IMPACT OF FINANCIAL REFORMS ON FINANCIAL INCLUSION IN INDIA

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Abstract

In an emerging economy like India, the financial sector has come a long way since liberalization measures were implemented in the 1990s. As the economy grows and becomes more sophisticated, the banking sector has to develop side by side in a manner that supports and stimulates such growth. With increasing global integration, the Indian banking system and financial system as a whole had to be strengthened so as to be able to compete. Economic growth is only sustainable when the policies embark upon the economy with a holistic approach. The growth process should be inclusive: it should provide equal opportunity to different groups in society and maintain inclusivity in the distribution of the fruits of economic growth. One of the most serious barriers that the poor face is a limited access to finances at a right point and on favourable terms. As a result, sources of funding are a critical component of financial Inclusion. However, financial inclusion is more than just a lack of funds. This is important because India's path of reforms has been different from most other emerging market economies: it has been a measured, gradual, cautious, and steady process, devoid of many flourishes that could be observed in other countries. Financial inclusion is closely related with inclusive growth and development as envisaged in 11th Five Year Plan. There has been remarkable progress in the direction of financial inclusion in India. Against this view point, the present paper purports to conduct qualitative research and examines the current status of financial reforms and its impact on financial inclusion.

Keywords: Financial inclusion, Financial reforms, Indian reforms, financial capability, Poverty alleviation, Economic Growth, Financial Literacy.

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Introduction

It is quite evident that Money and progress are intrinsically tied. This research paper studies various reforms that have led to various advancements in the financial sector and its huge impact on the economy's growth as a whole. As the economy evolves as it becomes more advanced, the banking sector should indeed adapt in such a way that it facilitates and induces such economic growth. With expanding worldwide connectivity, the Indian finance and banking systems are also desired to be strengthened as a whole in order to compete. The primary goal of the early reform phase was to develop an enabling, constructive, and commercially viable banking sector running in an environment of adaptability and operational independence (Mohan, 2015). There were crucial advancements made including significantly improved macroeconomic stability following the implementation of regulatory frameworks in sectors such as banking, insurance, and non-banking financial companies (NBFCs) in the second phase of reforms. Financial sector reforms and liberalisation measures were aimed at promoting the sector's growth.

The concept of financial inclusion has been prominent, with the target of reaching out to unbanked communities for a long period of time in India (Hastak & Gaikwad, 2015).Financial inclusion is just as vital and meaningful as social inclusion which is quite evident in a country like India where millions of people are not treated fairly by various institutions be it social or financial (Bihari, 2011).“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”. Financial inclusion has gained attention and recognition at a global level because of its potential of bringing the change breaking this trap of problems like “poverty and income inequality”. (Omar & Inaba, 2020).

Various institutions like “the Government of India, Reserve Bank of India (RBI), and National Bank for Agriculture and Rural Development (NABARD)”have been working collaboratively to achieve the desirable result. Banks play an important role in developing economies such as India, acting as active members of savings and dynamic allocation of credit for production and investment (Iqbal & Sami, 2017). There are various social and economic determinants that have direct association with financial inclusivity. Apart from socio-economic factors such as a lack of steady income, social inequality, and poor education, the major constraints in serving the poor etc., are a lack of communication range, higher financing costs, and the appropriate time needed to provide those services (Chithra & Selvam, 2013).

Financial inclusion is a multifaceted framework that aims at providing a wide range of financial services to the desired person, such as savings accounts, insurance, and remittances. When there is an exclusive focus on credit, the economy must face unfavourable consequences in the form of inefficient use of scarce resources and over indebtedness. However, long-term economic growth has improved as the country shifted from an inward regulatory regime to pro-market regulations, despite the fact that India's financial system is still undergoing massive transformation.

Statement of the Problem

India stands out to be the world's second largest in the world with approximately 1.2 billion people living. India has enjoyed economic expansion levels by up to 10% for several years and is one of the world's largest economies, with a GDP of $1,644 billion US dollars. Nevertheless, only a small fraction of the total population has actually benefited from its outstanding economic boom so far, with the majority of the population still living in extreme poverty. The facts state that two-thirds of the Indian population is living below the poverty line: 68.8 percent of the Indian population continues to live on less than $2 per day. Over 30 percent live on less than $1.25 per day, categorising them as extremely poor. As a result, the Indian subcontinent is one of the world's poorest countries, with women and children bearing the brunt of the burden.

Credit is recognized as an important factor in intensifying land and labour efficiency and productivity (S & C.S, 2021). Studies prove that credit has the potential to raise consumption, increase household labour, and thus eradicate poverty (S & C.S, 2021); (Adugna & Heidhues, 2000). However, it is challenging for people with low-income who also belong to weaker sections of the society to acquire credit facilities. That explains the crucial need of **Financial Inclusion**.

