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Review Article

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From Inclusion to Literacy: A Financial Journey in the Indian Landscape

Rupa Kumar Das[1*] and Anshuman Pattanaik[2]

[1]*Deputy Manager, Punjab National Bank, Swargadwar Branch, Puri, Odisha*

[2]*Assistant Professor, Gandhi Engineering College, Bhubaneswar, Odisha*

[*]Corresponding Author
Rupa Kumar Das, Deputy Manager, Punjab National Bank, Swargadwar Branch, Puri, Odisha.

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Abstract
"Banking the unbanked" is the motto of Financial Inclusion, i.e. providing banking services to every individual. Financial Literacy is the possession of skills, knowledge and behaviors that allow an individual to make informed decisions regarding money. India is a highly diverse country with a wide range of customers associated with financial institutions based on their literacy level and social awareness. The system architecture has taken a pivotal change in the modern banking system. Due to the digital India initiative, much has changed in the past decade. The theoretical implementation of modern-day banking and practical banking are orthogonally different. This study is about how financial institution policy works in the Indian subcontinent and the pros and cons of it. We have included a few case studies that have impacted the financial system and the customers and steps taken by the govt. of India for Financial Literacy as well as Financial Inclusion.

Keywords: Banking, Financial Inclusion, Financial Literacy

1. Background
The banking industry has been transformed from the "Barter System" in ancient times to the "24X7 banking" in the 21st century. In ancient Greece and during the Roman Empires, banking was mainly described as depositing excess grain with the King and lenders based in temples and obtaining loans from them [1]. In the present-day scenario, if any bank fails to deliver digital banking with cutting-edge technology, then they will be out of the race. When the banks are committed to channelizing their products through digital mode, there are certain concerns, such as whether the customers are equipped with the pros and cons of the technology and do they possess the necessary knowledge for understanding, implementing and executing routine banking activities. Here comes the role of Financial Literacy, which enables the individual to know their parts for safeguarding their money which ultimately makes them safer for everything in their life. Financial Literacy may otherwise be defined as "It is the possession of skills, knowledge and behaviours that allow an individual to make informed decisions regarding money. Financial Literacy is so important because the Financial Inclusion process is at a high time in India. The rest of this work comprises an introduction to financial inclusion and Literacy, followed by key concepts on Financial Inclusion and Financial Literacy, Case studies & its analysis.

2. Introduction
2.1 Financial Inclusion
Financial inclusion can be defined as Delivering banking services at an affordable cost to the vast section of disadvantaged and low-advantaged groups [2]. The goal of Financial Inclusion is to bank the unbanked. The committee chaired by Dr C. Rangarajan, RBI, 2008 & Mr. Deepak Mohanty, RBI, 2015 recommended strategic financial inclusion for "convenient access to a basket of basic formal financial products and services that should include savings, remittance, credit, government-supported insurance and pension products to small and marginal farmers and low-income. [3]. Financial inclusion means giving society access to all the benefits of financial institutions and promoting individual and communal growth. Country growth depends on financial inclusion. Figure 1 shows the essential aspects of financial inclusion, including Access to essential financial services, affordability, availability, and more. Basic services include bank accounts, savings, loans, insurance, and payments. These services are unavailable to many low-income and rural individuals, making saving, investing, and managing financial risks difficult. Financial products and services should be reasonable and accessible to everyone. Available means financial institutions are physically present even in rural places. Set up branches, mobile banking units, or agent networks to serve rural or remote locations. Financial literacy is crucial, so everyone understands this system. Digital financial services, introduced by financial organizations, must be examined periodically for

better services. The government and finance authority set rules for seamless service delivery. Data and identification are vital to financial inclusion for each person to access services. India is a diverse nation with a largely rural and outlying population that has previously been overlooked by financial services. Thus, financial inclusion in India aims to close this gap and ensure that everyone in India has access to basic financial services and may participate in the formal economy.

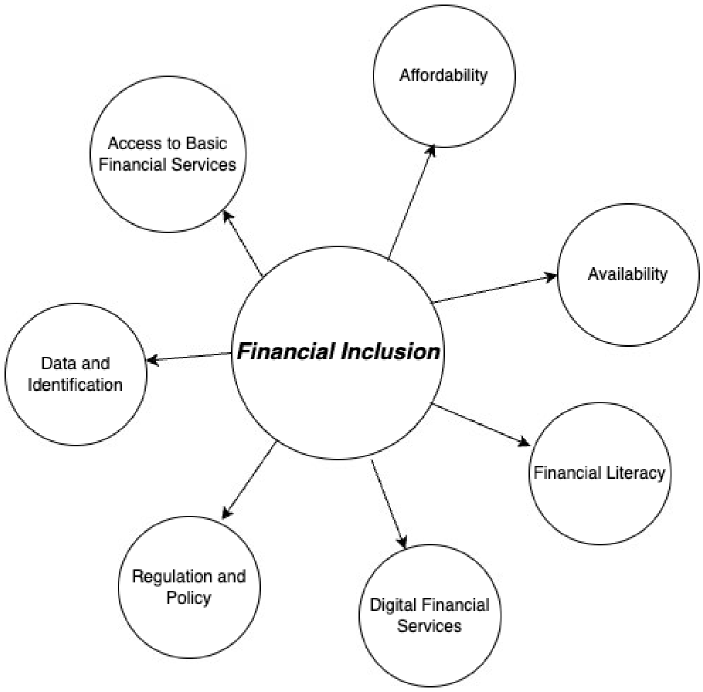

Figure 1: Features of Financial Inclusion

2.1.1. Key Elements of Financial Inclusion in the Indian Landscape Include

• **Banking Services Access:** The Pradhan Mantri Jan Dhan Yojana (PMJDY) is one of India's flagship financial inclusion programs. Launched in 2014, it aims to provide every household with access to a bank account and associated services such as a debit card, overdraft facility, and insurance coverage [8].

• **Digital Payment Systems:** The Indian government's push for digitalisation has led to the widespread adoption of digital payment platforms such as the Unified Payments Interface (UPI), which enables easy and secure real-time fund transfers. This has significantly improved access to payment systems, even in remote areas [Pandey et al. 9]. Figure 2 illustrates the usage of digital platforms for financial transactions through the years.

