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FINANCIAL INCLUSIONAS A TOOL FOR EMPOWERMENT OF MARGANALIZED SECTIONS

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Abstract

Dalits class contributes 200 million to the population of India which is around 16% of Indian population of India. Dalit people comes under the lowest level of caste system prevalent in Hindu region. They are untouchables, as nobody wants to have contact with them except to rope them in the so called "most degraded works". They are severely neglected and badly treated communities and unfortunately the black blemish on white robe of Hindu dharma. Financial inclusion has two important aspects i.e. availability and equality of opportunities. The basic concept of financial inclusion is that it can be used as one of most important tools for emancipation of marginalized communities that are the part of diverse socio culture of our country. To provide financial goods and services to the marginalized people in effective way has always been the daunting challenge for state. At present a large proportion of Dalits in rural India don't have access to bank branches or other small financial organizations operating in vicinity. They are still the most vulnerable in hands of moneylenders and other private lenders. The present paper tries to establish the positive role of financial inclusion in an attempt to empower the Dalit people in India.

Keywords: *Dalits, Empowerment, financial inclusion, Equality*

INTRODUCTION

Globalization means the freedom in transfer and movement (export and import) of people, commodity and services. Theodore Levitt first coined the word 'globalization' in 1960 and the first paper (review) that brought the concept of globalization was published in 'Harvard business review', may-June 1983. Step wise reduction of international barriers such as tariffs and duties export/import duties and lower limits of quotas play key role towards globalization. Globalization of markets and economy is beneficial to consumers as the world class commodities are at door step at the affordable prices. However, the indigenous business community and internal market may have to face lot of challenges as they face strong competition by international companies. Markets get interconnected and the consumer goods and services get penetration in interior parts of country as well as the in marginalized communities.

Objective of the study

- The main objective of the study to find out importance of financial inclusion for weaker sections of the society
- To study the impact of liberal market on marginalized sectors.

Methods of the study

This article basically based on secondary data.

Significance of the study

Based on the review of literature, this paper examine to give an insight to the stakeholders about the financial inclusion in our country and to give recommendations to the concerned parties.

FINANCIAL INCLUSION

Financial inclusion means to include the poor, rural and deprived class of population under banking services. Extending Facility of providing small loans, insurance and saving bank accounts is the basic aim of financial inclusion.

India has raked 50th position among 100 countries in terms of "index of financial inclusion". Around 50 % population has access to banks and formal finance institutions. RRBs have not achieved the results for which they were established in india. Banks are reluctant to open branches in rural and backward regions. Private banks only operate in urban or semi urban regions. State has a duty to cater the needs of poor and rural population of India where most of the marginalized communities' population live.

Most important problem that marginalized and poor people face is, that most of them do not have regular or good source of income. Large proportion is involved in small activities that don't pay off good returns. Others work under 'daily wages' and don't have any permanent type of employment. It is very difficult for them to provide collateral to get credits and loan from any finance institution.

Banks and finance institutions have got rules to follow and most important is that they have to judge loan repayment capability of the person requiring loan. Hence already poor segment of population never get chance to break the vicious circle of poverty and live same life forever.

Financial inclusion primarily concentrate on needs of poors and margenalised who don't have access to formal financial institutions. Banks are now becoming ready to help the the poors and backward. Facility of loan via Kisan credit cards and artisan credit cards are very corrective step taken by banks towards empowering of rural poor. loans are provided without any collateral to the deprived and poor. Reserve bank of India has taken good step by simplifying KYC norms for 'no Frill" accounts. Not much paperwork is required to open No Frills accounts aimed for low income group people. RBI has issued directives to banks to open zero balance accounts. More conducive environment has been inducted in banking system so that people belonging to deprived classes may not hesitate to approach formal institutions

Financial inclusion also has one important motive of tapping the unutilized money that belongs to rural people. Very liberal procedure has been introduced by which any person can open saving bank account by producing introduction to branch from any present customer with completed KYC and done at least one transaction in last 6 months. Banks have given authority to use the NGOs and SHGs or other social institutions /organizations/intermediaries to disburse loans. Business facilitators is important to help banks and business correspondent models are important to achieve results.