Literature Review

SR. No	AUTHOR (YEAR)	TITLE OF STUDY	TYPE OF ARTICLE	JOURNAL NAME	DOI	PORTAL	RESEARCH METHODOLOGY	RESEARCH DESIGN	SAMPLING METHOD	FINDINGS OF PAPER	RECOMMENDATION FROM THE STUDY
1.	Anuradha C. Hastak; Arun Gaikwad (2015)	Issues Relating To Financial Inclusion And Banking Sector In India	Journal Article	The Business & Management Review; London Vol. 5, Iss. 4, : 194-203	DOI: banking/docview/1659751569/se-2?accountid=147490	Proquest	Qualitative Method	Exploratory	Non-Probability Sampling Method	The study focuses on the underlying host of concerns with regard to the Financial inclusion action plan and their development. The paper highlighted the core essence of financial inclusion for India's socio economic development. The paper also examines the current circumstances, as well as the RBI's existing and future course of action for financial inclusion.	The study recommends to make constant efforts to achieve inclusive growth. While current efforts are undoubtedly successful in raising public awareness, designed contributions, successful execution, and access to technology, it is still uncertain whether these will actually reduce the dependency of poor on money lenders is a matter of concern.
2.	Prabhakar Nandru; Satyanarayana Rentala (2019)	Demand-Side Analysis Of Measuring Financial Inclusion	Journal Article	International Journal of Development Issues, Vol. 19 No. 1.	DOI: http://dx.doi.org/10.1108/IJDI-06-2018-0088	Proquest	Quantitative Method	Exploratory	Probability Sampling Method	The paper assesses the various factors representing dimensions of financial inclusion from the standpoint of claimants (demand-side). The study also analyses the impact of financial inclusion on the socioeconomic position of primitive tribal communities (PTGs) in India using SEM approach	The model used in this paper could be used to evaluate the financial inclusion among several other PTGs in the Indian population. Additional research could be conducted to identify various other financial inclusion key drivers. The relationships between those indicators and socioeconomic background could be the field of study in other developing nations.
3.	Shailesh Rastogi ; Ragabiruntha E (2018)	Financial Inclusion And Socioeconomic Development : Gaps And Solution	Journal Article	International Journal Of Social Economics Vol. 45 No. 7.	DOI: http://dx.doi.org/10.1108/IJSE-08-2017-0324	Proquest	Quantitative Method	Exploratory	Non-Probability Sampling Method	The author talks extensively about various determinants relating to financial inclusion and how they altogether have a great impact on the development of society as a whole. One of the many implications from the various gaps in the practical application of the policies formed because of less awareness, more infrastructural constraints and limited digital reach.	The scarcity of a stronger correlation of FL and OB with FI in the research framework is a limitation of the paper that can be overcome by using a different sample, as discussed in the Discussion section. The future scope of research in this field could include evaluating FL at diverse geographical places around the country and assessing its association with FI. This work may facilitate the GOI in knowing the needs of FL initiatives in diverse optimal distribution of available resources for the betterment of FI's progress.
4.	Tarsem Lal (2018)	Measuring Impact Of Financial Inclusion On Rural Development Through Cooperatives	Journal Article	International Journal Of Social Economics Vol. 46 No. 3, 2019	DOI: http://dx.doi.org/10.1108/IJSE-02-2018-0057	Proquest	Quantitative Method	Exploratory	Probability Sampling Method	The study contributes to the scope of financial inclusion in regards to economic empowerment and, to some degree, helps fill a void in the literature by measuring the impact of financial inclusion on rural development through cooperatives offering an economic and growing future for rural youth in the society. The study revolves around the cooperative banks who cater to the short term financing needs of people living in rural areas who have limited access to resources.	The study focuses on expanding the horizon of research by taking into account more geographical area and stakeholders so as to have a better understanding of the impact of financial inclusion on the rural development through cooperatives based on longitudinal data.
5.	Suresh Chandra Bihari (2011)	Growth Through Financial Inclusion In India	Journal Article	Journal Of International Business Ethics, Vol. 4 Issue 1	DOI: docview/875883608/se-2?accountid=147490	Proquest	Qualitative Method	Exploratory	Non-Probability Sampling Method	The study gives a detailed analysis of financial inclusion and how it has contributed to socioeconomic development. The author emphasises on the importance of financial literacy which can be an appropriate medium to overcome various barriers in utilising knowledge and reach.	This study suggested various measures that could be addressed by the government in order to execute it in the most effective manner. The paper recommended various channels so as to bring more people from weaker sections into the coverage. Various measures should be taken by the Banking.