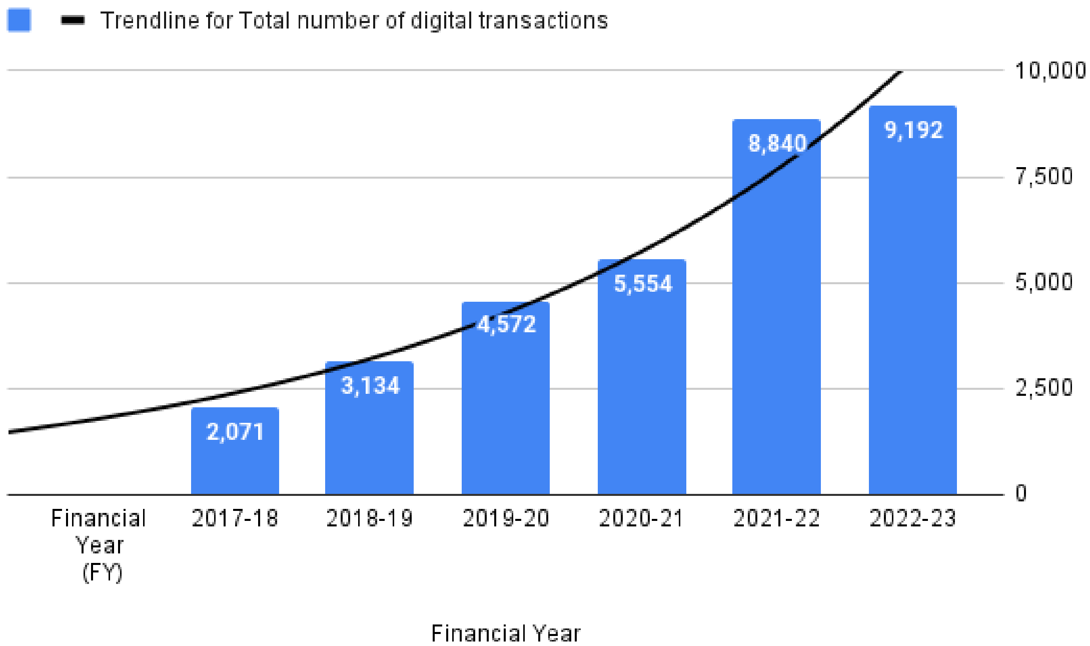

Figure 2: Use of Digital Medium for Payment (In Crores) Through the Years

• Microfinance: Microfinance institutions (MFIs) do play a crucial role in providing small loans to low-income individuals and micro-entrepreneurs who might not have access to traditional banking services [10].

• Financial Literacy: Financial education and literacy programs are important components of financial inclusion in India. These programs help individuals understand how to use financial services effectively and make informed decisions. Rural and Agricultural Finance: Given India's agrarian economy, there's a focus on providing credit and insurance services tailored to the needs of farmers and those engaged in rural livelihoods.

• Government Schemes: Various government initiatives, such as the Direct Benefit Transfer (DBT) program, leverage financial inclusion to deliver welfare benefits and subsidies directly to beneficiaries' bank accounts.

• Small-Scale Savings: Another aspect of financial inclusion is encouraging savings among underserved populations. The government offers various small savings schemes through post offices and banks to cater to this.

• Regulation and Policy: The Reserve Bank of India (RBI) and other regulatory bodies play a crucial role in creating an enabling environment for financial inclusion by formulating policies encouraging banks and financial institutions to serve marginalised communities. Technology and Innovation: Fintech solutions have significantly advanced financial inclusion in India, especially in areas with limited physical infrastructure. Mobile banking, digital wallets, and innovative credit assessment models have expanded access to financial services. Financial Inclusion Index: The RBI has introduced a financial inclusion index to measure the extent of financial inclusion across various states and regions of India [11].

3. Literacy in India

“Education is the most powerful weapon to change the world,” stated Nelson Mandela. Literacy is education's foundation. India has distinct age and income groups. 64% of India is rural. Indian rural areas are important to the economy. India is the fifth-largest economy. India ranks 128th in global literacy. India is the most populous nation, but its literacy rate is low. Financial literacy is specialized financial knowledge. It relies largely on general literacy abilities. Self-improvement, economic success, and social participation require both types of literacy. Let's examine India's financial literacy using Standard & Poor's Global Financial Literacy Survey, the worlds largest and most comprehensive. India ranks 73rd out of 144 nations in financial literacy at 24% [5]. India is rising in population, economics, and science and research. It's time to examine the country's finances and improve financial literacy to change the world map.

3.1 Financial Literacy

Financial Literacy is the possession of skills, knowledge and behaviours that allow an individual to make informed decisions regarding money [4]. In general, literacy means the ability to read and write. However, when it comes to Financial Literacy, it is much more than just the basics of finance or banking. Financial literacy has a huge role as it deals with the hard-earned money of the individual or the group. As per the report published in Economic Survey 2022-23, the government of India's Insurance scheme has grown significantly due to the rise in financial literacy. Financial literacy is understanding and using various financial skills, including personal financial management, budgeting, and investing. It involves knowledge, skills, and attitudes that enable individuals to make informed and effective decisions with their money. The basic concepts of financial literacy can be understood in Figure 3.