Self-help groups play excellent role if we talk about financial inclusion. Women make SHG and contributed money is pooled by help of an NGO. Loan is disbursed to the member who has requirement and the peer pressure inside the group help timely recovery of loan amount. More than 50 million households have been included in SHGs Concept of financing and thus they ultimately linked to banks.

Indicators of Financial Inclusions

The below table shows the basic indicators of financial inclusion in India.

Table 1: Select Indicators of Financial Inclusion, 2011

S.No	Country	Number of Bank Branches	Number of ATMs	Number of Bank Branches	Number of ATMs	Bank Deposits	Bank Credit
		Per 1000 KM		Per 0.1 Million		as % to GDP	
1	India	30.43	25.43	10.64	8.9	68.43	61.76
2	China	1428.98	2975.05	23.81	49.56	433.96	287.89
3	Brazil	7.93	20.55	46.15	119.63	53.26	40.28
4	Indonesia	8.23	15.91	8.52	16.47	43.36	34.25
5	Korea	79.07	..	18.8	..	80.82	90.65
6	Mauritius	104.93	210.84	21.29	42.78	170.7	77.82
7	Mexico	6.15	18.94	14.86	45.77	22.65	18.51
8	Philippines	16.29	35.75	8.07	17.7	41.93	21.39
9	South Africa	3.08	17.28	10.71	60.01	45.88	74.45
10	Sri Lanka	41.81	35.72	16.73	14.29	45.72	42.64
11	Thailand	12.14	63.8	11.29	77.95	78.79	95.37
12	Malaysia	6.32	33.98	10.49	56.43	130.82	104.23
13	UK	52.87	265.97	24.87	122.77	406.54	445.88
14	USA	9.58		35.43	..	57.78	46.83
15	Switzerland	84.53	166.48	50.97	100.39	151.82	173.26
16	France	40.22	106.22	41.58	109.8	34.77	42.85

Source: Financial Access Survey, IMF; Figures in respect of UK are as on 2010

Financial Literacy

41% of the population in India is still does not have accounts in banks

40% of people is unbanked in urban areas.

60% of population is still unbanked in rural areas.

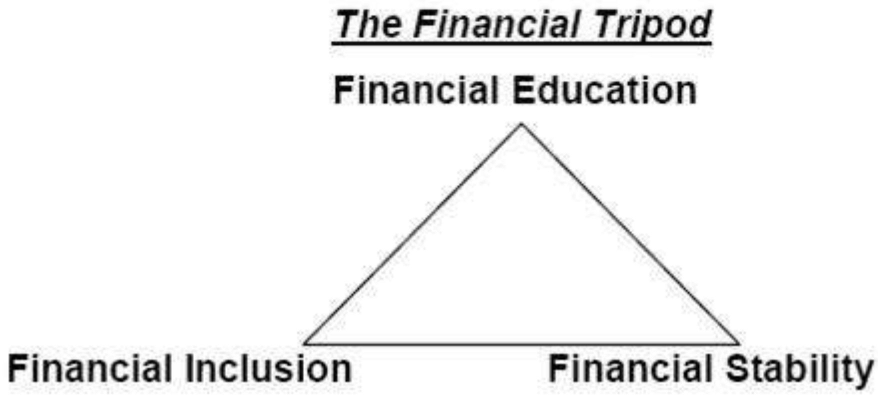
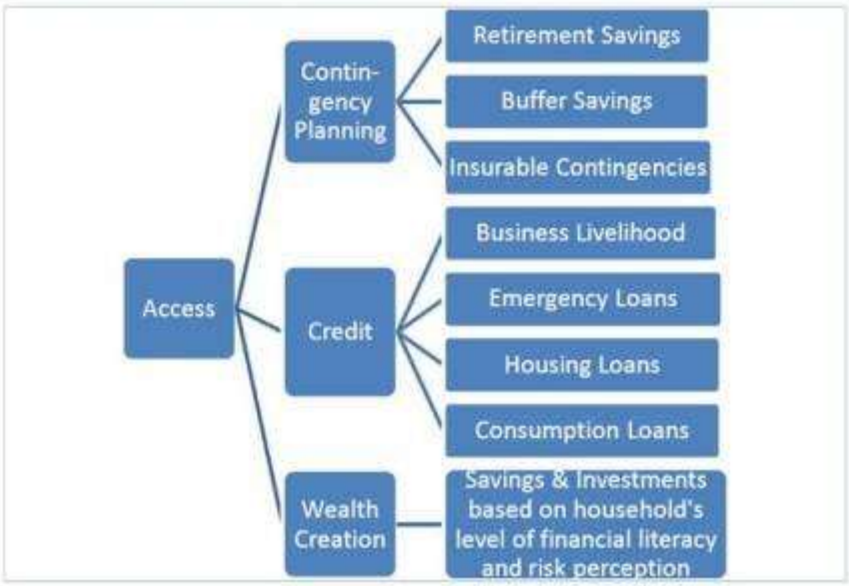