6	N.Chithra; Dr.M.Selvam (2013)	Determinants Of Financial Inclusion: An Empirical Study On The Inter-State Variations In India	Journal Article	Ssrn	DOI: http://dx.doi.org/0.2139/ssrn.2296096	Google Scholar	Qualitative Method	Exploratory	Non-Probability Sampling Method	The study focuses on determining the Benchmark of Financial Inclusion across Indian states using a multidimensional approach and highlighting the determinants of financial inclusion in terms of making financial services more accessible. In this study, various variables were examined that had direct association with the level of financial inclusion.	N/A
7	Jyolsna S And Shaijumon C.S (2021)	The Extent Of Financial Inclusion And The Credit Accessibility Of Scheduled Caste Households	Journal Article	Anvesak, Vol. 51(1), Pp. 71-83	DOI: N/A	Google Scholar	Quantitative And Qualitative Method	Conclusive-Descriptive	Probability Sampling Method	The study indicates the direct relationship between increased financial inclusion and SC households' reliance on informal modes of financing. It also studies the scope of financial inclusion in the SC society as measured by the severity of informal borrowings by SHG and non-SHG member households.	This scope of this study is limited to the Pathanamthitta district. For broad evaluations, inter-regional research works among various social groups are required. Furthermore, the findings of this paper call for more collaborative research to better understand the consequences of financial decisions in context with the marginalised community's credit inaccessibility.
8	Md Abdullah Omar ; Kazuo Inaba (2020)	Does Financial Inclusion Reduce Poverty And income Inequality In developing Countries?	Journal Article	Journal Of Economic Structures 9 (1)	DOI: https://doi.org/10.1186/s40008-020-00214-4	Google Scholar	Qualitative Method	Exploratory	Non-Probability Sampling Method	This study studies the effect of financial inclusion on eradicating poverty and income disparity by reopening previously closed doors to improvement for deprived segments of the society in order to boost the overall well-being of society.	The research paper suggests the application of some statistical diagnostic tools as well as the use of elaborate regression analysis. The study also makes recommendations to include measure which includes micro-level or consumption data, which aids in understanding users' financial requirements, sociodemographic characteristics, and impediments to obtaining financial services.
9	Badar Alam Iqbal, Shaista Sami (2017)	Role Of Banks In Financial Inclusion In India	Journal Article	Contaduría Y Administración, Volume 62, Issue 2,	DOI: https://doi.org/10.1016/j.cya.2017.01.007	Google Scholar	Quantitative	Exploratory	Non-Probability Sampling Method	This paper emphasises the crucial role of the banking sector in boosting the financial state and living standards of the country's poor and disadvantaged people. It has been analysed that Banks, as a financial intermediary, make a significant contribution to the economic growth of the country by identifying business owners with the greatest opportunities of successfully launching new commercial ventures and allocating credit to them.	N/A
10	Rakesh Mohan (2015)	Financial Sector Reforms In India Policies And Performance Analysis	Journal Article	Economic And Political Weekly, 40(12),	DOI: http://www.jstor.org/stable/4416358	Google Scholar	Qualitative Data	Exploratory	Non-Probability Sampling Method	The paper studies the influence of Indian financial sector reforms in a range of different divisions, including banking, debt markets, forex markets, and others, such as non-banking financial companies. Aside from that, adjustments in monetary policy are addressed as an extension of financial sector modernisation. In this regard, the	The study addresses the need of moving more towards globalisation of the Indian financial system. It focuses on achieving objectives like maintaining price stability and ensuring adequate credit to segments of the economy to support overall growth in the economy maintaining an appropriate balance.

										research analyses various key metrics from various segments of the Indian financial sector. Overall, it has been observed that the reliability, efficiency, competitive edge, and general wellbeing of all segments of the Indian financial sector have improved.	
11	Dinabandhu Sethi ; Susanta Kumar Sethy (2019)	Financial Inclusion Matters For Economic Growth In India	Journal Article	International Journal Of Social Economics, 46(1), 132-151	DOI 10.1108/IJSE-10-2017-0444	Proquest	Quantitative & Qualitative	Exploratory	Probability Sampling Method	Financial Inclusion and Economic Growth have a long run relationship. It argues that increased access to financial services stimulates economic growth on both the demand and supply sides.	Because the study demonstrates that financial sector changes are one of the key drivers of economic growth, it is advised that policymakers who focus on financial sector reforms might experience long-term economic growth, particularly in developing nations. As a result, in order to encourage economic growth, the government and policymakers must address the difficulties surrounding access to financial services. In addition, policymakers should work on macroeconomic stability, human capital investment, and productive government expenditure to support economic growth, which will eventually lead to FI.
12	Td Simon (2020)	Financial Inclusion In India: An Analysis Of Its Pattern	Journal Article	Artha Journal Of Social Sciences, 19(2), 37-51	ISSN 0975-329X|https://doi: 10.12724/ajss.53.3	Proquest	Quantitative & Qualitative	Exploratory	Non-Probability based sampling	The government policy to boost the number of account ownership among unbanked has succeeded over the years. The present study shows that a vast majority has bank accounts. Certain socioeconomic factors, like educational level, age group, and employment, determine the increase of the number of bank account holders.	The government must employ a variety of strategies to encourage unbanked respondents to engage in banking activities, as well as an active implementation strategy to ensure proper use of banking facilities.
13	Thu Thi Hoai Tran; Louis De Koker (2019)	Aligning Financial Inclusion And Financial Integrity (Regulating And Supervising Microfinance In Vietnam)	Journal Article	Journal Of Money Laundering Control, 22(4), 595-613	DOI 10.1108/JMLC-01-2019-0004	Proquest	Quantitative	Exploratory	Non-Probability based sampling	Vietnam has a thriving microfinance business that provides essential financial services to the poor. Money launderers and terrorist financiers must be prevented from exploiting this area. Because of the low risk of ML/FT abuse, the government has the option of implementing a simplified AML/CFT framework in this sector that will provide enough protection without imposing unreasonable compliance expectations on tiny, low-capacity businesses. In relation to providers of microfinance services, Vietnam has taken significant steps to strengthen the regulatory and supervisory environment.	A few minor changes to the regulatory and supervisory framework could help Vietnam's policy goals of financial inclusion and financial integrity to be more aligned.