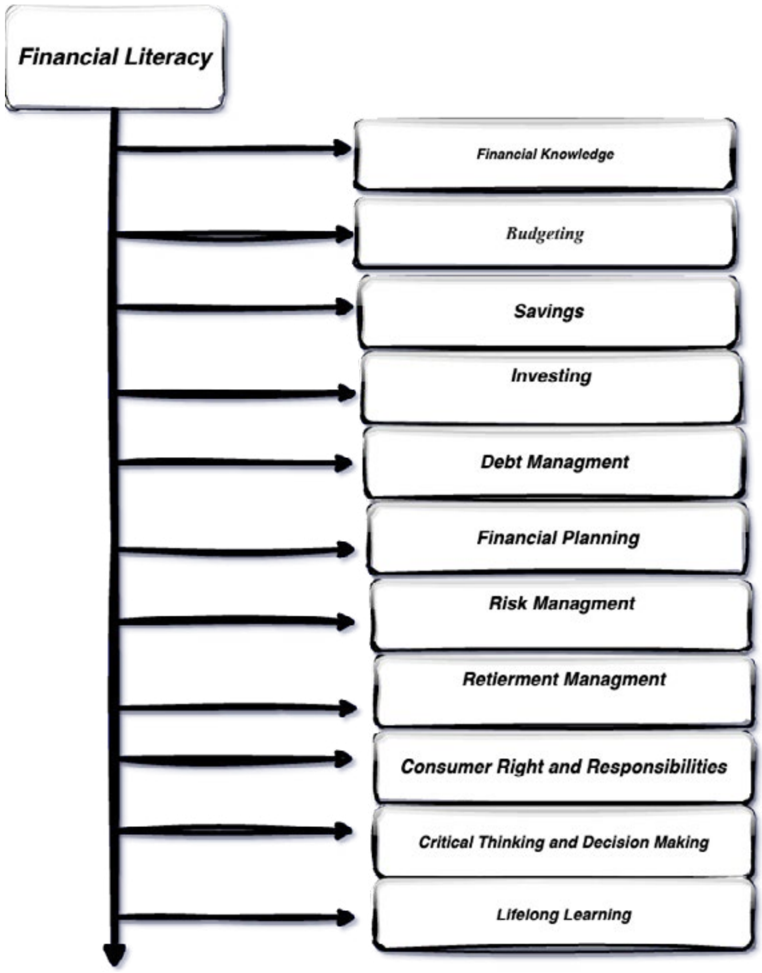

Figure 3: Key Concepts on Financial Literacy

3.1.1 Financial Knowledge: The grasp of essential financial ideas and terminology is the first step toward developing one's financial literacy. This covers income, spending, savings, investments, debt, interest rates, inflation, and taxation. People are responsible for educating themselves regarding how these ideas influence their monetary state.

3.1.2 Budgeting: Creating a budget is an essential part of becoming financially literate. Putting together a strategy for allocating money to cover expenses, save for the future, and invest requires planning. A person is better able to keep track of their finances and avoid going over their spending limits if they have a budget that is well organized.

3.1.3 Savings: Realizing how important it is to adhere to a savings plan consistently is a crucial component of a firm understanding of personal finance. It is crucial that the general public understands the importance of establishing an emergency fund and investing for long-term objectives, such as retirement and continuing education.

3.1.4 Investing: One of the most important skills one needs to have in order to be financially literate is the ability to invest money. This involves having an awareness of the many kinds of assets available (for example, stocks, bonds, and real estate), the relationship between risk and return, and the significance of diversifying one's portfolio.

3.1.5 Debt Management: Understanding the many forms of debt, such as credit cards, loans, and mortgages, is an important part of having good financial literacy. It is crucial to have a solid understanding of how to responsibly handle debt, which includes paying payments on time and avoiding taking on too much debt.

3.1.6 Financial Planning: Individuals can be encouraged to construct a financial plan that is in line with their goals and objectives when they have a basic understanding of financial literacy. This strategy may involve determining both short-term and long-term monetary objectives and describing the steps that must be taken in order to reach those objectives.

3.1.7 Risk Management: One must also understand risk management and insurance as part of financial literacy. People have a responsibility to educate themselves on the inner workings of insurance, as well as the various kinds of coverage that are required to safeguard themselves and their possessions.

3.1.8 Retirement Planning: Planning for retirement in India is making preparations to ensure one's financial stability and the ability to lead a pleasant lifestyle once one's working years have come to an end, which contains specific topics such as creating retirement goals, estimating post-retirement expenses, evaluating the current financial situation, investment strategies, tax preparation, healthcare and insurance, and post-retirement income, among other things.

3.1.9 Consumer Rights and Responsibilities: Knowledge of the rights and obligations of consumers in relation to their interactions with financial institutions, products, and services is an essential component of financial literacy. This involves having a solid grasp of the fees, interest rates, and terms and conditions associated with various financial instruments.

3.1.10 Critical Thinking and Decision-Making: In addition to having knowledge, one must also possess the capacity to conduct an objective evaluation of various financial choices. This involves conducting a risk-benefit analysis, contrasting different financial products, and making decisions that are in line with one's long-term financial objectives.

3.1.11 Lifelong Learning: Acquiring sound financial knowledge is a constant practice. It is essential to refresh one's understanding of personal finance continually and to adjust to ever-shifting economic situations as well as one's own changing life circumstances.

India is a demographically diverse country with variations in literacy rates. 24% people of India are financially literate. Financial literacy creates more opportunities for individuals as well as for communities. Better decision-making, debt management, savings and management, economic growth, financial stability, retirement planning, protection against scams and frauds, entrepreneurship and small business development, improved credit scores, informed consumer choices, poverty reduction, reduced reliance on informal finance, government and policy support for the public are all outcomes that can be achieved through increased financial literacy. Figure 4 gives the perspective of financial literacy in India.

