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# Empowering the Marginalized: Development Programs for Financial Inclusion in Rajasthan - A Case Study of Bundi District

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**ABSTRACT:** Financial inclusion is critical for promoting inclusive growth and reducing poverty and unemployment in India, which continues to face disparities despite being one of the fastest-growing economies in the world. However, many people are still unaware of the initiatives and programs launched by the Indian government to promote financial inclusion. This comprehensive paper aims to provide an overview of the various development programs available, including the types of financial services offered, eligibility criteria, and application procedures. By understanding the financial landscape in India, individuals can take advantage of these programs to improve their financial situation. The paper covers topics such as microfinance, Jan Dhan Yojana, Mudra Yojana, and other schemes that provide access to credit and financial services for marginalized populations.

**KEYWORDS:** financial inclusion, development programs, Indian government.

## I. INTRODUCTION

India is growing quickly, but not everyone is benefiting. Many people are poor, unemployed, and don't have access to financial services. Financial inclusion means making sure everyone can use affordable financial services like savings accounts, credit, insurance, and pensions. The government has launched programs to promote financial inclusion, but many people don't know about them. This guide explains the different programs, how to use them, and how they can help people. Financial inclusion is important because it can help small businesses, reduce poverty, and empower people to make good financial decisions. It can also make the financial system more stable and reduce inequality. Finally, it can help modernize the financial system by promoting digital services. Overall, financial inclusion is important for economic development and making sure everyone can use financial services.

Financial inclusion is particularly important in India for several reasons. Firstly, it can help reduce poverty and boost economic growth. When people have access to financial services, they can get loans to start businesses, save their money in a bank account, and protect themselves against risks with insurance. This can help people improve their lives and contribute to the economy. Secondly, financial inclusion can promote financial stability. When people have access to formal financial services, they are less likely to use informal lenders who charge high interest rates. This can help reduce the risk of financial instability caused by informal lending practices.

Thirdly, financial inclusion can promote social equity and reduce inequality. By providing access to financial services to everyone, including women, people in rural areas, and those with low incomes, financial inclusion can help reduce the wealth gap and promote social inclusion. Finally, financial inclusion can promote modernization in the financial sector by encouraging the use of digital financial services. This can help increase efficiency and reduce costs for both consumers and financial service providers.

Thus, financial inclusion is an essential component of economic development in India. By implementing various development programs, everyone can have access to formal financial services, which can help reduce poverty, promote stability, reduce inequality, and modernize the financial sector.

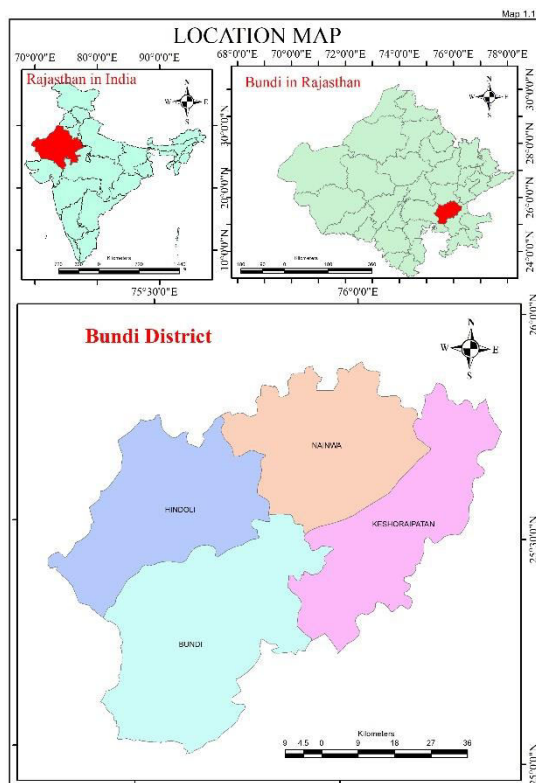
## II. A BRIEF HISTORY

India has made significant progress in promoting financial inclusion since the pre-independence era, when only the rich and powerful had access to banking services. The government has taken various measures to ensure that banking services are accessible to the masses, starting with the nationalization of banks in 1969. Regional Rural Banks (RRBs) were established in 1975 to serve the rural population. The Pradhan Mantri Jan Dhan Yojana (PMJDY) was introduced in 2014 to provide basic banking services and increase financial literacy. Other programs, such as MUDRA Yojana, Stand-Up India, and APY have also been launched to promote financial inclusion. Today, India has a robust banking system that serves both urban and rural areas. The government has also encouraged the adoption of digital payment modes such as UPI and BBPS, which have brought more people into the formal banking system and contributed to the country's economic growth and development.

