

FINANCIAL INCLUSION

Financial Education is a Critical Part of Financial Inclusion

Are people really aware of the policies that the government has for us? Here's what people need to know



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Financial Inclusion may be defined as, “the process of ensuring access to financial services where needed by vulnerable groups such as the weaker sections and low-income groups at a reasonable cost in a transparent manner by mainstream institutional players”. These include not only banking products but also other financial services such as insurance and investment products.” It includes the provision of varied financial services such as payment services, savings products, insurance products and inflation-protected pensions.

Through Financial Inclusion our Policymakers GOI and RBI strive to take the common man into the formal channel of economy thereby ensuring that even the last person can reap out benefits of the economic growth. Providing access of services to common man completes CYCLE on one side it helps to especially the vulnerable section of the society to save money for its future specially rainy days, take benefits of the economic

activities of the country by participating in various financial products like, banking services, insurance & pension products etc., and on another side, it helps the country

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Supply side and Demand side. While financial inclusion works from the supply side of providing access to various financial services, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. Going forward, these two strategies promote greater financial stability. Financial Inclusion is incomplete without spreading the knowledge about its benefits to all stakeholders.

Initiatives by the Government

One of the most crucial of the several steps taken by this government is JAM- Jan Dhan, Aadhaar & Mobile. The crucial steps taken by the government include pension schemes, insurance as well as providing subsidiaries.

- **Jan Dhan Yojna** - with a view to increase the penetration of banking services and to ensure that all households have at least one bank account, a National Mission on Financial

Inclusion named as Pradhan Mantri Jan Dhan Yojna was formally launched on 28th August 2014. Large scale achievement was made by opening 29 crores+ accounts by August 2017 out of which 17 crores+ accounts were in rural/semi-urban areas.

With additional benefits like Debit Card having inbuilt Insurance cover and an overdraft (OD) facility with some track conditions.

- **Insurance & Pension Schemes** – In order to provide social security system for all citizens and especially to the poor and underprivileged people, government launched Pradhan Mantri Suraksha Bima Yojna and Pradhan Mantri Jeevan Jyoti Bima Yojna, Atal Pension Yojna, Varishita Pension Bima Yojana, Pradhan Mantri Mudra Yojna, Jeevan Suraksha Bandhan Yojana, Sukanya Samridhi Yojana, Kisan Credit Cards (KCC), General Credit Cards (GCC), Awas Yojna - credit link subsidy, BHIM Application

Other Initiatives along with RBI includes RBI allowing non-banking Financial Services to open 'White Level ATMs, building a network for Banking correspondents, making a regulation for new branches – 25per cent of new branches to be in unbanked rural centres. It was further strengthened by friendly KYC Norms & Simplified Branch Authorization Policy etc. The new banking entrants like “Small Finance Banks” and “Payments Bank”. For savings, credit to small business units, small & marginal farmers, micro and small industries & other entities in the unorganized sectors. Direct Benefit Transfer and Aadhaar Seeding of accounts act as a catalyst to encourage saving habit leading to building investment & seed capital for getting productive credit.

The government has also set up Financial Literacy Centers (FLCs) and The Rural Self Employment Training Institutes (RSETIs)

Financial inclusion is not a short-term goal. It is a work in progress which will evolve itself over a period of time. The policymakers should focus on developing policies

considering sustainable banking services and need-based products for rural and urban consumers. Financial education empowers the individual for a bigger idea of financial

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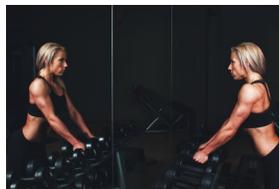
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