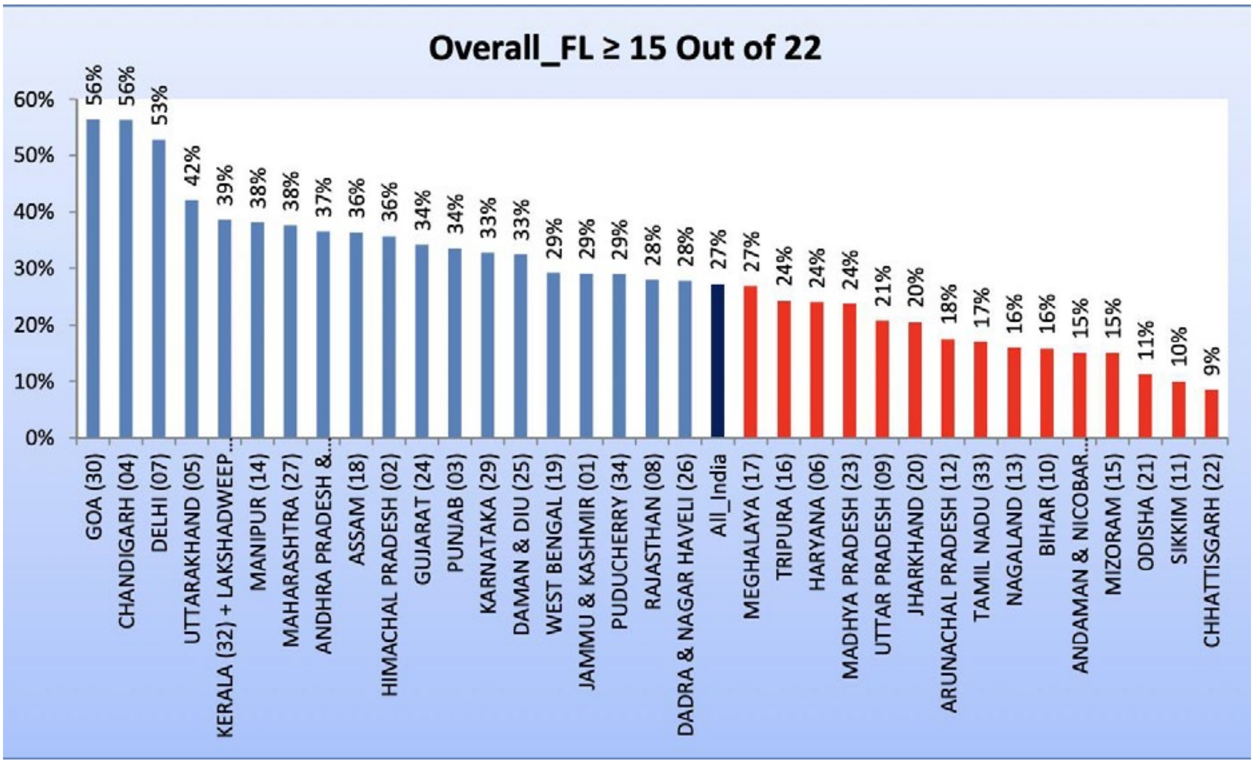

Figure 4: Financial Literacy Percentage State-Wise as Per NCFE 2019 Report[7].

4. Case Studies

Indian Banking institutions work 24x7 for the overall financial growth of the country across India in both rural and urban areas. It came across various events that occur with organisations and individuals. We have mentioned a few case studies to bring your attention regarding the flaws of financial inclusion without having financial literacy.

A regular branch customer Mr. A came for a NEFT one morning. After examining the NEFT vouchers dealing officer, Mr. X asks Mr. A if he wants a new electric scooter. He answered, “yes sir”.
The seller of Ola scooters sells online, so have you checked?
A: Yes, sir. They offer discounts and loans.
Mr. X: I'll do the NEFT–congratulations on your new scooter.
The next morning, Mr. A returned to the branch with another NEFT voucher to the same supplier. This is Rs.10000. Mr. X again questioned if he confirmed the seller.
A: Yes sir, Please do.
After a few days, Mr. X returned to the branch, sad about the mistake. Mr. A inquired what occurred if he merely informed him you confirmed the supplier and sent the money.
Mr. X: I found an Ola electric scooter link on Google. They called me after I registered. They recommended me to send Rs.50000 for vehicle shipment. They settled for Rs.30000/- after negotiating. Then I send Rs.20000 and Rs.10000. Then they told me the manager won't accept Rs. 30000, so I must submit the remaining. Then I doubted and approached you.
Mr. A: I repeatedly informed you you verified. We'll start recovering after seeing.
After branch verification, Google, and contacting other coworkers about this matter, all of them recommended that this is a new fraud and to check the receiver name”OLA SCOOTER PVT. LTD.” Mr. A then recommended Mr. X to write a written application for a bank account return under RBI rules and file a police report in the Cyber Security Cell.
At the branch level, we started recovering the money from the receiving bank account. After an RBI Ombudsman complaint, the bank's Cyber Security Cell closed the account, according to the internal inquiry. X is still waiting for his refund.
This case has no consumer knowledge. He remitted the money after branch employees encouraged him not to verify again.
Here we learned Financial Literacy is highly crucial. There is no freebie or large discount. It merely traps ignorant individuals and steals their money.

Case Study 1: Ola Scooter Pvt ltd

It's 14th August 2023; I was in a branch on that busy afternoon. I got a call from my cousin, who is a doctor as well, asking me about the procedure to lien mark his bank account. I instantly responded and contacted his parent branch & his account is lien marked. Then I asked him what was the matter. He explained. He was out of town for his weekend routine visit to a plant site. He got a video message from one of his close friend’s FB Id requesting funds for the immediate surgery of his friend, who had an accident before a few hours. He got shocked and tried to contact his friend instantly. This scene is going on during the patient consultation hour. He tried to contact his friend’s family members, but they were also unreachable. In the meantime, the fraudsters sent some UPI links & he paid. When he returned to his home time, directly visited his friend’s home and came to know that everything is fine out there; he, along with his family, was on a family trip to an isolated location where the mobile network was down.

Here a Doctor made a mistake. He is very well aware of the banking things but financial literacy was missing. As we bankers always say don't trust anyone unless you verified it personally.

Case Study 2: Scam through Social Media

On a working Saturday morning a customer aged around 70 walks into branch for an NEFT. That day I was the dealing Officer. He asked me how to make NEFT. I advised him to bring the necessary documents along with receiver account details, as the old man never did NEFT.

Around 12:30 PM the customer again walked in with his chequebook and asked me to fill it along with the NEFT challan.

Me: Where are the receiver details?

Uncle: It's written here. (Written on a torn newspaper corner without clarity and with multiple corrections).

Me: Uncle, do you know him, what is the purpose? Ask him to resend it properly to your mobile. (I am not supposed to ask about these things but something wrong I guessed.)

Uncle: This is for personal purposes. I will rectify it & come.

Me: It's better to bring your son or daughter along with you.

Uncle: Ok.

He again came around 1:30 PM and came with everything filled up. Hanaded over to our other officer. He did the necessary due diligence and remitted the fund.

Uncle again came around 4:30 PM and enquired about the remittance. His UTR No.(Unique Transaction Reference Number) has been handed over to him.

