



## Implementation of financial inclusive schemes for the sustainable development of the rural economy with reference to S. Kotturu village Andhra Pradesh, India

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### Abstract

Financial Inclusion is entity of the majority vital guiding principle options to full fill social needs and financial needs across the country. The most important primary objective of the country is to give financial services to the economically backward people. In this contrast of the scenario to know the various schemes of financial inclusion which were initiated by the Central Government of India. Financial inclusion is the well-recognized in India's development Strategy. Still in India 22% of the population are live below the poverty line (Dr. Anurag B. Singh, Priyanka Tandon). In India enlargement with fairness has been central objective of the Planning development. This paper mainly discusses about the financial inclusion schemes which were available to the India and their influencing on rural households for development of rural economy.

**Keywords:** financial inclusion. schemes, rural economy

### Introduction

The main important services of every banker are to improve the safety and security of money assets within and outside of bank. The successful achievement of monetary inclusion in India comprises of three stages. Viz Phase I (1960-1980): community control of Banks (1960), centralization of Banks (1969), main Bank theme (1969), fixing of Regional Rural Banks (RRBs) (1975) and main concern Sector disposal stipulation by run (1972), Phase II (1980-2005): Advanced Rural Development programs promoted by Government of Asian nation, small finance Program and Bank linkage expedited by NABARD; and Phase III (2005 onwards): improvement of Micro Finance establishments (MFIs) and as well as money Inclusion during a "mission" mode. The most significant offer loans and advances to small new start up business holders under government schemes is highly necessary aspect to encourage financial Inclusion to all levels of customers. The Branch initiatives the steps to have an account for each household in its service area. Especially the rural bank branches should offer gold loans to the farmers, Kisan credit cards/general credit cards facility to the customers. The Business Correspondents/ Business Facilitator should try to increase support and confidence value among the consumers of the service area. Financial Inclusion can be explained as "the procedure of right of entry to financial services and appropriate and sufficient credit where required by economically backward classes and less remuneration segment at a reasonably priced".

### Review of Literature

2.1 Sen, (2000), expressed in his article in the present situation financial institutions are the vigorous pillars of progress, economic growth and expansion of the economy. The fundamental activity of the banking and insurance industry, delivery of credit, is crucial to spice up any economic activity and permit the generation of capabilities.

2.2 Ashima Thapar, (2013), highlights in his article Banks were creating several strategic initiatives to enhance money innovation in India. Kisan master card theme was launched in 1998-99 to supply insurance cowl to the farmers.

2.3 In Gregorian calendar month (2005), the run asked banks to begin no flounce accounts to bring unbanked folks in to the system. The overall Purpose master card theme was begun to guarantee easier credit facility to the folks while not surplus. KYC Norms were simplified to administer simple identification with the industry. Credit innovations like small finance credit were introduced to lend credit to sizable amount of poverty-stricken population. Later, ATM enlargement theme was liberalized and Electronic profit Transfer (EBT) throughout Banks was introduced. So as to travel through in to rural areas schemes like Liberalized Branch enlargement, Business Correspondent Model, enlargement of Banks within the North-East and monetary acquisition and Credit counsel were initiated. Banks square measure yielding with run norms in terms of gap branches in areas of a minimum of 2000 population, providing essential accounts, Kisan master card, easy accessing Know-Your-Customer obligations. But, there's a desire for heap of efforts to be place certain monetary inclusion progress.

2.4 Joseph and Varghese (2014) the impact of economic inclusion on the event of country's economy by bank rate of growth in terms of variety branches of banks, usage of retaining credit and credit cards. It has been ascertained that the usage of debit cards enlarged extremely all through the learn amount and shrive led the quantity of individuals with right to use to the product and services offered by the industry continues to be terribly restricted, even years once introduction of comprehensive banking initiatives within the country.

2.5 Shri Raghuram Rajan (2014) said financial inclusion was obtaining right product, place, price, protection and profit. Financial inclusion helps funds transactions where

automation was achievable. Financial inclusion can be successful by attracting the poor, providing products that meet their needs, savings at safe place through right channel like formal banking to get and transfer funds, lending money in a fastest way to escape from the clutches of money lenders. It also has the advantage of easy-to-understand accidents, term and accidental health insurance, and saving money for the old age.

