### FINANCIAL INCLUSION IS AN INSTRUMENT TO ECONOMICAL UPGRADATION OF ECONOMICALLY POOR PEOPLE

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### Introduction

The term "financial inclusion" has gained importance since the early 2000s, a result of findings about financial exclusion and its direct correlation to poverty.

### Objectives of the study

- To interpret the concept of financial inclusion
- To focus on objectives of financial inclusion
- To study of basic banking services available for poor people and initiative of bank of Maharashtra
- To study of challenges faced by financial inclusion
- To study of remedial measures to improve financial inclusion

### Research Methodology

For the purpose to make this paper I have used secondary data like various references, journals, periodicals, newspapers, research papers, etc.

### **Definition**

- "Basic banking services provide to those people, who are belongs to low income group or disadvantage group at affordable cost for the purpose to financially empowered them and it is called financial inclusion"
- Dr. C. Rangarajan committee on financial inclusion defines it as:

"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."

# Banking Services available for poor people

- Saving Deposit,
- Withdrawing Money
- Credit,
- Payments,
- Money Transfer,
- Insurance
- No-frills Account
- Banking Branch At Door Steps
- EBT Electronic Benefits Transfer

## Initiative of Bank of Maharashtra

The Bank of Maharashtra taken initiative to provide banking services to those people who are unbanked till date and also going to open about 18000 banking counter at Gram Panchayat offices of unbanked villages. These special banking counters will offer basic financial services such as depositing, withdrawing and transferring money.

## Challenges to Financial Inclusion

- Illiteracy
- Lack of Awareness
- Lack of Access
- Lack of knowledge
- Insufficient document
- Legal & Bureaucratic constraints.
- Lack of Appropriate Infrastructure facility
- Identified the unbanked segment
- Problems of Land ownership title
- High transaction cost for small value transaction
- Unsuitable products for rural people
- Low Return on Investment from rural area.
- Weak delivery model to provide banking service to rural people
- Low quantity of business transaction
- Lack of finance availability in rural area banking business could play freely their role to credit.
- No guarantee to fulfill KYC norms,

## Remedial Measures to improve Financial Inclusion

- Financial Education
- Use of Regional Language
- Simple KYC Norms
- No-Frill Account
- Easy Credit facility
- Use of IT Solution
- Expansion Bank Branch
- Improve rate of Transaction
- Expands the limit of credit
- Flexibility in credit repayment
- Promote & Guide them to self employment

### **Conclusion**

Finally, 70% of Indian population live in rural area, out of which only 20% of populations are financially literate and try to access banking services, but they are also facing problems of accessing financial services with modern techniques due to lack of knowledge and others don't have any facilities to access banking services in their area, therefore they are still remained unbanked.

## THANKYOU