Again on Monday morning, he returned and said the money had not been remitted. So we asked who said that. He replied the receiver denied of getting the money. We advised him to check with the receiver and asked him to go to the concerned bank and send the statement.

After this uncle called that person and after some discussion, he handed over the phone to our officer.

Officer: Have you checked your account?

Mr. Y: Yes, there is no credit. If you still need to remit, remit it soon.

Officer: Who told you we have not remitted? We have provided you with the UTR no. Go to your bank and Check. By the way, for what purpose is Uncle sending you the money?

Mr.Y: His loan has been sanctioned from ABC Bank, XYZ branch. For the processing fee, he has to remit the money.

Officer: Loan Sanctioned!!! For an old man around 70 years, and that's to a faraway branch? For how much loan, your processing fee is Rs.39000/- (Uncle remitted Rs.39000/-) Kindly send me the sanction letter.

Mr. Y : I can't share the details with you & give the phone to that person.

Then we advised uncle that your money had gone to some wrong hand. Firstly how was the loan sanctioned from a faraway branch without knowing you? Secondly, the receiver bank IFSC doesn't match with the sanctioning bank. How much loan did they sanction?

Case Study 3: Loan Related Scam

One fine day a lady customer walked into the branch and asked us to lien mark her account. we asked her what's the reason for that. She explained.

One call came and that was attended by his son, who was bedridden for a few days due to an accident. So Mr.X told his son do you want to double your money?

Son: Yes, but how?

Mr. X : You need to do a few steps.

Son: Ok, Lets Explain.

Mr.X : I have send you a link just pay Rs.1099/- and check.
Son: ok.

Then, all of a sudden, 3 to 5 pay requests came, and he verified the payment with the UPI pin and Rs.18000/- was debited.

Then, the lady complained about the matter to the cyber cell under Odisha Police.

Case Study 4: Money Double

On a working Saturday around 01:00 PM, I got a call from my friend Mr. N; he enquired about an account to see whether that belonged to Hotel Golden Palace, Puri or not.

I asked for the details and checked through Finacle and got to know that the account he enquired is an individual account belonging to someone in Raibarelly, Uttar Pradesh.

Then I asked him what happened.

After a big relief, he replied I just escaped from a trap.

He was planning for a holiday trip in Puri. Looking for a hotel booking. He Googled the hotel name and clicked on the link. There it shows the details of the hotel, and for booking confirmation, the person contacted asked him to send the money through the bank account details given by him.

Upon enquiring as per his statement, it was found out that there is a fake website of Hotel Golden Palace, Puri is running simultaneously. The fake website has the contact details on the link itself. So, people get trapped without verifying the website properly and end up paying the booking amount, ultimately spoiling their vacation.[6]

Case Study 5: Hotel Golden Palace

On a busy afternoon, there was mail received from the cyber security cell of Zonal Office Patna, Bihar, to freeze an account blocked the UPI & debit card. The mail contained the cybercrime complaint reported by the Bihar Police through the National Cyber Crime Reporting Portal under the Ministry of Homes, Govt. Of India. As per the mail, we have frozen the account and also blocked the UPI & debit card.

On the very next day, an old lady aged about 70+ walked into the branch and wanted to withdraw money from her account. Then, the cashier reported the account was frozen. Then, upon checking, we came to know that she was the lady whose account was being blocked as per the mail. Then we asked her where she got around Rs.40,00,000/- (Rupees Forty Lakhs only) in 5 months of span in her new account. She was mum. After doing cross-questioning, she replied her ATM card was given to her nephew. He is working somewhere in UP- Bihar border.

After discussion, she finally came to know that her account had been misused and may have to present in a court of law if required.

Case Study 6: Misuse of Account

In March 2023, Mr. D, a customer of our branch, came to me as his account was stressed and going to be NPA on 31st March 2023. I asked him why you are not repaying the debt, your account had been irregular for the last 1 year.

Mr. D: Post covid scenario, business was down. I was unable to make sufficient profit out of the business. But the loan amount is mounting more and more. I have taken loans from the market (Pvt Money lenders), and bank loans have increased (Covid assistant loans). Due to improper calculation, I was in the trap of Debt. Ultimately I need to sale the property and to repay the loans as I am unable to pay the dues of both bank & money lenders.

Case Study 7: Overburden of Debt.

I was working with an NGO a couple of years back. We used to provide food to old people who were alone and unable to support their food. On a daily basis, we prepared lunch for those people & deliver food at their doorstep. One day, I talked to Mr. E & asked him how this situation arrived.

Mr. E: I was running a transport business(BUS). I was earning enough for the family. But suddenly, due to mismanagement, I couldn't recollect the revenue. Business gone in deteriorating. Within a few years, I stopped the business and worked with an automobile showroom. I barely managed to survive with my salary. Bank has many times advised me to make some FDs or invest in a pension plan, but I didn't heed them. At the end of the day, I was left alone, without even supporting a meal to eat.

Case Study 8: Pension the Saviour

4.1 Critical Analysis of Case Studies

The aforementioned case studies illustrate the numerous financial cons and frauds, as well as the myriad problems associated with a lack of financial literacy. Let's analyze what we've learned from each of the case studies so that everything is crystal clear. Scammers take advantage of the fact that most transactions can now be completed digitally in order to trick people into giving up their money by presenting them with alluring deals. According to the results of Case Study 1, it is abundantly clear that the Individual persistently exhibits a strong propensity toward acquiring products at decreased costs. This is shown by the individual's consistent demonstration of the strong inclination. The provision of a discount has the potential to encourage people to part with the money they've worked so hard to obtain. But trusting the discount cent percentage and making the conclusion that the company can give the items for free attract the fraudster to their ambit, which ultimately an individual to lose his money.

In the 21st century, people are more active on social networking sites rather than social gatherings. In Case Study 2, there was a situation where people believed in Social networking without proper physical verification. Many individuals place unwavering trust in social networking platforms like Facebook, X, and Instagram, despite the stark contrast between this perception and the actual reality. However, individuals place their trust in these entities and therefore experience financial losses. Loan sanction is subject to eligibility in every aspect of the loanee. such as qualification, credit score, age, viability of the project etc. As per the scenario explained in Case Studies 3, our subject aged 70 expects to get a loan of Rs.50,00,000/- (Rupees Fifty Lakhs). Which is next to impossible as the individual does not belong to any group and doesn't have anything for mortgage etc. So individual just gets trapped and is being ineligible for loan he ends up paying a huge amount without even consulting any financial advisor.