2.5 Dr. R. Vijaya Srinivas said that issuing of KCC or Rupay or credit or debit card or cheque books to farmers is highly encouraging factors in financial Inclusion.

**Need for the Study**

In India as much as 40% population is live in low level income of the category most of them belongs to backward, minority communities and are excluded from financial banking services due to lack of monetary knowledge. To uplift people in the country, in recent times the Government of India has been introduced number of financial inclusion social security connected schemes. In the light of introduction of various schemes this paper entitled as “Implementation of Financial Inclusion schemes in rural households with reference to S. Kotturu village of Andhra

Pradesh in India” will give an insight how well these schemes impact on the rural household particularly in Andhra Pradesh.

**Objectives of the Study**

- To analyze various financial inclusion schemes initiated and implemented by the Central Government through commercial banks
- To understand significance of each scheme on the growth of financial inclusion specifically in rural areas of Andhra Pradesh.

**Research Methodology**

The study has been made as descriptive as well as empirical, using both secondary and primary data. The secondary data has been collected through published articles in journal and books; primary data has been collected through survey through well designed questionnaire. The area of study has been confined to S. kotture village of Krishna District in Andhra Pradesh. The collected data has been analysed through tables and method of multi-regression.

**Schemes of Financial Inclusion**

**Table 1**

S.no	Name of the scheme	Objective	Scheme description
1.	Pradhan Mantri Jan Dhan Yojana (PMJDY)	To provide Households in the state necessary banking services.	It was announced by our Prime Minister Narendhara mode as the Nation Mission PMJDY on 15 <sup>th</sup> August 2014. The major aim of the PMJDY is to open bank account households in the nation by providing banking facilities. Open savings bank account without requirements of any minimum balance account and documents. It covers rupay debit card within built accident health insurance cover Rs.1 lakh. Right to use to overdraft service ahead acceptable process of account credit history last 6 months. It introduced social security schemes i.e. 9 <sup>th</sup> may 2015. under PMJDY another two schemes were introduced i.e. Pradhan Mantri suraksha bema yojana , Pradhan Mantri Jeevan Jyothi Bema Yojana
2.	Pradhan Mantri Jeevan Jyothi Bema Yojana	Low diffusion of Insurance is owing to lack of awareness and also due to the state of mind that what we will be the returns on Investment.	It is accessible to individuals 18 to 50 years. Aadhar is the major KYC for the Bank account. Two lacks risk coverage, auto debited renewal facility is also there. Premium amount Rs.330/-.
3.	Pradhan Mantri suraksha bema yojana	To increase the number of policies in the country.	It is obtainable to persons 18 to 70 Years. It covers 2, 00,000 for accidental death and 1, 00,000 for partial disability, Rs.12/ premium amount.
4.	Atal pension Yojana	The system was introduced to promote persons working under unorganized division. Pension throughout their fold age. It helps employees to keep funds for their old become and guarantees returns post-retirement.	This Social Security scheme was launched 9 <sup>th</sup> may 2015 as on 31 <sup>st</sup> march 2017 a total of 48.54 lakh subscribes contain enrolled under APY with a total allowance wealth of Rs.1,756.48 crore. Monthly one thousand or two thousand or three thousand or four thousand or five thousand premium amount is there. At the era of 60 period. Government given option to the spouse continues contributions to apply account remaining resting period. Less estimate returns given minimum amount, greater estimate amount personally benefits.
5.	Pradhan mantri Mudra Yojana	To give confidence newly established persons and small business units of people.	It was announced on 9 <sup>th</sup> .may.2015as on 31 <sup>st</sup> march 2017 Rs 1, 80,528.54 cores sanctioned. Loan limit 50,000/. Sub schemes are Sishu, Kishore, Tarun. Here Sishu loan limit 50,000/ to 5 lacks, Kishore loan limit 5 lacks to 10 lacks and Tarun loan limit taken do not require collaterals
6.	Stand up	India scheme is to provide bank loans between Rs 10 lakh and 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) and at least one woman borrower per bank branch for place up a Green field Project.	Government of India has setup CGFSI 5 <sup>th</sup> April 2016 as on 29 <sup>th</sup> Marhc, 2017 a total of Rs.5, 237, 29 crore has been sanctioned in 25,435 accounts. (20,305- Women,1,086-ST and 4,044-SC)Loan Limit 10 lacks to 1 crore.
7.	Sukanya Samridhhi Yojana:	The main purpose is that parents and protector to keep amount for the future education. The main important factor is that girl child education.	It was launched Jan 15 <sup>th</sup> 2015 The main objective is that Investment option girl child. The Interest rate was 9.2%.Earlier starts interest rate 9.1%.Compare to other schemes point of view it gives good returns.
8.	Jeevan Surakasha bandhan yojana	Social alleviation of the financial security.	This scheme is a Raksha bandhan endowment and is commenced with a purpose to force PMSBY and PMJJBY. Brothers can present social safety schemes to their sisters by buying reward card worth Rs 351 and deposit plans worth Rs.201 which will be used for creation the premium payment.
9.	Rashtriya Swasthya Bema Yojana	It targets only under the shortage households. it means poor income	Policy mile stone is the unorganized workers social Security act 2008. Government to introduce welfare activities of social security for unorganized