14	Muhammad Saad Baloch, et. Al (2018)	Role Of Domestic Financial Reforms And Internationalization Of Non-Financial Transnational Firms: Evidence From The Chinese Market. Sustainability	Journal Article	Sustainability, 10(11), 3847	doi:http://dx.doi.org/10.3390/su10113847	Proquest	Quantitative & Qualitative	Exploratory	Probability Sampling Method	The finding of this study states that the development of domestic capital markets and the financial system is critical for attaining long-term economic growth and aids domestic enterprises in coping with global pressures.	Future research should look into why and how internationalisation fails, as well as what techniques companies should use to make their internationalisation successful.
15	Jaya Mathew ; Reeba Kurian (2017)	India's Policies On Leveraging Financial Inclusion In The Country	Journal Article	The Journal Of Developing Areas, 51(4), 433-443		Proquest	Quantitative	Exploratory	Non-Probability based sampling	India is maximising financial inclusion by offering 'easy' access to essential financial goods and services such as savings, remittances, insurance, and pensions. The government has established a legislative and regulatory framework to ensure transparency and decorum in all transactions in order for these processes to run successfully. Before formulating policies to attain the goal of inclusion, policymakers carefully considered the numerous forces that surround the Indian economy. With persistent initiatives like this, India will undoubtedly reach its aim of involving 90 percent of the country's untapped parts as primary players in the country's economic progress by 2021.	N/A
16	Dr. Prachi Beriwala, et. Al (2021)	Shaping Financial Landscape In India Through Financial Inclusion And Its Impact On Society (With Focus On The Pradhan Mantri Jan Dhan Yojna	Journal Article	Turkish Journal Of Computer And Mathematics Education (Turcomat) 12.9 (2021): 1946-1957.		Proquest	Qualitative	Conclusive-Descriptive	Non-Probability based sampling	They have improved their capacity to communicate effectively in the public domain by being able to perform transactions at the bank without reluctance and by contacting individuals when faced with challenges or in need of information. Participating banks have consented to receive monthly notifications from the PRADHAN MANTRI JAN DHAN YOJNA office, which will aid them in increasing account numbers and converting financially excluded people into financially included people.	N/A
17	Dr. Supriya Singh (2022)	A Study On Financial Inclusion For Rural Development In India With Reference To Tourism Sectors	Journal Article	Research Review International Journal Of Multidisciplinary 7.2 (2022): 33-39.	DOI - 10.31305/rrijm.2022.v07.i02.006	Google Scholar	Quantitative	Exploratory and Conclusive-Descriptive	Non-Probability based sampling	Financial inclusion programmes are being formed all around the world to assist those who do not have access to regular financial channels with easily accessible and affordable financial resources.	Proactive Scheme Implementation – to encourage more participation in and implementation of the government's many programmes at all levels. Enhanced Distribution– to expand the number of people employed as business correspondents who travel from village to village informing residents. Innovative Products- It can be accomplished not only through the distribution of bank loans, but also through

											the development of new and rural-specific financial products. Informing, Educating, and Disseminating Financial Products Using Modern Digital Technology – At the village level, providing ATMs and Kiosks, as well as facilitating mobile-based financial transactions. Education - using audio/visual equipment to educate villagers and provide them with training on how to utilise mobile/handheld devices to dispel ignorance and illiteracy and promote awareness is one way to dispel ignorance and illiteracy and promote awareness. Rural Tourism - Because it gives individual s with instant cash and a constant source of income, rural tourism is a good option.
18	Cma Sudarshan Maity ; Dr. Tarak Nath Sahu (2018)	Financial Inclusion In India: Role Of Public And Private Sector Banks	Journal Article	Scms Journal Of Indian Management, 15(4), 62-73		Proquest	Qualitative	Conclusive-Descriptive	Non-Probability based sampling	PSBs have an average efficiency score of 0.97, while Pvt. SBs have an average efficiency score of 0.92, which compares favourably to earlier studies. These figures show that banks are becoming more efficient.	Other researchers, banks, governments, financial regulators, and policymakers can utilise this study as a model to increase financial inclusion policies.
19	El-Bourainy Mehry, et. Al (2021)	The Impact Of Financial Inclusion On Unemployment Rate In Developing Countries	Journal Article	International Journal Of Economics And Financial Issues, 11(1), 79-93	DOI: https://doi.org/10.32479/ijefi.10871	Proquest	Qualitative	Exploratory	Non-Probability based sampling	Governments should play a positive role in fostering financial inclusion by incorporating it into national development strategies, and appropriate legislation and regulatory measures should be enhanced to support this goal. Finally, international financial organisations such as the Alliance for Financial Inclusion (AFI) and the Global Partnership for Financial Inclusion should strengthen the exchange of experiences between nations (GPFI). These groups must collaborate to promote financial inclusion in both countries with high levels of financial exclusion and those that have not yet achieved full financial inclusion.	Financial literacy is a crucial step toward financial inclusion since it improves people's understanding and hence encourages them to seek and receive financial services and products. Financial literacy refers to having a high level of awareness, knowledge, and abilities in order to make informed financial decisions concerning borrowings, savings, investments, and spending (Bhatt, 2017). It is viewed as a tool for increasing and broadening financial inclusion. As a result, governments should focus on boosting financial literacy knowledge, as financial inclusion is meaningless and useless to the economy without it.

