

FINANCIAL INCLUSION OF SMALL SAVERS IN CONTEXT OF INDIA**Mrs. Aparna Sairaj Surve**

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ABSTRACT

Economic development should not be limited to a few people in a country, it should reach all the people in a country, especially socially and economically backward people should feel that they are part of it.

Financial inclusion refers to accessibility of financial products and services to economically and socially deprived people for example-low-income groups, low wage laborers from unorganized sector and women who want to start small businesses.

Being a welfare government Indian government is always work hard for benefit of people, wants every citizen of country should enjoy fruits of economic development, at a same time they should contribute towards development of country not at a large scale but at least to some extent. For this, financial inclusion schemes have been introduced in India since 2014. Behind this financial development the main objective is to improve the standard of living of the people.

In my research paper I would like to restudy financial inclusion schemes introduced by the Indian government for small savers so that they can get the benefits of such schemes and also contribute to it with their small savings.

My effort is to analyze the impact of such schemes on socially and economically backward people, most importantly women and laborers in the unorganized sector.

This study is entirely based on secondary data like Reserve Bank of India's reports and journals, publications and reports of the Indian government, reports of the ministry of finance, through the internet and previous research papers presented by other research scholars.

The study shows financial inclusion has played an important role in- developing saving habits among the people, successful transfer of payment by the Government in the accounts of beneficiaries without delay, and improving standard of living of the people.

Although such schemes are not free from limitations such as accounts reopening but many of them might not be operated, too much documentation, and problems like digital literacy and cyber security.

Keywords: *key words used in research paper are-financial inclusion, transfer payment, digital literacy, cyber security. digital banking.*

INTRODUCTION

The Reserve Bank of India (RBI) defines financial inclusion as ensuring access to affordable financial products and services like saving, credit, insurance and transfer payment like subsidies, scholarships for all the sections in society, especially vulnerable and low-income groups, at reasonable cost, it enables their economic participation and empowerment.

Economic development of a country should be based on principles of equality and inclusion of all the people in the country. Since 2014 the government of India has adopted financial inclusion measures by implementing various schemes to bring economically socially backward people into the formal financial system. This initiative of the government aims not only to open bank accounts but also promote digital payments, develop entrepreneurship among people and also to provide social securities to unorganized sector workers in the country and pension to old people in society.

This research paper is based on the progress. Impact, and challenges of these schemes and their contribution to India's financial inclusion

Financial inclusion schemes introduced in India since 2014-25

1. **Pradhan Mantri JANA Dhana Yojna-** launched in year 2014 by government of India with the objective of universal access to banking facilities for every household especially the poor rural population and backward section in society. Any person who is citizen of India can be eligible for this scheme, he or she can open a saving bank account in either public, private or co-operative banks with zero balance and can get debit card facility with accident coverage as well as overdraft facility is available. A person has to link account with Aadhar card and register its mobile number. Transfer payment like scholarship for children and subsidies of gas cylinder is available to beneficiary's account.
2. **Direct Benefit Transfer-**it was launched during year of 2014, to avail direct services in beneficiaries account by government without help of any intermediaries. Like gas cylinder subsidies, subsidies to farmers, social securities or pension to unorganized labours , wages to labors who are working in MGNREGA etc. It is successful in avoiding delays in provision of finance and reduce problem of corruption, directly finance made available to needy person.
3. **Pradhan Mantri Mudra Yojna-**launched in the year 2015, with the objective is to provide finance to small entrepreneurs for their small business and Create self-employment. without any security or collaterals, the loan amount is divided into three categories. Shishu organisations- up to Rs.50000/-, Kishor organizations up to Rs.5 lakh and to Tarun organizations- up to Rs.10 lakh. The beneficiaries are small vendors, artisans, small household business firms. The objective behind this scheme is to increase institutional credit, and generate employment specially in unorganized sector.
4. **Atal Pension Yojna-**this scheme was launched in India in the year 2015, for unorganized sector labours who earns low income and working without any social securities in organization. The objective of this scheme is to provide pension to old age people in unorganized sector. It is provision of security for their old age. Also, contribution is made from government side in pension.
5. **Pradhan Mantri Jeevan Jyoti Bima Yojna-**launched in the year 2015 to provide affordable life insurance coverage to economically weaker section, under this scheme government charge low premium for life insurance coverage and auto debit from bank account facility is available. Poor people can take advantage of this after loss of their family member.
6. **Pradhan Mantri Suraksha Bima Yojna-**this scheme was launched in the year 2015, with the objective of provision of accidental insurance coverage at low cost or low premium.it covers accidental death and also cover accidental injured person who will get compensation in terms of money. It is specially made for unorganized sector labors in India.
7. **Digital financial inclusion-**to prepare people for using digital money and digital platforms like Unified Payment Interface(UPI) payments, to reduce use of paper money and increase the use of digital money. More use of mobile banking and net banking. Bharat bill payment option is available for people.

