International Journal of Advanced Research in Commerce, Management &Social Science (IJARCMSS)
ISSN :2581-7930, Impact Factor : 6.809, Volume 06, No. 02(III), April-June, 2023,pp 134-142

PROMOTING FINANCIAL INCLUSION FOR INCLUSIVE GROWTH IN INDIA'S AGRIBUSINESS SECTOR

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ABSTRACT

The role of finance in the growth of a society and a nation's economy is more important as the former has grown increasingly dependent on the latter. Not just in under-developed nations and emerging countries, but also in already developed countries, for the purpose of achieving this goal, a robust financial system is essential in order to achieve sustainable development. We can accomplish growth that is fair and inclusive throughout the country if we have access to financial inclusion. We can accomplish growth that is fair and inclusive throughout the country if we have access to financial inclusion. Delivering adequate financial services at a reasonable cost and on a timely basis to vulnerable groups such as low-income groups and weaker sections of society who do not have access to even the most fundamental banking services is what is meant by the term "financial inclusion." India is not only one of the biggest economies in the world but also one of the economies that is developing at the quickest rate. However, the fact that India's development has not only been uneven but also discrete is the most troubling aspect of India's economic expansion. It has been uneven in the sense that its growth performance has not been uniform, and it has been discontinuous and unconnected with respect to growth and the distribution of growth advantages to particular sectors of the economy. In other words, it has not been uniform. This paper has been divided into parts deals with the introduction. Need for inclusive growth, reasons for financial inclusion, extent to financial exclusion in globally and financial exclusion in India, major milestones in financial inclusion in India and its importance and at last the approaches, schemes under financial inclusion, this study aimed to conduct a comprehensive causal analysis of the impact of financial inclusion policy on the socioeconomic aspects of the agricultural system. The system in question pertained to herders who encountered new challenges arising from economic globalization and climate change, which were characterized by unpredictable market conditions and severe climatic events. and conclusion.

Keywords: *Financial Inclusion, Inclusive Growth, Globalization, Climate Change, Agricultural System.*

Introduction

During the early stages of economic growth in the Indian economy, the agricultural sector serves as the major source of economic activity, undergoing significant transformations. India has achieved the second position globally in terms of agricultural output. Around 60% of the Indian population is involved in the agricultural sector, which accounts for a mere 18% of the country's GDP growth rate in the Indian economy. In the Indian economic setting, the fast increase in population has resulted in a corresponding rise in agricultural productivity. This necessitates the use of advantageous resources such as equipment, technical assistance, accessible financial loans, and different governmental programmes and subsidies.

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In recent decades, economic and social inequalities have increased alongside high growth rates which have increased regional inequalities. Over 25 percent of Indians still live in conditions that would be considered very poor. As a direct consequence of this, the goal of inclusive growth has been elevated to the status of a national policy aim by the Union Government. As a result, there is a need for growth that is inclusive in the context of the development of the Indian economy. It is a relatively new phrase that caught the attention of policy makers in India's Eleventh Five Year Plan, and it is being used in the context of growth planning in India. The literal meaning of the two terms "inclusive growth" relates to both the rate and the pattern of economic development. In its most basic form, the term "inclusive growth" indicates growth that is broad-based, shared, and beneficial to the poor. According to the Planning Commission of India, "the term "inclusive" should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process and not simply as welfare targets of development programmes." It suggests that inclusive growth as a strategy for economic development should not only aim at fair distribution of growth benefits but also at developing economic possibilities along with equal access to them for all people. This is a broader and simpler interpretation of what it means to talk about inclusive growth. 2005 was the year when Mr. Y. Venugopal Reddy, The governor of the Reserve Bank of India was the one who first introduced the idea of financial inclusion to the country of India. To put it another way, financial inclusion is ensuring that acceptable financial services are accessible to all individuals, without discrimination or exclusion of any kind. In the current study, an attempt has been made to comprehend the phenomena of inclusive development, as well as its need and the role of financial inclusion as a tool to achieve it, with specific reference to the degree to which it exists in Indian states.

