

## Financial Inclusion and Economic Growth : A Literature Review

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### Abstract

The financial inclusion has been taken up by the government in a more rigorous and systematic manner to cover the wider strata of population which were hitherto remained untouched so as to include them in main stream of economic growth process. The active involvement of the beneficiaries will contribute to the economic growth to a greater extent, it is felt. Besides, there are several economic and social welfare schemes connected to this mission for availing benefits by the larger segments of the society. The purpose of the paper is to review the available research studies on the program and program implementation to explore the areas for future research. This study uses the literature support and data and information available from authentic sources. The majority of studies undertaken in the past recognise the importance of the financial inclusion program that may lead to improvement of the beneficiaries through financial inclusion and thereby contributing to economic growth.

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### I. Introduction

ALL THE ECONOMIES across the globe plan for the balanced and sustainable economic growth considering overall economic growth and development of different segments. To achieve this goal, the government launches different types of financial support schemes with required inputs of subsidy and incentives to encourage people at large to join and contribute for their own economic benefits as well to the country's development. The extent of participation by the people at large depends on; easy access to such financial assistance, liberalised terms and conditions and of course lower cost of funds being made available under various development schemes and plans by the government. Connecting larger segment to the main stream of economic growth becomes more significant in case of developing economies, like- India, China, South Africa etc. It also symbolises that there is joint contribution from each segment of the society because

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*Submitted January 2020; Accepted June 2020*

*Article accepted under MoU signed with GLA University (India) in 2019-2020*

### VIII. Conclusion

The purpose of this paper is to analyse the reviews of policy framework and policy implications of Financial Inclusion program launched in 2014 by the new government with lot of integrated approach and connecting the large number of excluded people from the growth process to inclusive growth, a mission implemented with high spirits. It is observed in the available literature that the program objectives and features have been well received across the segments. The major step towards achieving the objectives of financial inclusion was to connect the people with the banking system to avail the financial support and also social security benefits through the banking system. The data shows that this objective has been successful to a greater extent. Further, the government was keen to provide self employment activities to this segment for making them self dependent. To achieve this, a mega scheme known as Mudra Yojana was implemented to assist larger number of beneficiaries to take up micro units. The results indicate a good growth in the number of beneficiaries availing the benefits under this scheme. The literature reveals that financial inclusion is certainly a tool for economic growth involving large strata of society into the growth process. There are issues related to effective implementation of this program highlighted in many studies like, lack of education and awareness, financial literacy, timely availability of financial support, lack of required support from development agencies, inadequate infrastructure etc. Nevertheless, a good number of studies observe that the financial inclusion program could bring desired results if the problems and issues are resolved in a phased manner over a period of time. Financial inclusion as an integrated approach will have positive impact to improve the living conditions of this segment by augmenting their income and enhancing social security.

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