20	Sonu Garg; Dr. Parul Agarwal (2014)	Financial Inclusion In India–A Review Of Initiatives And Achievements	Journal Article	Iosr Journal Of Business And Management 16.6 (2014): 52-61	DOI: 10.9790/487X-16615261	Proquest	Quantitative	Exploratory	Non-Probability based sampling	Despite the fact that all stakeholders, including the regulator, the government, financial institutions, and others, are putting up sufficient effort, the efforts are not yielding the desired results. The regulator must develop an appropriate regulatory environment in which all stakeholders' interests are protected. The regulator must address banks' concerns about profitability, as the entire process of financial inclusion will be a form of social work in the first few years. It is necessary to address the government's concerns regarding the reach, viability, and implementation of government policies to the final mile. It is necessary to address the simple availability of financial services to the last mile user, i.e., persons in tiers 3 to 6.	By using ICT and building novel goods and service models, the bank's issues can be solved. People's concerns could be addressed by a structured expansion and suitable regulatory rules addressing the banks' concerns, as well as the inclusion of NBFCs, MFIs, and SHGs in the last mile connectivity of people to financial services. banks make extensive use of mobile banking services to provide banking and financial services to the general public. It is necessary to empower MSMEs by providing timely and enough credit in order to meet FIP targets, because MSMEs are the best medium for achieving inclusive growth, as they generate local demand and consumption and employ millions of people. Because bank accounts may be connected to the holder's aadhar number, the aadhar card could be the answer to the government's concerns; but, the enormous volume makes it challenging. Alternatively, the government's enormous postal office network might be used. Because the infrastructure is already in place, post offices can simply contact end users and vice versa. Regulatory authorities , banks, and the government should all work hard to raise public understanding of money by educating individuals. Thus, a combination of innovative goods, out-of-the-box service models, effective regulatory norms, and technology leveraging could alter the current landscape of the much-needed and desired Financial Inclusion Program.

Research Methodology

Qualitative study has been carried out by the authors using secondary based data in the form of literature review, reports and books.

Research Objectives

1. To understand the relevance of the financial reforms in bringing all the sections of the society under one umbrella.
2. To understand various social and economic determinants that has direct association with financial inclusivity and poverty alleviation.

Financial Inclusion

"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).. Availability of timely credit has been recognized as a key dimension, and major focus has been on extending financial services to those households which have low income, as they lack basic knowledge and education necessary for understanding the financial services that are provided to them (Iqbal & Sami, 2017).

Role of Financial Sector Reforms – Financial Inclusion

Various studies have concluded that the regulation of financial inclusion has been implemented in three stages: from independence in 1947 to 1991, period from 1991 to 2005, and then, 2005 to the present (Reeba & Kurian, 2017); (Gupta 2013).

FIRST PHASE (1947-1991)

The primary goal of the early reform phase was to develop an enabling, constructive, and commercially viable banking sector running in an environment of adaptability and operational independence (Mohan, 2015). The initial stage observed the expansion of co - operative banks in all branches across the country, as well as the nationalisation of several banks to indicate a switch from small tier banking to large scale banking (Reeba & Kurian, 2017).

SECOND PHASE (1991 – 2005)

The second phase highlighted the significance of establishing a strong banking system in the country that initiated the implementation of financial inclusion in their strategies (Reeba & Kurian, 2017). It focused more on developing such a network that had a better vision of meeting money requirements of the entrepreneurs working at a small scale. Even if it lacked in its execution, nonetheless it provided a good direction to the policymakers in the formulation of various strategies to increase its effectiveness.

INITIATIVES TAKEN

FIRST PHASE (1947-1991)	SECOND PHASE (1991-2005)
• **Nationalisation of Banks** was done aiming to reach the rural and neglected sectors of society. In India, the RBI (Transfer of public ownership) Act was passed in order to nationalize **the Reserve Bank of India** and as a result on Jan 1st, 1949, RBI was nationalized. • Extensive network of **Rural Co-operative Banks** were established in 1950 for leveraging country wise deposits and savings towards agriculture and small cottage industries. • Similarly, in the year 1955 the Imperial Bank of India underwent nationalization and later it was named as **the State Bank of India** which, in the present time, is the largest bank of the Public sector. • Due to this sudden nationalization, banks all over the country had to face extreme changes which led to increase in funds and thereby increasing the economic condition of the country • Setting up of **Regional Rural Banks** (RRBs) in 1975 was done to cater to the demands of neglected segment of rural areas. The focus was on channeling of credit to the neglected sectors of the economy. • Special emphasis was also laid on weaker sections of the society by opening up a major employment opportunity for the people which led to increased efficiency among different sectors. • In 1977**, 1:4 Branch rule** which implied that Banks were allowed to open Urban branch after opening 4 rural branches • In 1982, Setting up of **National Bank for Agriculture and Rural Development (NABARD)** was done to deal with rural and agricultural developmental issues.	• **Narasimham Committee report (1991)** was established to give reforms pertaining to the financial sector of India including the capital market and banking sector • Establishment of branches of various foreign banks in India. • No more bank nationalisations will be done. • The committee declared that the Reserve Bank of India and the government would treat public and private sector banks equally. • Any foreign bank could form a partnership with an Indian bank as a result of globalisation. • The **system of selective credit control** that had increased the dominance of RBI was removed so that banks can provide greater freedom in giving credit to their customers. • **Small Finance Banks** were permitted to open branches throughout India. • It focussed on reducing CRR and SLR that further helped banks in providing more financial resources to agriculture, industry, and other sectors of the economy. • Non-performing asset issues were resolved through Lok Adalats, civil courts, Tribunals, and The Securitisation and **Reconstruction of Financial Assets and the Enforcement of Security Interest (SARFAESI) Act.** • Financial Inclusion in this phase was encouraged mainly by the introduction of **Self- Help Group (SHG)**-Bank Linkage Programme in 1992 and **Kisan Credit Cards (KCCs) in** 1998 for providing credit to farmers. • Introduction of **Swarozgar Credit Card (SCC)** was done in 2003 to provide interest free investment and capital investment for small borrowers/ rural micro entrepreneurs.