Need for Inclusive Growth

India cannot achieve quick and disciplined development without first achieving growth that is inclusive. It is impossible to achieve sustainable development, equal distribution of wealth, and inclusive growth without first achieving inclusive growth. Achieving progress that benefits all segments of society is not only necessary but also one of India's greatest difficulties. The task is to bring the levels of development that have been achieved to all areas of the nation and to all sections of society. Rapid growth in the rural economy, sustainable growth in urban areas, infrastructure development, reforms in education and health care, ensuring that future energy needs are met, a healthy public-private partnership, an intention to secure inclusivity, making all sections of society equal stakeholders in growth, and most importantly, good governance will ensure that India achieves what it deserves.

The main thrust areas for need of inclusive growth can be summarized as below:

- Elimination of both poverty and unemployment
- Elimination of existing income disparities
- Agricultural Development
- Reduction in regional disparity
- For social sector development
- Protecting environment

Thus in the current paper an effort is made to study the role of financial inclusion in inclusive growth.

Reasons

The term "financial inclusion" may be used for a number of different purposes. Physical access in and of itself may be a barrier to entry in locations that are geographically isolated, steep, sparsely inhabited, and have inadequate infrastructure. On the demand side, impediments include a lack of understanding of the issue, poor incomes or assets, social marginalization, and illiteracy. On the supply side, frequent causes for exclusion include physical distance from the branch, time restrictions at the branch, onerous paperwork and processes, inapplicable items, language barriers, and the attitudes of the employees. In addition to the inconveniences caused by the procedures, all of these factors lead to greater transaction costs. On the other hand, the fact that informal sources of credit are easier to get than official ones contributes to their popularity, despite the fact that they charge higher interest rates. Especially for migratory workers and those living in slums, being unable to open a bank account due to the requirements of providing independent documented confirmation of identity and residence may be a very significant hurdle. Therefore, the obstacles described above should be removed, and the first goal should be to communicate with the individuals who are located at the base of the pyramid. Therefore, the financial sector is one that has a function that is one of the most essential roles to play in unlocking this potential, and as a result, the role of Financial Inclusion comes into play.

Extent to Financial Exclusion in Globally

As per the report of the World Bank, in survey of 148 economics approximately 2.5 million people do not have an bank account and totally excluded from mainstream financial services and products. They do not have access to affordable financial services which is an ultimate tool for overcoming poverty and minimize income inequalities. Financial inclusion is being actively promoted on a global scale by various organizations, which play a significant role in advancing the financial inclusion agenda. The Alliance for Financial Inclusion and the Global Policy Forum, for instance, collaborate to advocate for and enhance the concept of financial inclusion, recognizing its pivotal role in fostering economic development. The establishment of AFI was predicated on the notion that the facilitation of a worldwide platform for information exchange was pivotal in the advancement and enhancement of policies pertaining to financial inclusion. For more than ten years, the Alliance for Financial Inclusion (AFI) has been dedicated to tackling the worldwide issue of financial exclusion. Throughout this period, AFI has observed significant accomplishments from its membership, which consists of central banks and financial regulators from emerging and developing nations, as they work towards promoting the agenda of financial inclusion.

Financial Exclusion in India

Only 35 percent of adults in India have an account at a financial institution, which demonstrates that the proportion of account penetration in India is barely below that of the rest of the developing world. India is the country with the greatest number of people who do not have bank accounts. According to the data that is currently available from the Census of 2011, India has a population of around 1.22 billion people, and approximately 65% of adults throughout the nation do not participate in the official financial system. According to a survey compiled by the World Bank, in India, just 35.2% of persons who are older than 15 years and have reached adulthood have an account with a formal financial institution. 55 percent of the population has an account with a formal financial institution for deposits, but just 9 percent of the population has an account with a formal financial institution for credit. According to the available data, there is one bank branch for every 14,000 people. Only 18 percent of people have a debit card, and a far smaller percentage (less than 2 percent) have a credit card. Even though there has been an increase in the number of bank branches since the reform era began, the total number of commercial bank branches in India, including RRB and SCB branches, is still just 48,000. This is despite the fact that there are 6 lakh villages that need banking services. That means there is just one branch of the bank across the 12.5 villages. Unbanked respondents in India and the other BRICS nations reported facing barriers while attempting to obtain official accounts.