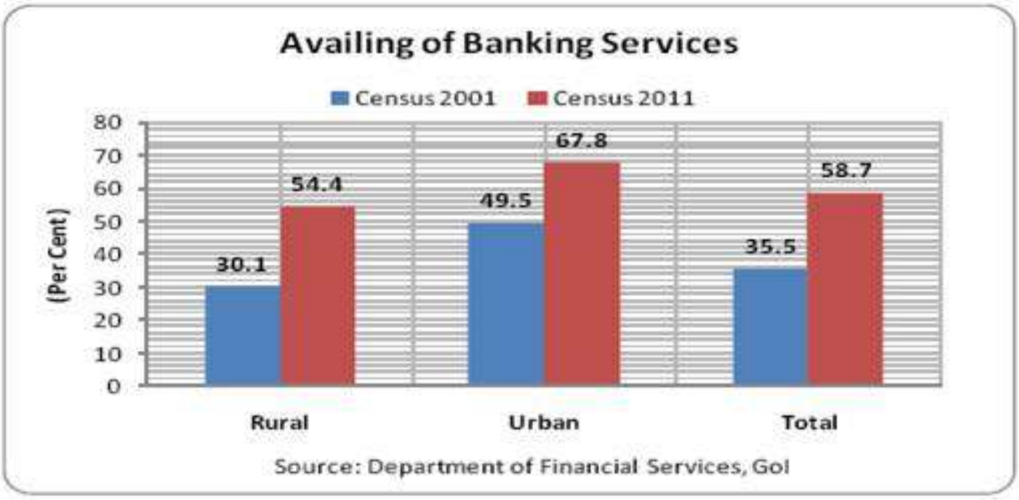
Figure I: Household Access to Financial Services



Source: A Hundred Small Steps - Report of the Committee on Financial Sector Reforms (Chairman : Dr. RaghuramRajan).

The above picture shows the access of financial services available for household sector in India.

Chart 2: Availing of Banking Services



As per sources or data available in 2011 the above table shows the access of banking services in the between 2001 to 2011

Recent measures taken by Government for financial Inclusion

- Issue licenses to new banks
- Overhauling the banking structure
- Promote NBFCs in rural areas

Conclusion

United nation has issued some guide lines for financial inclusion. Sustainability of financial institutions is key issue when we talk about the extension of services into rural and backward regions. Since Paying back capacity of poors is questionable therefore losses may mar the future serving capacity of institutions. state has to support the financial inclusion. the State should redefine its role and limit its services and support mainly to needy ones. Rural backward region in india don’t get services of insurance sector. House , crops and lives of poor and backward class should get insured which would prove beneficial in providing financial strength.

Private sector has limited role and they aim capital formation. Financial inclusion is risky business and hence its responsibility of government to prepare conditions and educate the people that loans have to be repaid with full reponsibilty. The most important aspect is that the employment has to be provided so that over burden on agricultural land may ease up. Financial inclusion will not have any meaning if rural and backward classes don’t have some defined means of earning. Employment generation and financial inclusion go hand in hand and are inseperable. Sustainability comes when employed or semi employed or self employed category of population is provided financial inclusion. Years will take to get results and holistic approach can only work in country like us.

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