Source: Author's own compilation

THIRD PHASE (2005 ONWARDS)

The term 'Financial Inclusion' was included for the very first time in the Reserve Bank of India yearly policy 2005-06 with the desire to bring together the country's economically vulnerable public and deliver them with financial services ((Reeba & Kurian, 2017). This was the phase which initiated the policy formulation for financial inclusion and reinforced it in the yearly plans.

YEAR	SCHEME	OBJECTIVE
2005	State Level Bankers Committee (SLBC)	In at least one district in their area, SLBC conveners in all states have been tasked with achieving complete financial inclusion.
	Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF)	For betterment of credit absorption capacity among the poor and vulnerable segments of society as well as for the use of technology to facilitate the mandated levels of inclusion.
2007	Planning commission	To enhance employment opportunities, industrialisation, agriculture production to reduce inequalities of income and wealth for balanced regional development.
2008-2009	Introduction of Electronic Benefit Transfer (EBT) facility	Placement of Electronic Benefit Transfer (EBT) cards at farmers' markets has the potential to eliminate access gaps for low-income clients.
2009	Unique Identification Authority of India (UIDAI)	To provide a unique identity to each and every citizen by issuing Aadhar Card.
2011	Swabhiman Campaign	To ensure banking services to vast rural areas.
2013	Direct cash transfer scheme	For preventing corruption, eliminating middleman, target beneficiaries better and speed up transfer of benefits to eligible individuals.
2014	Pradhan Mantri Jan Dhan Yojana	National Mission for ensuring access to financial services, such as Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in a convenient manner.
2015	Atal Pension Yojana	To establish a national social security system for all Indians, particularly the impoverished, underprivileged, and unorganised sector workers
	Digital India Programme	To bring the unbanked people, who had formerly been excluded from the mainstream economy, into the official financial net
	Pradhan Mantri Awas Yojana (PMAY)	Slum rehabilitation with the involvement of private developers
2016	National Rural Livelihood Mission (NRLM)	For organising rural poor community into Self Help Groups (SHG) and prepare them for self-employment.

Source: Authors Own Compilation

National Strategy for Financial Inclusion 2019-2024

"The National Strategy for Financial Inclusion 2019-2024 lays out the vision and specific goals of India's financial inclusion policies to help stabilise and expand the horizons of the financial inclusion network at the national scale through a broad integration of activity involving all financial sector decision makers". Not just this, even the seven of the United Nations' seventeen Sustainable Development Goals (SDGs) for 2030 see financial inclusion as a strategic instrument for achieving sustainable and inclusive development at a global scale by raising the standard of living for the poor and deprived people (Home-Sustainable Development Goals, 2018).

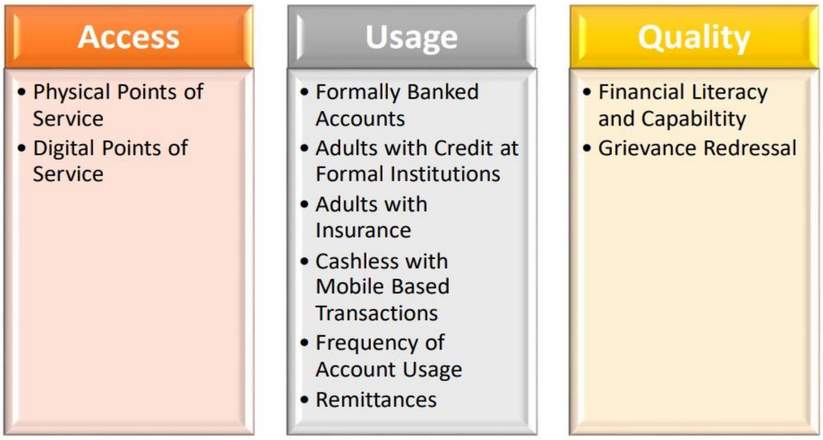
Source: Authors Own Compilation

Financial inclusion has a compounding effect in terms of improving overall industrial productivity, alleviating poverty, and curbing wealth disparity on a global level. An efficient financial system facilitates reliability, authenticity and fair and equal growth. As a result, governments should pay attention to financial exclusion impacted by a lot of factors such as physical, socioeconomic, and behavioural constraints.

Some of the most important factors that lead to uncontrollable alienation or in other words **financial exclusion** include:

- Lack of extra income left with people
- Lack of faith in the system
- It is not consumer oriented.
- Transaction fees are quite expensive
- Inadequate Documentation
- Remoteness of provider of the services
- Lack of knowledge regarding the product
- The poor quality of the rendered services

Determinants Of Financial Inclusion and Their Action Plan



Source: Authors Own Compilation

1) **Universal Access to Financial Services-**
For cohesive delivery of banking services, it is absolutely essential to provide such a robust and accurate internet network infrastructure to all money transmitter sources or points of contact Technology can be leveraged highly to enhance the effectiveness of financial inclusion. The Digital banking system should be accessible, secure, feasible and always managerial, even at the community level in India (Singh, 2022).