Financial Inclusion

Inclusion in the financial sector and development that benefits everybody in India: The pace of economic expansion in India increased to around 6.0 percent annually throughout the 1980s and 1990s, having increased from an annual average growth rate of 3.5 percent during the period of 1950 to 1980. The economy of India expanded by 8.8 percentage points during the course of a period of four years (2003-2004 to 2006-2007). The Indian economy expanded at a faster clip of 9.4 and 9.6 percent correspondingly during the fiscal years 2005-2006 and 2006-2007. The recent years have seen a significant rise in the per capita income of the nation, which is a reflection of the country's rapid economic development as well as a slowing in the pace of population growth. In spite of the excellent figures, growth has not been nearly as inclusive as it could have been, especially after the middle of the 1990s.In recent years, India has seen extraordinary economic growth; yet, the nation's progress has been uneven, with the country falling behind on key social and environmental development metrics. According to the approach document for the Eleventh Plan, it is anticipated that there were around 300 million people living in poverty in 2004-2005. This statistic is given in absolute terms. As a result, the "faster and more inclusive growth" paradigm was selected to serve as the central organizing principle for the 11th Five Year Plan. The fact that India is a socialist democratic republic is the primary reason why it is so important for the policies of the government to achieve equal development across all sectors of the economy. The findings of this research will shed light on why this is the case. India has 135 million financially excluded households, the second biggest number in the world behind China. This is despite the fact that just 34% of the population participates in formal banking. In addition to this, the true rate of financial inclusion in India is rather low, and around forty percent of the people who have bank accounts do not utilize them even once a month.

Milestone of Financial Inclusion in India

Financial inclusion in India has a long history that dates to the 18th century. Here are some of the key milestones in the evolution of financial inclusion in India: Here are some key milestones in the financial inclusion of the agriculture sector in India from the 18th century to the latest, presented in bullet points:

- **18th Century:** The establishment of the first agricultural banks in India, such as the Bengal Bank and the Madras Bank, to provide credit to farmers.
- **1969**: Nationalization of major banks in India to expand banking services, including agricultural credit, to rural areas.
- **1975**: Introduction of the Integrated Rural Development Program (IRDP) to provide financial assistance and support to small and marginal farmers.
- **1982**: Formation of National Bank for Agriculture and Rural Development (NABARD) to provide specialized credit and financial services to the agriculture sector.
- **1991:** Introduction of the Kisan Credit Card (KCC) scheme to provide farmers with easy access to short-term credit for agricultural purposes.
- **2000:** Launch of the Kisan Call Center to provide agriculture-related information and guidance to farmers through a toll-free helpline.
- **2006:** Introduction of the Rashtriya Krishi Vikas Yojana (RKVY) to provide financial support for various agricultural activities and infrastructure development.
- **2010:** Implementation of the Direct Benefit Transfer (DBT) scheme for disbursing subsidies and financial assistance directly to farmers' bank accounts.
- **2016:** Launch of the Pradhan Mantri Fasal Bima Yojana (PMFBY), a crop insurance scheme, to provide financial protection to farmers against crop losses.
- **2018:** Introduction of the National Agriculture Market (e-NAM) platform, which is an online marketplace for agricultural produce, facilitating transparent and fair price discovery.
- **2020:** Launch of the Agriculture Infrastructure Fund (AIF) with a corpus of INR 1 lakh crore to provide financial assistance for the development of post-harvest infrastructure and other agriculture-related projects.
- **2021:** Introduction of the Agriculture Export Policy to promote agricultural exports and provide financial support and incentives to farmers engaged in export-oriented agricultural activities.
- **2022:** Launch of the Unified Payment Interface (UPI) in agriculture mandis (marketplaces) to facilitate seamless and cashless transactions for buying and selling agricultural produce.
- **2023:** Implementation of the National Rural Livelihood Mission (NRLM) to enhance the livelihoods of rural households, including farmers, through financial inclusion, capacity building, and access to credit.