In India, there's a constant desire for more wealth with less toil. Money becomes double in a safe investment which takes approx 7-8 years. In midcap or small cap it takes 3-5 years. But in case study 4 the individual loses the money just becoming part of the trap just to make his money double. Money neither grows in plants nor doubles instantly. People still fall prey to these types of lucrative offers and lose their hard-earned money within seconds. Searching for information on Google also requires knowledge. There are certain things to note, data & metadata which lead us to the information, we have to check whether it is in a proper manner or not in the website. In the aforesaid case study 5, without proper verification of the website, the individual is ready for the payment. This is to be strictly prohibited as payment should be made at the end after n numbers of verification. Account-related information such as Account number and debit / Credit card information is always to be kept secret. These details are not to be shared with anyone not even with our partners. But the old lady in case study 6, not only shared but handed over the debit card along with the mobile number of his nephew linked to her account. Which ultimately gave the entire access of her account to the nephew. That led to fraudulent transactions in her account for which she was held responsible. Whenever the matter is investigated she will be part of the investigation without having any malafied intention.

Loan products are very easily available to individuals after the opening of NBFCs. These institutions are charging a higher rate of interest, bounce charges are too high once the loanee fails to serve even 1 EMI. Individuals to fulfil their wants, take a loan and sometimes become overburdened as the Individual fails to analyse the income and expenditure ratio (DSCR). In our Case Study 7 the Individual failed to do the necessary calculation related to his income-to-expenditure ratio. So in the end, the Individual sold his property to become debt-free instead of paying the debt from profit out of the business. Pension is a monthly payment people get after superannuation or after the age of 60. But in the case of business people, there is the only option for them to invest in a good pension plan during the early stages of business or during the growth period of the business, which will help them in the long run. Mainly when they are unable to work or do business or earn money these schemes will provide them financial support at a difficult time. In case study 8 the individual failed to save necessary funds during the peak of his business, which may support him in the future. He fell in the race and instead of living a dignified life, he had to take the help of the NGO just to have a meal in a day.

5. Financial Inclusion and Literacy by Government of India

India is the largest democratic country in the world holding the fifth rank in world economy, the government works in various way for the economical growth of the public. In 1894 Lala Rajpat Rai introduced the frist bank of India, Punjab National bank. It is the stepping stone towards the financial inclusion of the country. Afterwords various financial institution came to picture for the overall growth of the country such as, Reserve Bank of India(RBI), National Bank for Agriculture and Rural Development (NABARD), Public Sector banks, Private sector banks, Regional Rural Banks (RRBs), Microfinance Institutions (MFIs), Life Insurance Corporation of India (LIC),National Payments Corporation of India (NPCI), Rural Development and Self-Employment Training Institutes (RUDSETIs), National Institute of Financial Management (NIFM),Securities and Exchange Board of India(SEBI), Educational Institutions and NGOs are introduce through time. India has enacted a variety of financial inclusion policies and initiatives with the objective of facilitating access to formal financial services for a broader portion of the population, particularly those residing in rural and underserved regions. The following are notable financial inclusion policies and schemes implemented in India:

5.1 Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Pradhan Mantri Jan Dhan Yojana (PMJDY), initiated in 2014, stands as a prominent financial inclusion program within India. The primary objective of this initiative is to ensure the equitable availability of fundamental financial services, encompassing savings accounts, insurance, and pension schemes, to all individuals.The Pradhan Mantri Jan Dhan Yojana (PMJDY) initiative additionally facilitates the enhancement of financial literacy and the provision of credit accessibility to individuals who do not possess bank accounts or have limited access to banking services. PMJDY account opened in different states as on Dt. 23-08-2023 is displayed in Figure 5

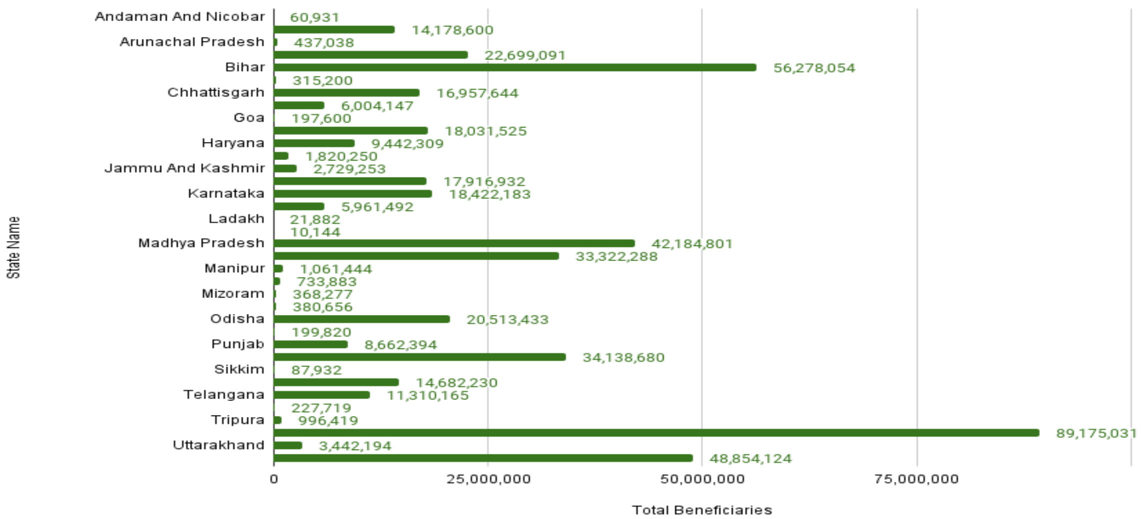

Figure 5: Statewise PMJDY Account Opening s on Dt.23-08-2023 [26].