		level of the persons.	workers. Mitigate risk due to physical disability, health shocks and maternity and old age. In India additional 2/3 of amount spending on health is through out of salary which is the most in well-organized and smallest amount accountable way of spending on health. These scheme is targeted “BPL” Household. But it has been extended to cover other defined divisions of unorganized workers i.e., structure and other creation workers, approved railway porters, street Vendors, Beady labour, Rickshaw pullers, household works, mine workforce, Auto/taxi driver.
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**Table2:** Benefits of schemes

		S1	S2	S3	S4	S5	S6	S7	S8	S9	S10	S11
Null Hypothesis	mu=15	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Accepted	Accepted
Alternative Hypothesis	mu=15	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Rejected	Rejected
	mean	20.33	19.25	18.32	17.77	17.19	17.88	16.88	17.14	16.54	15.17	14.58
	p-value	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.1966	0.9617

Explanation of the above table the benefits of schemes viewed positively by the rural public which can be known through the table no. 1, as the P value is less than against the standard norm of 0.05 in case of 9 Schemes out of 11 Schemes which indicates the data fail to accept the null hypothesis, however in case of 2 Schemes out of 11 Schemes the P value is greater than the standard norm of 0.05 which indicates data accepted the null hypothesis which clearly states that the rural public is not viewing the benefits positively.

Here we are treated as S1- Pradhan Mantri Jan- dhanyojana (PMJDY),S2- Pradhan Mantri Jan- dhanyojana Overdraft facility (PMJDY OD), S3-Pradhan Mantri surakash bema yojana (PMSBY),S4-Atel Pension scheme (APS),S5- Pradhan Mantri Mudra Yojana,S6-Stand up,S7-Sukanya Samridi Yojana,S8-Jeevan Surakasha bandhan yojana,S9-Rashtriya Swasthya bema yojana,S10- KISSAN credit card,S11- Business correspondents.

**Observations**

1. It may be observed that 2 Schemes viz Kissan cards and Business Correspondents (BCs), out of 11 Schemes, the P value is greater than the standard norm of 0.05 which indicates data accepted the null hypothesis which clearly states that the rural public is not viewing the benefits positively. Because the two initiatives has different perspective, kissan cards are specifically designed for agriculture not included all the rural households where as Business correspondents are intermediate mechanism to facilitate financial inclusion which is not at all direct beneficiary to the rural households, however it helps in the growth of financial inclusion.
2. Among all the schemes it may observed that 2 schemes such as Pradhan Mantri Jan- dhanyojana (PMJDY) and Pradhan Mantri Jan- dhanyojana Overdraft facility (PMJDY OD) are more popular schemes through which the rural households obtain benefit directly.
3. Atel pension and Jeevan Surakasha bandhan yojana schemes are useful schemes to the rural households in linking their savings to the banks thereby enhancing the growth of financial inclusion in rural areas.
4. The schemes such as Stand up, Sukanya Samridi Yojana Jeevan Surakasha bandhan yojana Rashtriya Swasthya bema yojana schemes are may be useful improving the standard of living and helping the people however the schemes are not useful in linking the savings of rural households to the banks.

**Conclusion**

All the schemes are useful to the public. They increase standard of living. Here one of the main observed point in that commercial banks has first motive factor to create awareness to the rural people.

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