One of the most recent developments in the Indian banking sector is the introduction of small finance banks (SFBs). These banks were established in 2015 to cater to the banking needs of small businesses, micro-enterprises, and the unbanked and underbanked population in the country. These banks offer a wide range of banking services, including savings accounts, current accounts, fixed deposits, loans, and insurance. In addition to the measures taken by the government, the private sector has also played a crucial role in promoting financial inclusion in India. Many private banks and non-banking financial companies (NBFCs) have launched various initiatives to provide financial services to the underprivileged sections of the society. For instance, ICICI Bank has launched a program called "ICICI Bank Saral Rural Housing Loan" to provide housing loans to people in rural areas. Similarly, Mahindra & Mahindra Financial Services has launched a program called "Disha" to provide financial literacy and credit counselling to rural women.

## III. STUDY AREA

Bundi district is the part of 'Hadauti' region in south-eastern Rajasthan and lies between 24°49'11" N to 25°53' 11" N latitudes and 75°30' to 76°21' 30" East longitudes covering an area of 5763 Sq. Km, with a population



of 1110906 persons as per 2011 census. The district has taken its name from a narrow valley called 'Bundi-ka Nal' where Meena chieftain Jaita erected the Bundi city in the centre of the valley. It is divided into 6 tehsils which are: Bundi, Talera, Hindoli, Nainwan, Keshoraipatan and Indergarh and is divided into 4 blocks of Hindoli, Nainwan, Keshoraipatan and Talera. Bundi district is bordered to the north by Tonk district, to the west by Bhilwara district, to the East by Kota district and to the southwest by Chittorgarh district. It has 881 inhabited villages and 6 urban centres. There are 33684 families living Below poverty line (BPL) with a population of 139593.

## IV. ANALYSIS

The table 1 shows the number of families living below the poverty line (BPL) in Bundi district, which is 33,684, with a total population of 139,593. It indicates that a significant proportion of the population in the district is economically vulnerable and requires financial assistance to improve their living conditions. Further analysis of the data reveals that out of the total BPL families, 14,541 do not have land for building houses under the Indira Awas Yojana scheme. This highlights the need for the government to provide support to these families in terms of providing housing facilities, which can help improve their standard of living.

On the other hand, 19,143 BPL families have land for building houses under the Indira Awas Yojana scheme. It indicates that these families have access to the necessary resources to build their homes and may require financial assistance to build their houses. The government can support these families by providing them with credit facilities or subsidies to help them construct their houses.

**Table 1: Bundi District BPL Family Data**

| Panchayat Samiti | Number of BPL Families |       |       |       |       | BPL Population |       |       |       |        | No. of BPL Bonded Labour family |
|------------------|------------------------|-------|-------|-------|-------|----------------|-------|-------|-------|--------|---------------------------------|
|                  | ST                     | SC    | OBC   | Other | Total | ST             | SC    | OBC   | Other | Total  |                                 |
| Hindoli          | 1907                   | 2994  | 5056  | 667   | 10624 | 7978           | 13086 | 22052 | 2639  | 45755  | 1010                            |
| Nainwan          | 1183                   | 1667  | 2992  | 349   | 6191  | 4125           | 6893  | 11837 | 1228  | 24083  | 436                             |
| Keshoraipatan    | 1495                   | 2266  | 3207  | 333   | 7301  | 5573           | 9665  | 13352 | 1285  | 29875  | 673                             |
| Talera           | 2788                   | 3164  | 3161  | 455   | 9568  | 11822          | 13412 | 12967 | 1679  | 39880  | 643                             |
| Total            | 7373                   | 10091 | 14416 | 1804  | 33684 | 29498          | 43056 | 60208 | 6831  | 139593 | 2762                            |

The data for Bundi district indicates that there are 2762 families in BPL who are identified as bonded labour. Bonded labour refers to a form of forced labour where a person is forced to work to pay off a debt or loan. The existence of bonded labour in Bundi district is a serious concern and suggests that there is a need for measures to address the issue.