MILESTONES-

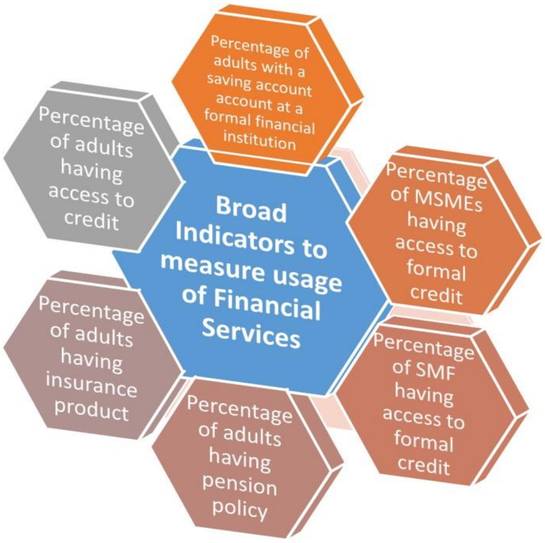
Digital India was an initiative taken by the Government of India for providing high-speed internet networks to rural areas. Digital India Mission was launched by PM Narendra Modi on 1st July 2015 as a beneficiary to other government schemes including Make in India, Bharatmala, Sagarmala, Startup India, BharatNet, and Standup India.

Since its commencement in 2015, the Digital India initiative has had a wide-ranging impact:

- Around 12000 rural post office branches have been electronically networked.
- The Make in India initiative has boosted India's electronic manufacturing sector.
- The Digital India strategy might increase GDP by $1 trillion by 2025.
- The healthcare and education sectors have also seen an increase.
- Improvements in web infrastructure will benefit the country's economy.

2) **Providing Basic Bouquet of Financial Services-**
People who are eligible with a desire to use financial services should be provided with at least basic bouquet of it such as, "basic savings bank term deposit, lending, a micro

life and non-life medical coverage product, a retirement product, and a financially attractive product". These products should be designed in a way that is reasonable and feasible for marginalised sections of society (Hastak & Gaikwad, 2015).



Source: Authors Own Compilation

MILESTONES-

The Hon'ble Prime Minister introduced the PMJJBY (PRADHAN MANTRI JEEVAN JYOTI BIMA YOJNA) with the goal of insuring the uninsured and developing a comprehensive social security system for all Indians, particularly the poor and underprivileged. To attain saturation under this strategy, which was declared by the Hon'ble Prime Minister on 15.08.21, digital and periodic physical camps/drives were implemented. Additionally, PMJDY account holders with a quarterly average balance of Rs. 1000 or more, as well as basic PMMY account customers, were targeted. To encourage voluntary enrolment in the programme, an additional intermediary commission of Rs.30 payable to BCs is being passed on to the subscriber in the form of a reduction in the amount of insurance premium payable.

Achievements under PMJJBY (Jan, 2022):

- Cumulative Enrolments – 12.13 Crore
- Female Beneficiaries – 3.94 Crore (48%) (excluding convergence)
- PMJDY A/c holders covered under PMJJBY – 2.92 Crore (35%) (excluding convergence)
- Total Rural Enrolments – 5.72 Crore (70%) (excluding convergence)
- Total Urban Enrolments – 2.50 Crore (30%) (excluding convergence)
- Cumulative No. of Claims Reported -5,71,323
- Cumulative No. of Claims Paid - 5,43,193
- Total Claim Amount Paid – Rs. 10,863.86 Crore

3) Access to Livelihood and Skill Development-

Poverty reduction is a key to inclusive growth. Any firm working towards various skill development programmes should be aware about the ongoing government programmes regarding the same, which will allow them to enhance their skill set leading to wealth creation. Designing appropriate advanced products that meet the needs of poor villagers at decent cost should be a must (Hastak & Gaikwad, 2015).

MILESTONES-

- MAKING POOR PREFERRED CLIENTS OF FINANCIAL INSTITUTION

NRLM facilitates universal access to the affordable cost-effective reliable financial services to the poor. These include financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services. The core of the NRLM financial inclusion and investment strategy is “making poor the preferred clients of the banking system and mobilising bank credit”.

- CAPITALISING INSTITUTIONS OF THE POOR

NRLM provides Revolving Fund and Community Investment Fund (CIF) as Resources in Perpetuity to the institutions of the poor, to strengthen their institutional and financial management capacity and build their track record to attract mainstream bank finance.

- ACCESS TO CREDIT

NRLM expects that the investment in the institutions of the poor would leverage the bank credit of at least Rs.1,00,000 /- accessible to every household in repeat doses over the next five years.

- SHG CREDIT LINKAGE

While the Mission provides only catalytic capital support to the community institutions, it is expected that the banks provide the major chunk of funds required for meeting the entire gamut of credit needs for the rural poor households. The Mission therefore expects that the SHGs leverage a significant amount of bank credit.

NRLM works towards increasing the portfolio of products of savings, credit, insurance (life, health and assets) and remittance through the institutions of the poor directly or in partnership with mainstream financial institutions using various institutional mechanisms and technologies.