In March 2023, the RBI's composite financial inclusion index, often known as the FI-Index, reached a new high of 60.1, indicating increase across all categories. The indicator measures the degree to which people throughout the nation have access to financial services.

According to the Reserve Bank of India (RBI), one of the distinguishing characteristics of the index is the quality parameter. This parameter represents the quality element of financial inclusion, which is indicated by financial literacy, consumer protection, inequities in services, and shortcomings in services.

Access (35%), Usage (45%), and Quality (20%) are the three primary components that make up the FI-Index. Each of these components is further subdivided into a variety of dimensions that are determined based on a variety of indications.

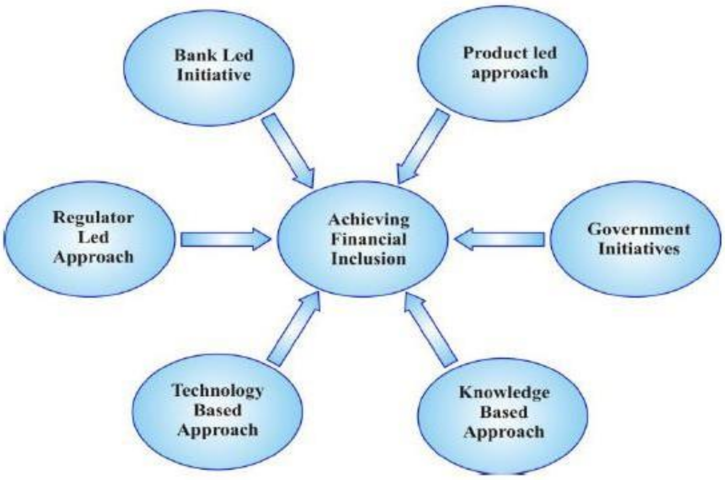
The index takes into account the accessibility, availability, and use of services, as well as the quality of such services.

Importance

A population that is left in lower strata will be able to save money securely if there is easy access to financial services. This will aid in limiting the concentration of economic power with a few persons, which will help mitigate the dangers that the poor might experience as a consequence of economic shocks. As a result, the provision of access to financial services is becoming an issue of concern for policymakers since it has far-reaching ramifications for both the economy and society. Moneylenders continue to be the single most common source of financial assistance for middle-class Indian households in India. Large portions of our financial system are still impeded by political meddling and bureaucratic restraints, which limits the potential contribution such portions might otherwise make. The impoverished population of India, a substantial portion of which is comprised of agricultural labourers, unskilled semi-skilled wage laborers, and low-salaried employees, is mainly excluded from the official financial system. Therefore, it is imperative that these initiatives fall within the purview of financial inclusion programs, which may assist both beneficiaries and farmers in boosting overall agricultural output. Even micro and tiny businesses have a tough time gaining access to official sources of financing, and as a result, they are essentially excluded from the overall financial system. More than forty percent of India's working population is salaried yet has no savings. The poor may benefit from protection against the influence of predatory money lenders via the provision of financial inclusion.

Various Approaches to Achieve Financial Inclusion

In India, various measures taken by banks, GOI and RBI for financial inclusion plan.



Product Based Approach

Reserve bank of India has been aggressive, liberal, and helpful in developing rules to allow financial institutions to develop new products to help the common man gain from financial inclusion.