Another important data point is the literacy percentage in BPL, which stands at 24.9%. This indicates that a large proportion of the BPL population in Bundi district may lack access to education, which can be a significant barrier to financial inclusion. Without basic literacy skills, individuals may find it challenging to access and utilize financial services such as banking and insurance, limiting their opportunities for economic growth.

To address these issues and promote financial inclusion, it is crucial to take steps to improve literacy rates and provide opportunities for skill development and education. Additionally, targeted efforts should be made to address the issue of bonded labour and ensure that all individuals have the freedom to pursue work of their choosing without being held in servitude. By addressing these issues, it may be possible to improve financial inclusion and promote economic growth in Bundi district. In conclusion, the data highlights the need for the government to focus on financial inclusion and provide support to families living below the poverty line in Bundi district. The government needs to focus on providing access to basic financial services, such as savings accounts, credit facilities, insurance, and pensions, to improve the economic conditions of these families. Additionally, the government needs to provide adequate support for housing facilities to families who do not have access to land or resources to construct their houses.

**V. GOVERNMENT PROGRAMS FOR FINANCIAL INCLUSION IN INDIA**

The Indian government has implemented several programs to promote financial inclusion in the country. These programs aim to provide basic financial services to the unbanked population who live in remote areas and are excluded from the formal financial system. The government of India has launched various initiatives such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Stand-Up India, and Digital India to promote financial inclusion in the country. Pradhan Mantri Jan Dhan Yojana (PMJDY) is a national mission launched in August 2014 to provide universal access to banking facilities for all households in the country. The program aims to ensure that every household has at least one bank account, along with access to credit, insurance, and pension products. PMJDY has been very successful in achieving its objectives, with over 420 million accounts opened and more than INR 1.3 trillion deposited in these accounts.

Stand-Up India is another government program aimed at promoting entrepreneurship among women, SC/ST, and other marginalized sections of society. Under this program, loans ranging from INR 10 lakh to INR 1 crore are

provided to eligible candidates for starting a new enterprise. The program has been instrumental in promoting entrepreneurship among underprivileged sections of society and has helped in creating thousands of new jobs in the country. Digital India is a flagship program launched by the Indian government to transform India into a digitally empowered society and knowledge economy. The program focuses on providing universal digital literacy, improving digital infrastructure, and delivering online services to citizens. The goal of Digital India is to ensure that every citizen has access to digital services, including financial services, regardless of their location or socio-economic status.

The Indian government has also implemented various other programs, such as Pradhan Mantri Mudra Yojana, National Rural Livelihoods Mission, and Atal Pension Yojana, to promote financial inclusion and provide a safety net to the unbanked sections of society. These programs have played a crucial role in improving financial inclusion in India and have helped in bringing millions of people into the mainstream financial system. Jan Dhan Yojana is one of the most significant financial inclusion programs in India. It was launched by Prime Minister Narendra Modi on August 28, 2014, with an aim to provide universal access to banking facilities to all households in the country. The program has been widely successful in achieving its objective of bringing the unbanked population into the formal banking system. As of August 2020, more than 40 crore accounts have been opened under this scheme, with a total deposit of over Rs 1.3 lakh crore.

Jan Dhan Yojana accounts come with a range of benefits, including a free RuPay debit card, an accidental insurance cover of up to Rs 2 lakh, and an overdraft facility of up to Rs 10,000. The scheme has also helped in promoting financial literacy and awareness among the masses, with a focus on encouraging savings and reducing dependence on informal sources of credit. The success of Jan Dhan Yojana has been attributed to various factors, including the use of technology, the involvement of banking correspondents, and the seamless integration with other government schemes such as Direct Benefit Transfer (DBT). The program has also helped in reducing leakages in government subsidies and welfare schemes, by ensuring that the benefits reach the intended beneficiaries directly in their bank accounts.

Pradhan Mantri Mudra Yojana is a flagship scheme launched by the Government of India to provide financial assistance to small and micro-enterprises in the country. The scheme was launched in 2015 and has since then disbursed loans worth over Rs 14 lakh crore to more than 20 crore beneficiaries across the country. Under the scheme, loans up to a certain limit will be provided to eligible individuals or groups, who can then use the funds to start a new business or expand an existing one. The loan repayment terms, and interest rates will be favourable to encourage entrepreneurship and job creation.