5.2 Jan Dhan-Aadhaar-Mobile (JAM) Trinity

The JAM Trinity refers to a comprehensive strategy for promoting financial inclusion, which integrates the utilization of bank accounts (Jan Dhan), Aadhaar biometric identity, and mobile technologies [12]. The implementation of direct benefit transfers (DBT) facilitates the transfer of government subsidies and welfare payments directly into the bank accounts of beneficiaries. This approach minimizes the occurrence of leakages and enhances the effectiveness of benefit distribution.

5.3 Pradhan Mantri Mudra Yojana (PMMY)

The Pradhan Mantri MUDRA Yojana (PMMY), initiated in 2015, primarily emphasizes the provision of loans without the requirement of collateral to micro and small enterprises (MSEs). The loans are classified into three distinct phases, namely Shishu (for amounts up to ₹50,000), Kishore (for amounts ranging from ₹50,001 to ₹5 lakh), and Tarun (for amounts ranging from ₹5 lakh to ₹10 lakh). These stages are designed to address the diverse financial requirements of Micro and Small Enterprises (MSEs) [13]. Table 1 illustrates the PMMY loan sanctioned in different categories in Fy 2020-21 & Fy 2021-22.

FY	2021-22		2020-21		Growth in Sanction Amt (%)
Region	No. of A/Cs	Sanction Amt (₹ crore)	No. of A/Cs	Sanction Amt (₹ crore)	
		Share		Share	
North	1,15,45,805	82,700	1,04,05,478	78,555	5%
	21%	24%	21%	24%	
East	1,87,24,571	98,637	1,70,88,159	85,472	13%
	35%	29%	34%	27%	
North East	11,74,574	8,682	16,81,086	11,511	-33%
	2%	3%	3%	4%	
South	1,33,29,413	91,765	1,30,83,599	90,325	2%
	25%	27%	26%	28%	
West	90,21,163	57,327	84,76,724	55,897	2%
	17%	17%	17%	17%	
Total	5,37,95,526	3,39,110.35	5,07,35,046	3,21,759.25	5%

Table 1: PMMY loan Sanctioned in Different Categories in FY 2020-21 & 2021-22 [27].

5.4 National Rural Livelihoods Mission (NRLM)

The National Rural Livelihoods Mission (NRLM) endeavours to enhance the economic well-being of rural households by promoting self-employment opportunities and fostering skill development. The program facilitates the provision of credit and financial services by means of Self-Help Groups (SHGs) and its federations [14].

5.5 Rural Self-Employment Training Institutes (RSETIs)

Rural Self-Employment Training Institutes (RSETIs) engage in collaborative efforts with financial institutions to deliver comprehensive skill development and entrepreneurship training programs within rural regions. These entities assist individuals in establishing their own businesses by enabling their access to financing and financial services[15].

5.6 Direct Benefit Transfer (DBT)

The Delivery by Transfer (DBT) system is a complete methodology for the direct transfer of subsidies and welfare benefits to the bank accounts of intended recipients.The implementation of this measure effectively mitigates instances of leakages, corruption, and delays that may arise throughout the process of subsidy disbursals [16].

5.7 National Pension System (NPS)

The National Pension Scheme (NPS) is a discretionary, extendedterm retirement savings program.The provision of a low-cost, market-linked investment alternative serves as an incentive for individuals, even those engaged in the informal sector, to engage in retirement savings [17].

5.8 Atal Pension Yojana (APY)

The APY, which was introduced as a component of the National Pension Scheme (NPS), specifically caters to individuals employed in the informal sector. The system offers a pension that is assured and is determined by the amount of payments paid by those who are enrolled in the program [19].

5.9 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) provides life insurance coverage at a cost-effective rate. The Pradhan Mantri Suraksha Bima Yojana (PMSBY) offers accident insurance coverage. Both schemes have the objective of improving the level of social security and increasing the extent of insurance coverage [20].

5.10 Stand-Up India

The objective of this initiative is to foster entrepreneurial endeavours within the female population as well as among those belonging to the Scheduled Castes (SCs) and Scheduled Tribes (STs) communities. This program offers financial assistance for the establishment of new environmentally sustainable businesses [21]. Along with these financial inclusion schemes, GOI also focused towards financial literacy as they are the two sides of the same coin. Notable schemes and regulations are as follows.

5.11 National Strategy for Financial Education (NSFE)

The National Strategy for Financial Education (NSFE) is a comprehensive framework that has been designed by the Reserve Bank of India (RBI) with the aim of fostering financial literacy and education throughout the nation [22]. The document encompasses a set of instructions aimed at fostering collaboration among diverse stakeholders, such as government organizations, regulators, banks, and educational institutions, with the objective of disseminating financial knowledge.

5.12 National Centre for Financial Education (NCFE)

The National Centre for Financial Education (NCFE), which operates under the supervision of the Reserve Bank of India (RBI), functions as the primary organization responsible for advancing financial literacy in India. The organization manages and executes a range of financial education activities, while also engaging in research pertaining to financial literacy [23].

5.13 Financial Literacy Centers (FLCs)

The Reserve Bank of India (RBI) has established Financial Literacy Centers (FLCs) nationwide with the objective of offering complimentary financial literacy and educational services. These centres provide educational workshops, seminars, and counselling sessions covering a range of financial subjects [24].

5.14 Financial Literacy Week

The Reserve Bank of India (RBI) organizes a yearly Financial Literacy Week with the objective of enhancing knowledge and understanding among the general public regarding a wide range of financial goods and services [25]. Every year, the designated week centers around a certain financial theme.

5.15 Mahila Pradhan Kshetriya Bachat Yojana (MPKBY)

The MPKBY plan is a post office savings initiative aimed at promoting financial savings and management among women. The program incorporates elements of financial literacy with the aim of educating women about the advantages associated with saving and investing.

5.16 Rural Financial Literacy Program (RFLP)

The National Bank for Agriculture and Rural Development (NABARD) is in charge of the administration of the Rural Financial Literacy Programme (RFLP), which aims to educate rural communities about financial matters, with a particular emphasis on farmers.

5.17 Swabhimaan

NABARD is currently implementing campaigns with the objective of enhancing financial service accessibility throughout India, through the provision of educational initiatives targeting individuals of various age groups, including both young individuals and adults, with a specific focus on money management education.