- No-Frills Account (NFAs): Introduced by RBI in November 2005 to give basic baking services to financially disadvantaged individuals. Using this method, banks create accounts with zero or extremely low balances for the poor. Under RBI rules, banks opened Basic Savings Bank Deposit Accounts (BSBDAs) for all people in 2012 with debit cards, cheque books, online banking, and overdraft limits at low fees. However, transactions might be limited to avoid account abuse.

- The Kisan financial Cards (KCCs) initiative provides farmers with smart cards for quick and appropriate financial assistance via a single window banking system. From 2012-13 to December 2012, public and commercial banks issued 1.2 million KCC smart cards.
- In 2005, the Reserve Bank of India issued rules for banks to provide General Purpose Credit Cards (GCC) which allow rural and semi-urban individuals to get credit up to Rs.25000/- without collateral, depending on household cash flows. The updated criteria in December 2013 allow banks to serve non-farm entrepreneurial loan needs of people.
- Banks are encouraged to provide overdraft (OD) facilities in savings accounts and small overdrafts in no-frills accounts. Banks establish the restriction based on account transactions. This helps customers receive credit easily and at reduced rates.

Bank Led Approach

- **Self Help Group:** Bank Led Initiative (SLBP):- The SLBP or Self Help Group – Bank Linkage Program has been the major institutional based innovation in India for enabling access and covering the gap of reaching financially excluded population of the country in the last two decades. In this model, the banks involve themselves with a group of local people with the idea of enabling them to pool up their savings. The same is deposited withthe bank against which the bank also provides a certain amount of credit facility. The grouptakes a decision to whether to lend to any member of the group.
- **Business Facilitators (BFs)/Business Correspondents (BCs):** The BC/BF model is a model which based on information and communication technology (ICT). In this model the intermediaries or BC/BFs are technologically empowered by the banks to provide the last mile delivery of financial products and services. Initially created by the banks themselves and later with improvisations and RBI policy support, the model on the back of innovative technologies is bridging the connectivity gap between the service seekers. Some of them being
  - Profitability of the BFs/BCs
  - Banks and their BFs/BCs are exposed to huge risk of cash management
  - The training and hand-holding of the BFs/BCs to enhance the trust level of the end customers
  - Adoption of technology

Regulatory Approach

- **Simplified KYC Norms**: RBI requirements require customers to furnish many papers for account establishment. Rural residents struggle to meet these standards. RBI has relaxed a number of norms for accounts opened by people who plan to keep balances under Rs.50,000 and whose total credit in all accounts is not expected to exceed Rs.100,000 in a year to enable banks to tap into this huge opportunity of rural banking in unbanked areas and meet the goal of financial inclusion. A KYC-compliant account user may now open small accounts upon introduction.
- **Streamlined Bank Saving Account Opening:** The form has been streamlined to improve accessibility for the poor, street hawkers, and other migrant workers.
- **Bank Branch Permission**: RBI allows banks to establish branches in tier 3 to 6 cities, towns, or villages without authorization, departing from standards. This would allow the government, regulator, and banks to accelerate financial inclusion and provide financial services to the unbanked.

Technology Based Approach

- **Mobile Banking:** Banks partner with mobile providers to offer financial services such as bill and utility payments, money transfers, ticket booking, and shopping. Vodafone m-Pesa and Airtel Money use this concept.
- **ATM-based Banking:** Some states provide kiosk-based financial services via government initiatives. Additionally, banks have exploited the technology to make their ATMs virtual 24x7 branches.

Some top banks provide branchless banking, which involves an online system with chat support for depositing and receiving cash and checks via electronic equipment. This effort is still in its infancy and confined to urban and semi-urban regions due to bank costs and rural literacy/knowledge.