## **VI. THE IMPACT OF FINANCIAL INCLUSION ON ECONOMY**

Financial inclusion has had a significant positive impact on India's economy in recent years, including in Rajasthan. Through increased access to financial services and products, financial inclusion has helped to promote economic growth, reduce poverty, and promote financial stability in the country. One of the most significant benefits of financial inclusion is the increase in household savings. In Rajasthan, where many people live in rural areas, access to formal banking services has allowed individuals to save their money in secure and reliable accounts, rather than keeping it at home or under the mattress. This has encouraged banks and financial institutions to develop new and innovative savings products tailored to the needs of low-income households in the state.

Another important impact of financial inclusion is the increase in credit availability. Before financial inclusion, many low-income households in Rajasthan had to rely on informal moneylenders or high-interest loans to meet their credit needs. With access to affordable credit through formal channels, these households are now able to invest in their businesses or education, contributing to economic growth in the state. Moreover, financial inclusion has also helped to promote financial literacy and education in Rajasthan, which is critical for building a financially aware and responsible population. Through access to financial education programs and tools, financial inclusion has empowered individuals to make informed financial decisions and take control of their financial lives.

Overall, financial inclusion has had a significant and far-reaching impact on the economy of Rajasthan, as well as India as a whole. By improving access to financial services and products, financial inclusion has helped to promote economic growth, reduce poverty, and build a more financially stable society in the state. In Rajasthan, like in the rest



of India, financial inclusion has become a significant part of the government's agenda. Despite this, there are still challenges that hinder the progress of this initiative. One of the most significant challenges is the lack of financial literacy among the rural population of Rajasthan. According to recent surveys, a large percentage of the rural population in Rajasthan has never heard of credit scores or the concept of interest rates, making it difficult for them to handle financial products and services effectively.

Another challenge that hinders financial inclusion in Rajasthan is the lack of access to financial services in remote and rural areas. Banks and financial institutions are primarily concentrated in urban areas, leaving people in rural areas with limited access to financial services. Furthermore, some people in rural areas do not have proper identification documents, making it difficult for them to open bank accounts or access credit facilities. The high cost of financial services is also a significant challenge in Rajasthan, hindering financial inclusion. Many people, especially the poor, cannot afford the fees charged by banks and other financial institutions, making it difficult for them to access financial products and services, thereby excluding them from the formal financial system.

Lastly, the prevalence of informal financial channels such as moneylenders and chit funds is a significant challenge to financial inclusion in Rajasthan. These informal channels charge exorbitant interest rates, leading to indebtedness and financial exclusion. To address these challenges, the government of Rajasthan must make efforts to improve financial literacy, increase access to financial services, reduce the cost of financial services, and regulate informal financial channels. These efforts are critical to the success of financial inclusion programs in Rajasthan and the development of a financially stable society in the state.

## **VII. CONCLUSION**

Despite the progress made in promoting financial inclusion in India, there are still several challenges that need to be addressed. One of the major challenges is the lack of financial literacy among the masses, especially in rural areas. Many people are still not aware of the various financial services available to them and are not able to make informed financial decisions. Another challenge is the lack of physical infrastructure, such as banks and ATMs, in remote and underdeveloped areas.

In conclusion, the journey towards financial inclusion in India has been a long and arduous one, but the efforts of the government and private sector have yielded positive results. The establishment of regional rural banks, small finance banks, and the introduction of various schemes and programs have helped in bringing more people into the formal banking system. However, there is still a long way to go, and more needs to be done to promote financial literacy and improve physical infrastructure in remote areas.

To summarize, financial inclusion is a crucial driver of economic growth in India. While significant progress has been made towards achieving financial inclusion, there are still several challenges that need to be addressed. To promote financial inclusion, financial institutions should focus on developing tailored products and services for different segments of society, including those in rural areas and small businesses. The government must also provide regulatory support and create an enabling environment for financial inclusion initiatives. Additionally, promoting financial literacy and education is essential for ensuring that vulnerable populations can make informed financial decisions. By working together, we can achieve a more financially inclusive India, leading to greater economic growth and prosperity for all. We hope that our paper has provided valuable insights into the various development programs for financial inclusion in India and will help inform individuals' financial decisions.

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