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A STUDY OF FINANCIAL INCLUSION POLICY IN INDIA

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ABSTRACT

As soon as it was able to, India set about implementing socialist reforms after achieving its independence. Being people's primary source of credit and the custodians of their life savings, banks wield considerable influence in society. Efforts to broaden access to financial services have a long tradition in India. The government's takeover of 14 of the major privately-owned banks in the months after independence in July 1969 marked the beginning of the first drive toward financial inclusion. The policy shift represented by bank nationalization aimed to increase impoverished people's access to banking services. The Government of India (GOI) reasoned that by nationalizing banks, credit could be more widely distributed, thereby increasing the availability of banking services in underserved rural areas and bolstering the country's mainstay economic sectors like agriculture, small business, exports, self-employment, and so on. The Reserve Bank of India and the Government of India has taken a number of concerted initiatives to expand access to financial services since 2005, but progress has been slow. The Reserve Bank of India (RBI) has launched a variety of initiatives under the banner of "financial inclusion" to increase the country's population's access to banking and related services. New bank branches, post office savings banks (POSBs), specialized lending to key sectors, rural bank launches, and the establishment of savings and loan groups (SHGs) were all part of these initiatives. RBI's campaigns bombed since they didn't appeal to enough people. As a result, the "Business Facilitator and Business Correspondent Model" was established with the help of various SHGs and NGOs to promote wider access to formal financial services.