Objectives behind financial inclusion schemes of government-

1. To provide banking services to everyone The main objective is to ensure that every citizen, especially poor and rural people, has access to basic banking services like bank accounts, savings, and payments.
2. To ensure direct benefit transfer Government subsidies, pensions, and welfare benefits can be directly sent to beneficiaries' bank accounts, it is successful in reducing corruption and delays.
3. To reduce poverty and inequality Financial inclusion helps poor people to save money, get loans, and improve their standard of living, which reduces the gap between rich and poor.it solve problem of inequality of income.
4. To promote savings habits By opening bank accounts, people are encouraged to save money safely instead of keeping cash at home.
5. To provide easy access to credit Financial inclusion allows small farmers, workers, and small business owners to get loans at reasonable interest rates instead of depending on moneylenders.

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6. To increase financial awareness These schemes aim to educate people about banking, insurance, digital payments, and responsible use of money.
7. To support economic growth When more people use banks and financial services, money flows better in the economy, helping overall national development.
8. To promote digital and cashless transactions Financial inclusion encourages the use of digital payments, making

RESEARCH METHODOLOGY-

Research is purely based on secondary data. The present research paper based on descriptive and analytical research design. The objective of research is to analyze progress, scope and impact of financial inclusion in India relevance to government financial inclusion schemes imitative taken by government foe development of small savers in India. Secondary data is collected from reports published by RBI, Government of India report, Economic survey of India, research scholars' articles, and research papers and official websites of government schemes.

DATA ANALYSIS-**1. Bank Accounts & PMJDY**

Over 531.5 million (53.15 crore) bank accounts have been opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY) — a major driver of financial inclusion in India. Total deposits in PMJDY accounts were significant, rising into lakh crore rupees, showing savings among low-income people. Women hold more than half of PMJDY accounts.

2. Financial Inclusion Index

India's Financial Inclusion Index (FI-Index) improved to 64.2 as of March 2024, up from 60.1 previously, indicating better access to banking services nationwide.

3. Bank Account Ownership

According to the World Bank's Global Findex report, about 89% of Indian adults now have a financial account, rising sharply from around 53% a decade ago — one of the fastest increases globally. Women's account ownership has nearly achieved parity with men, helping reduce gender gaps in financial access

4. Usage & Digital Payments

India processed 16.58 billion Unified Payment Interface (UPI) transactions worth ₹23.50 trillion in just one month, reflecting deep adoption of digital financial services. Unified Payment Interface (UPI) and digital payments have been key enablers of financial inclusion, especially in moving people from cash to formal financial channels.

5. Geographic Coverage

Nearly 99.95% of inhabited villages are now within 5 km of a banking touchpoint (branches, ATMs, BC outlets), showing widespread physical access to financial services.

IMPACT OF FINANCIAL INCLUSION-

1. Jana Dhana Yojana or policy of government has proved effective in opening many banks account with banks, especially by poor people in rural areas along with people in urban areas.
2. It gave opportunity to small savers to invest their money with banks and financial institutions in formal sector.
3. It helps out Indian government in reducing poverty and income inequality by provision of benefits like subsidies, pension and transfer benefits.
4. These schemes provided social securities to old people in terms of pension those belongs to unorganized labour market
5. One of the important objectives fulfilled by these schemes is allowing women empowerment, and generating self-employment for them and provision of credit at low rate of interest.

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6. It emphasizes on inclusive growth of socially and economically backward people's involvement in economic development
7. It reduces corruption and lapses by making benefit available directly to beneficiaries.
8. It avoids delay in getting finance to beneficiaries by making credit available at fast rate to people.
9. It develops digital literacy among people of India through net banking and digital payment. 10. Overall they are contributed to economic development of country and development of people in country.

RECOMMENDATIONS-

1. People are finding difficulties in case of document collection and critical regulations while taking benefits of such schemes so there should be simplification of rules and low documentation.
2. Government failed to some extent in creating awareness about these schemes, especially in rural areas among poor people, it needs to take more efforts to spread awareness.
3. Many bank accounts are open but they are no operated by account holders, regular check on side of government is required to check whether such accounts are in operation of under financial inclusion schemes.
4. Delays in getting credit, transfer payment from government side to beneficiaries should be taken care by government to make them available on time.
5. Digital literacy is one of the challenges in India where many people are not much literate and not aware how to operate smart mobiles and new technology. Digital awareness has to be increased by government.
6. There is always gap between needs of such schemes and availability of finance to people, so more finance should be provided to people.
7. Cyber security is one of the issues related to transfer payment and digital banking or in case of mobile banking more care has to be taken by government to in dealing with cyber security.

CONCLUSION-

All the financial inclusion schemes of government of India are really successful in improving standard of living of socially and economically backward people in India. They are also successful in creating awareness among people regarding benefits which they will get in terms of low rate of interest on loans, pension to old people, social securities to people who are working in unorganized sector, generating skill of entrepreneurs among them and indirectly helping in women empowerment. It increases availability of credit from informal explicatory financial system to formal or institutional credit. It spread digital literacy among Indian people and make them habitual of using digital technology with ease. It also reduces problems of corruption and delays in getting avail of finance.

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