4) Financial Literacy and Education-

There are two sides of each coin. Here one side is financial inclusion and the other one is financial education. Financial inclusion works on the supply side by providing access to various financial services, whereas financial education works on the consumer side by promoting financial literacy. People’s awareness of the needs and priorities of services provided by the financial institutions (Hastak & Gaikwad, 2015).

Source: Authors Own Compilation

MILESTONES-

National Centre for Financial Education (NCFE) is a Section 8 (Not for Profit) Company promoted by Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA).

The objective of the Company:

- To promote Financial Education across India for all sections of the population as per the National strategy for Financial Education of Financial Stability and Development Council.
- To create financial awareness and empowerment through financial education campaigns across the country for all sections of the population through seminars, workshops, conclaves, training, programmes, campaigns, discussion forums with/without fees by itself or with help of institutions, organisations and provide training in financial education and create financial education material in electronic or non-electronic formats, workbooks, worksheets, literature, pamphlets, booklets, flyers, technical aids and to prepare appropriate financial literature for target-based audience on financial markets and financial digital modes for improving financial literacy so as to improve their knowledge, understanding, skills and competence in finance.

5) Customer Protection and Grievance Redressal-

Consumers must be kept informed of the alternatives for reconciling their claims. When it comes to the access and exchange of a consumer's demographic and biometric statistics, due care must be intended to safeguard the consumer's privacy rights.

Source: Authors Own Compilation

MILESTONES-

- Centralised Public Grievance Redress and Monitoring System (CPGRAMS) is an online platform available to the citizens 24x7 to lodge their grievances to the public authorities on any subject related to service delivery. It is a single portal connected to all the Ministries/Departments of Government of India and States.

- The status of the grievance filed in CPGRAMS can be tracked with the unique registration ID provided at the time of registration of the complainant. CPGRAMS also provides an appeal facility to the citizens if they are not satisfied with the resolution by the Grievance Officer. After closure of grievance if the complainant is not satisfied with the resolution, he/she can provide feedback. If the rating is 'Poor' the option to file an appeal is enabled. The status of the Appeal can also be tracked by the petitioner with the grievance registration number.

6) Effective Coordination-

Proper coordination and communication among various interested parties, such as the government, policy makers, financial institutions, and communications services regulators, education and training institutes to allow customers to use the services for an indefinite period. Encouraging cooperation through innovation and taking a systematic and disciplined approach to development and planning by having established separate smaller discussion boards will assist in the momentum of regional level inclusion.

MILESTONES-

- Clearly clarify the responsibilities/expectations of each stakeholder at the grass-roots level in order to enable convergence of action between the government/regulators/financial service providers/civil society, and so on. With the Lead Bank Scheme celebrating its 50th anniversary in 2019, SLBCs may revisit and implement the vision, action plans, and milestones to be met during the NSFI period (2019-24).

- With advancements in Geo-Spatial Information Technology, a robust monitoring framework leveraging the said technology can be developed for monitoring progress in financial inclusion, with special emphasis given to Aspirational Districts, the North Eastern Region, and Left-Wing Extremist affected Districts. By March 2022, a monitoring framework and a GIS dashboard will be built.

Limitations of this study-

1. The qualitative aspects of financial reforms were the primary focus of this study. The majority of this research has relied on secondary data.
2. The major reforms considered in this paper are up to 2022, and many new reforms are implemented each year. This is yet another study's limitation.

Implications of study

1. In this era of digitalization, where almost everything is going paperless, 'cooperative banks and other specialised banks, as well as other non-bank entities, educational institutions, and so on.' should be provided with digital infrastructure to speed up processes and promote fairness in the services provided to customers.

2. New entrants to the formal financial system should be made aware of various programmes and policies that assist through information dissemination and coordination.

3. Every day, many new firms emerge in the MSME sector, which the government must target in order to promote financial inclusion. These companies have easy access to ordinary people who require basic financial services. This can be used as a key to promote financial services such as "basic savings bank term deposit, lending, a micro life and non-life medical coverage product, a retirement product, and a financially attractive product," resulting in increased financial inclusion.

Conclusion

To understand the relevance of the financial reforms in bringing all the sections of the society under one umbrella- India's reform journey has been unique from that of most of the other emerging and developing economies: it has been a balanced, progressive, prudent, and consistent operation lacking any sort of many brushstrokes seen in other nations. More than an era of financial liberalization in India has resulted in substantial evolution and globalization of the entire world economy. As global capitalism has risen, the Indian finance and banking structures have highly required to be intensified as a whole in order to thrive.

To understand various social and economic determinants that have direct association with financial inclusivity and poverty alleviation - Financial inclusion has a compounding effect in terms of improving overall industrial productivity, alleviating poverty, and curbing wealth disparity on a global level. Various factors such as Universal access, Availability of financial services, Financial Literacy and Education, Customer Protection and Grievance Redressal are involved in addressing the underlying roadblocks to access to a vast array of financial products and services.

Recommendations of the Study

We believe that future research should focus more on statistical analysis and quantitative data in order to shed more light on this specific topic. There are a number of existing financial reforms for which data is already available on the Government's official websites. Future researchers can conduct polls to gauge public opinion on financial reforms. People can be made aware of these reforms, which will eventually lead to Financial Inclusion, through surveys and interviews.

This paper includes all major reforms implemented up to April 20, 2022, and many new reforms are implemented each year. Future research can focus on all of the upcoming reforms using various techniques for analysing how these Financial Reforms impact Financial Inclusion.

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