- **Aadhaar-Enabled Payment Services:** Indian citizens with Aadhaar numbers update their accounts. All updated Aadhaar accounts must be notified to RBI, which informs government agencies. For payments under programs like MGNREGA or subsidy programmes, agencies utilize this information to immediately credit the beneficiary's account.
- **Financial Inclusion using Digital Means:** Expanding mobile banking, digital wallets, and payment applications to reach distant farmers and make financial services simple to use. Financial literacy and awareness programs for farmers to improve their knowledge of financial products, risk management, and responsible borrowing. Collaboration between government, banks, and agricultural groups to improve the agricultural credit system, streamline lending processes, and develop farmer-specific loan products. Integration of remote sensing, satellite images, and data analytics in agriculture to analyze crop health, anticipate yields, and give farmers with personalized financial solutions.

Knowledge Based Approaches

Financial education, inclusiveness, and stability are key to empowering consumers to utilize the financial services network. Financial education raises knowledge of the demands and advantages of bank and other financial services, whereas financial inclusion works from the supply side. These two measures boost financial stability. The Financial Stability Development Council (FSDC) is mandated to prioritize both financial inclusion and literacy. June 2012 saw RBI instructions for setting up financial literacy centres (FLCs). At least once a month, rural branches of scheduled commercial banks shall provide outdoor Financial Literacy Camps. At the end of March 2013, 718 FLCs existed. From April 2012 to March 2013, awareness camps, seminars, and lectures educated 2.2 million individuals.

Governments Initiatives

These efforts are included below:

Introduction of SHG-2: NABARD's first SHG had limitations. NABARD developed a plan to revive the SHG movement, including SHG-2.

A "Women SHGs Development Fund" of Rs. 500 crore was suggested in the 2011-2012 Union Budget. The GoI launched this fund to empower women and encourage SHGs. The fund management is the responsibility of NABARD. It administered it via its Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund.

The Swarnjayanti Gram Swarozgar Yojana (SGSY) is a government supported initiative that forms SHGs in rural impoverished families, provides capacity development training, and connects groups to banks. SGSY encourages rural BPL families to generate income via self-employment.

The Ministry of Rural Development (MoRD), GoI established the National Rural Livelihood Mission (NRLM) in June 2010. It builds on Andhra Pradesh's Indira Kranti Patham (IKP) poverty reduction initiative.

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) provides an annual pay of at least 100 days to rural households with adult members who volunteer for unskilled manual labour, enhancing their livelihood. Bank/post office accounts are used for payments, hence roughly 10 crore were established in 2010-11.

The GoI formed the UIDAI in 2009 to provide Aadhaar cards for every person of India, providing an individual identifying number. This UIDAI number proves identity and address wherever in India. In time, the Aadhaar number will let consumers to use banking, mobile phones, and other government and nongovernment services.

Performance and achievements in Financial Inclusion Plans for all SCBs and RRBs in reaching out to the unbanked: All public and private banks adopted board-approved financial inclusion plans (FIPs) for April 2010–March 2013 in January 2010. RBI recommended SCBs to use FIPs in their business plan to financially support India's excluded people. RBI and SCBs use FIPs with self-set objectives and demonstrable results to promote financial inclusion.

The number of branches, BCs, and other financial locations in villages: With RBI's focus on financial inclusion, the number of bank branches, including RRBs, climbed from 33,378 in March 2010 to 40,837 in March 2013. The number of banking outlets through BCs has increased from 34,174 in March 2010 to 2,21,341 in March 2013. Additionally, the number of Basic Savings Bank Deposit Accounts (BSBDA) opened through branches and BCs has increased from 60 million in March 2010 to 101 million in March 2013.

- Issued Kisan Credit Cards (KCC) and General Credit Cards (GCC): RBI directed banks to offer smart cards to farmers for timely and appropriate services under FIPs.

Some Schemes under Financial Inclusion which may Promote Agricultural Sector in India

- e- NAM
- Pradhan Mantri Fasal Bima Yojana (PMFBY)
- Pradhan Mantri Jan Dhan Yojna (PMJDY)
- National Mission for Sustainable Agriculture (NMSA)
- Pradhan Mantri Krishi Sinchai Yojana (PMKSY)

e-NAM

e-NAM or the e-trading platform (online trading portal) for the National Agriculture Market (NAM) was launched by the Prime Minister of India, on April 2016.

e–National Agriculture Market (e-NAM) is a pan-India electronic trading portal that nets the prevailing Agricultural Produce Market Committees (APMC) Mandis for making a united national market for agricultural commodities.