6. Critical Review and Discussion

The work emphasizes financial inclusion and literacy. We showed that financial inclusion and literacy go along. It's hard to achieve the former without the latter. The Indian government works hard to create national programs and events that support both goals. The ground level's inadequacies were highlighted in this section. Actuality and documentation deficiencies are shown in the table below.

1. PMJDY was the initiative to promote the opening of savings accounts for every individual of society. Ideally it’s the basic requirement for financial inclusion. Without clarity on the domain, people having accounts earlier also started creating new accounts. At the same time, Adhar was linked to the accounts. That creates chaos among the customers and it was difficult at ground level to explain the conceptual things to each individual. The government could have taken steps to put light on understanding the basic requirement of saving accounts to the public, and then they could have launched the initiative to make it more organised and effective. As per the data available with the PMJDY progress report as on 25/07/2023, there are around 49.56crore accounts with 33.82crore debit cards, which makes them extremely vulnerable to the fraudster to take away hard-earned money within no seconds if they don’t possess the knowledge of Financial Literacy [18].

2. GoI introduced during FY 2015-16 a scheme for loan named as PMMY to promote micro and small business units, with the amount upto 10Lacs without any collateral. The scheme was promoted over various media houses and each reaches to the mass in a rapid form. During inception of the yojana 1.33 lakh

crore to 3.48 crore borrowers. In next financial year gross NPA of PMMY is mount to 9.1% of total loan sanctioned. This continues in subsequent years as well with a reduction of 5.38%. This kind of NPA has a negative impact on the country's economy, which could have been avoided through simple promotion of the scheme in a detailed manner. The issue was the borrowers considered that they could take the loan without repaying it. This happened due to a lack of knowledge and clarity on the scheme. There is an incremental trend can also be witnessed in the sanctioning of the PMMY loans. Table 1 displays the loans sanctioned under PMMY across different parts of the country.

3. NRLM and NULM started in the year 2011 to empower women across the length and breadth of the country to form SHGs. These schemes worked finely so far because the borrowers took the appropriate steps to understand and implement the whole idea. Through each, they are empowering themselves and supporting the financial growth of the family as well as the nation.

4. RSETIs are the institutes established by the Ministry of Rural & Development is serve the nation with financial education along with skill development of the youth. It also helps to get loans for entrepreneurs. These institutes are the light bearer for young entrepreneurs to become successful and also help the country to have more MSMEs which in deed make India self-sufficient.

5. NPS & APY is a product of PFRDA. Which provides different pension schemes to individuals. APY was a boon for the unorganised sector individuals as it provides pensions to them upon a very minimal contribution. NPS is also providing a pension scheme but the fund is invested in the share market. If the fund doesn't perform then the pension of the individuals will be at a high risk. The investment in the market is based on risk classification and the age of the individuals. But still, there is uncertainty about the final payout.

6. PMJJBY & PMSBY is a remarkable insurance scheme offered by Govt of India. This scheme is a saviour for the weaker section of the society. However, the target group is very reluctant to be enrolled. Insurance is a business that is to be sold, but the promotion of the scheme should be done by other stakeholders of the GOI, without forcing only on banks. Both the product belongs to LIC & National Insurance Co. Ltd respectively, but there is no significant campaign or effort from their end for the successful of the scheme.

7. The Stand-Up India scheme provide loan from 10lakhs to 1crore to Sc, ST and women entrepreneurs with the subsidy in it. Due to a lack of promotion, people are unaware of the scheme. Individuals also think of malafide intentions whenever it comes to subsidised loans.

8. Financial Literacy Centres have been established by RBI with the help of SLBC, LEAD BANK & PSBs for educating individuals with respect to finance, banking, insurance related issues. But the benefits of these centres have not been utilised by the citizens as they are unaware about these institutions. These Nobel institutes also arrange camp by visiting different Gram Panchayats but the interest of the people not in a positive node. Due to lack of man power also these institutions unable to organise the camps in a regular intervals which is otherwise bring back the implementation of theme of the institute.

9. Financial Literacy week is observed across India every year. In 2023 it was observed from 13th to 17th February 2023. During these days every SLBC has assigned PSU banks branches to go to different Gram Panchayats and arrange camps and educate people about financial underpinnings. But the main objective of the program is not fulfilled as it is observed by certain group of the society i.e. bankers, not by every department of State as well as Central Government.

10. Rural Financial Literacy Program organised by NABARD established different Farmers Training Centres (FTC) across India. The aim of the Instructions is to provide agriculture knowledge along with financial Literacy to farmers. There is certain loopholes in this scheme as it lacks proper awareness among the people. FTC nominates farmers from different Gram Panchayats and trains them with an aim to transfer knowledge to other farmers. Which in general lacks knowledge transfer to other peer farmers.

7. Conclusion

India exhibits significant socioeconomic diversity and plays a substantial role in global economies. Achieving comprehensive financial inclusion is a challenging endeavor. The present study investigated the relationship between financial inclusion and its influence on economic growth. Financial inclusion plays a pivotal role in bolstering the overall strength of a nation, while also providing significant benefits to individuals, enterprises, and per capita income. The study posits that the attainment of comprehensive financial inclusion is contingent upon the presence of adequate financial literacy. The topic of financial literacy has also been subject to substantial scholarly investigation. Financial literacy is actively promoted by a multitude of financial institutions and activities around the nation on a continuous basis. There remains a deficiency in financial knowledge at the grassroots level. Nationwide scams and frauds are evidenced through case studies, daily headlines, and circulars issued by the Reserve Bank of India (RBI). According to our analysis, a significant portion of the population exhibits a lack of awareness of the aforementioned system. The government's awareness campaign adheres to established principles, but lacks precision. When discussing the topics of Financial Inclusion, Financial Literacy, or social welfare initiatives relating to money, the government places significant emphasis on Public Sector Banks (PSBs) and the banking sector. In the context of India, there has been a prioritization of Financial Inclusion over Financial Literacy. The attainment of financial literacy and inclusion can only be achieved via the preparation of individuals to effectively manage fundamental financial problems [26-27].

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