappy financial literacy camps and campaigns. This facilitates financial accessibility to low-income and to the weaker sections of the society.

In order to distribute the branches of Scheduled Commercial Banks(SCBs), the Reserve Bank of India has directed all Banks to set up their branches in 2 Tier to 6 Tier centres that have less than one lakh people, and those branches can be opened with the general permission obtained from Reserve Bank of India. But even without the permission, the Reserve Bank instructed them to open the branches in Sikkim and Nothing Eastern States. In these states they shall have the right to open branches freely. in addition, Reserve Bank also permitted to function liberally apart from Regional Rural Banks (R R Bs) and can open branches in Tier 1 centres with general permission.

The Reserve Bank of India issued guidelines to the banks to collect the details as to implement financial inclusion plans through banks. Reserve Bank collected information regarding the staff employed, branches opened, facilities available in each and every branch of banks, steps taken over by the banks to convert the unbanked sections of the society to individuals with basic needs to banking services. Reserve Bank of India from time to time checks the financial Inclusion plans implemented with the Bank branches with full commitment and providing them with productive feedback. Reserve Bank also instructed to Initiate intermediate brick and mortar structures between the base branch and other branch locations. This has been done for arranging and regulating cash, to know the redressal grievances of customers, collection and maintenance of mandatory documents systematically and monitoring branch activities.

The Reserve Bank of India has invested huge amounts in developing technologies for banking services. In order to process the banking functions simple, quick , ease and cost- effective, innovative technologies have been incorporated. To offer affordable digital banking services all scheduled commercial banks asked to utilize information and communication technologies. All scheduled commercial banks started to offer door-step delivery of Bank accounts, loans and other services with the help of available technologies. Even if the customers are illiterate , biometric technologies have been implemented. To make sure that the customers have safety and security without any scope for frauds.

The Business Correspondence and Business Facilitators play a significant role as intermediaries for offering banking services to customers. The delivery of banking products at the door steps the customers is get avai led with the help of business correspondence. This system enabled the rural people to make use of the banking functions with simple and easy methods. The business correspondence consists of individuals, organizations and entities that serve intermediary services between banks and customers. The profit and non- profit organisations are also allowed to serve as business correspondents. This is a great achievement in the field of banking.The business correspondence takes the assistance from village panchayat or local governing body of that particular

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village. They develop a strong system which consist of Common Service Centres(CSCs). This centre is an electronic that functions in rural areas. This centre is provided with a computer and Internet service. This system offers electronic business service and e-governance for people living in rural areas. The customers can get services of unique and technological solutions for creating and developing business operations, marketing activities and increasing sales on a regular basis.

Important Financial Inclusion Plans Introduced In India

The Government of India introduced several exclusive plans for financial inclusion. These schemes intend to provide social security to less fortunate sections of the society. After a lot of planning and research programmes by financial expert and policy makers, the government launched various schemes keeping financial inclusion in mind. Following are the list of schemes introduced in the country.

- Pradhan Mantri Jan Dhan Yojana(PMJDY)
- Atal pension yojana(APY)
- Pradhan Mantri Jeevan Jyothi Bima Yojana (PMJJBY)
- Pradhan Mantri Vaya Vandana Yojana (PMVVY)
- Pradhan Mantri Mudra Yojana (PMMY)
- Stand Up India scheme
- Pradhan Mantri Suraksha Bima Yojana
- Sukanya Sarnridhi Yojana
- Jeevan Suraksha Bandhan Yojana
- Credit Enhancement Guarantee Scheme (CEGS) for Scheduled Castes(SCs)
- Venture Capital Fund for Scheduled Castes under the social sector initiatives
- Varishtha Pension Bima Yojana(VPBY)

Statement of the Problem

As far as India is considered, there is disparity of income and education level across various sections of society that in turn affect the standard of living of people. The people are not confident in the fulfilment of responsibilities and duties. The financial inclusion will inculcate the habit to save for the formavon of capital. But there are people who are unaware of financial services rendered by the government of India . In this context, I was motivated to do a study on the topic 'Review on the schemes of Financial Inclusion plans developed in India'.

Objectives

- To study various schemes of financial inclusion plans introduced by the government of India.
- To review the importance of schemes available in India.
- To suggest feasible corrections that can be done for improvement.
- To analyse the number of people enrolled under financial inclusion plans in southern districts of Tamilnadu.

Review of Literature

A large number of studies conducted under financial inclusion plans and they focused attention to find the initiatives, assessment, achievements, needs and challenges, its operations and role of banks in financial inclusion. But the present study provides importance particularly in three southern districts of Tamilnadu.

Analysis

The enrolment under financial inclusion plan has been tested with the help of arithmetic average and for this purpose Kanyakumari, Tirunelveli and Tuticorin district has been selected. It is exhibited in the following table.

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S.No.	Age Group	Frequency	Midpoint	d(m-25)	d'=c1/9	fd'
1.	18-27	11	22.5	-2.5	-0.278	-3.058
2.	28-37	26	32.5	7.5	0.833	21.658
3.	38-47	29	42.5	17.5	1.944	56.376
4.	48-57	9	52.5	27.5	3.056	27.504
Total		75				102.48

Table 1: Arithmetic average on enrolment under Financial Inclusion plan in Southern Regions of Tamilnadu

X =A+(fd7n) xc
=25+(102.48/75) x9
=25+1.366x9
=25+12.294=37.294 years

It has been analysed that people enrolled under financial inclusion plans in southern districts shows that majority of respondents belongs to the age group of 28 to37 years, since the arithmetic average is 37.294 years.

Findings

- An innumerable plan included under financial inclusion which is beneficial for different age groups for varying purpose.
- The analysis revealed that maximum of respondents belonged to the age group of 28-37 years.

Suggestion

- Proper measures should be taken to create an awareness among all individuals to enrol under financial inclusion plans.
- The banking sector should motivate their regular customers to subscribe under these plans for the sustainable development of the economy.

Conclusion

The attractive features of least cost, social security, easy accessibility and the flexible characteristics of the plans may promote the social life and have a massive change in achieving meaningful and integrated financial inclusion in future for the development of our economy.

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