The e-NAM project would operate via the online portal that is linked to the states' Mandis (Wholesale markets). All the participating states will be providing the software (Website and Mobile Application) for e-NAM at no cost.

Pradhan Mantri Fasal Bima Yojana (PMFBY)

Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme was launched in India by Ministry of Agriculture & Farmers welfare, New Delhi from Kharif 2016 season onwards. National Insurance Company started participating in PMFBY from Rabi 2016 onwards and covered 8 States and 2 Union Territories during the past 5 seasons namely, Rabi 2016-17, Kharif & Rabi 2017 and Kharif & Rabi 2018 covering 70,27,637 farmers

- Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events
- Stabilizing the income of farmers to ensure their continuance in farming
- Encouraging farmers to adopt innovative and modern agricultural practices

Pradhan Mantri Jan Dhan Yojna (PMJDY)

Pradhan Mantri Jan Dhan Yojana (PMJDY) is a significant financial inclusion initiative launched by Prime Minister Shri Narendra Modi in 2014, aiming to provide comprehensive financial inclusion and banking services to all households in India. The scheme offers affordable access to banking services such as savings and deposit accounts, remittance, credit, insurance, and pension. Accounts can be opened at any bank branch or Business Correspondent outlet, and accounts can be opened with zero balance. However, a minimum balance requirement is required for cheque book access.

- Interest on deposit.
- Accidental insurance cover of Rs.1.00 lac
- No minimum balance required. Life insurance cover of Rs.30,000/-
- Easy Transfer of money across India
- Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts

National Mission for Sustainable Agriculture (NMSA)

The National Mission on Soil Health and Fertility (NMSA) is a climate change adaptation scheme implemented since 2014-15, focusing on organic farming, micro irrigation, soil health and fertility management, and rainfed area development. The scheme's funding shares are 60:40, with the focus on preserving agricultural productivity through conservation and sustainable use of natural resources through location-specific measures.

Objectives

- The goal is to enhance agriculture's productivity, sustainability, remuneration, and climate resilience by promoting location-specific Integrated/Composite Farming Systems,
- To conserving natural resources through appropriate soil and moisture conservation measures and adopting comprehensive soil health management practices based on fertility maps and fertilizer use.

Pradhan Mantri Krishi Sinchai Yojana (PMKSY)

The Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was established in India on July 1st, 2015, to expand irrigation coverage and increase water efficiency. It consists of two main components: the Accelerated Irrigation Benefits Programme (AIBP) and Har Khet Ko Pani (HKKP). PMKSY aims to provide end-to-end solutions for source creation, distribution, management, field application, and extension activities, focusing on water conservation and management.

Conclusion

Financial inclusion is important since almost 3 billion individuals worldwide are excluded from formal financial services. India has 135 million financially excluded families, second only to China, with 34% of the population using formal banking. India's true financial inclusion percentage is low, and 40% of bank account holders don't utilize their accounts monthly. Financial inclusion has widespread effects, helping many escape poverty. Financial inclusion provides formal identity, access to payments system & deposit insurance. In order to involve a comprehensive measure of financial inclusion in the Indian context, we consider Priority Sector Lending as a significant measure of financial inclusion and its deepening. We are of the opinion that, mere opening of bank account would not be a true indicator of financial inclusion, but availment of financial services, more importantly; the much-needed credit for the excluded sections of the society woulddepict the measure of financial inclusion. The objective of financial inclusionand its schemes, may help to increase the productivity in agricultural sector and also helps to beneficiary, farmers to avail the formal credit facilities easily and improve the socio-economic condition in India. Through graduated credit, the attempt must be to lift thepoor from one level to another so that they come out of poverty.

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