

# Financial Inclusion in India for SSC & Bank Exams – GK Notes

One important step in the preparation of any SSC, Bank or other Government Exam is to stay updated with the Hard News and General Knowledge. This also requires you to have knowledge about various concepts and terminologies related to latest events. Financial Inclusion is the latest buzz in India, so you are bound to have questions based this and such other concepts. This article will add great deal to your knowledge regarding Financial Inclusion in India for SSC, Bank and other Government Exam preparation.

## What is Financial Inclusion?

**Financial Inclusion** is the delivery of Financial Services at affordable costs to vast sections of disadvantaged and low-income groups. The **objective** is to provide the service of basic banking products to the unserved masses of the country, aiming towards inclusive economic growth.

The main idea behind financial inclusion is to bridge the gap between rich and poor by getting excess money from rich and giving to poor. RBI has the pivotal role in this financial inclusion.

### It involves:

- Give formal banking services to poor people in urban & rural areas.
- Promote habit of money-savings, insurance, pension-investment among poor-people.

- Help them get loans at reasonable rates from normal banks.

## Why Financial Inclusion in India is Important?

*According to the World Bank, around 2 Billion people don't use formal Financial Services and more than 50% of adults in the poorest households are unbanked.*

Financial Inclusion helps in:

- Creating a platform for inculcating the habit to save money.
- Providing Formal Credit Avenues.
- Plugging the gaps in Public Subsidies and Welfare Programmes.
- Providing a formal credit channel to the poor people who rely on Money Lenders for credit.
- Enabling farmers to obtain credit from the banks.
- Bringing the unorganized sector under organised formal banking sector.
- Creating awareness among poor people about banking systems and their applications.

## Some Important Initiatives for Financial Inclusion

The expansion of the horizon of Financial Inclusion can be done through various initiative needs to be taken by the Banking System, Financial Regulators and Government.

### 1. Lead banking scheme (LBS)

It envisages assignment of lead roles to individual banks (both in public sector and private sector) for the districts allotted to them. The lead bank acts as a leader for coordinating the efforts of all credit institutions in the allotted districts to increase the

flow of credit to agriculture, small-scale industries and other economic activities included in the priority sector in the rural and semi-urban areas, with the district being the basic unit in terms of geographical area.

## **2. No Frills Account**

No Frills Account is a basic Banking account. Such account requires either nil minimum balance or very low minimum balance. But all the existing No Frills Accounts opened were converted into BSBDA in compliance with the guidelines issued by RBI in 2012

## **3. Basic Savings Bank Deposit Account (BSBDA)**

This account shall not have the requirement of any minimum balance. The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn; and Facility of ATM card or ATM-cum-Debit Card.

## **4. Business Correspondents (BC) System**

Business Correspondents are Bank Representatives. They personally go to the area allotted to them and carry out banking. These Correspondents help villagers to open bank accounts and perform banking transactions. They carry a mobile device and get commission from bank for every new account opened, every transaction made via them, every loan-application processed etc.

## **5. PMJDY (Pradhan Mantri Jan Dhan Yojana)**

The main features of this scheme are:

- The slogan of the scheme is “Mera Khata – Bhagya Vidhaata”
- The scheme provided Rs. 50, 000 overdraft facilities for Aadhar – linked accounts and Rupay Debit Card for all account holders.
- It also provides Accident Insurance Cover up to Rs. 1,00,000/-.

## **6. Pradhan Mantri Suraksha Bima Yojana**

The main features of this scheme is:

- This yojana provides Personal Accident Insurance.
- Age group 18 – 70 years.
- Sum assured: 2,00,000/- while premium: Rs 12 per annum.

## **7. Pradhan Mantri Jeevan Jyoti Bima Yojana**

The main features of this scheme are:

- This yojana provides Life Insurance.
- Age group 18 - 50 years.
- Sum assured: 2,00,000/- while premium: Rs. 330 per annum.

## **8. Atal Pension Yojana**

The main features of this scheme are:

- This yojana provides Pension.
- Age group 18 - 40 years.
- Fixed pension: Rs 1000/- to Rs. 5000/- per month after the age of 60 years.

RBI has set up a committee with the aim of creating a **five-year measurable action** plan for Financial Inclusion. It includes take a look the existing policy of financial

inclusion, including supportive payment system and customer protection framework and also taking into account the recommendations made by various committees set up earlier.

## **Benefits of Financial Inclusion (FI)**

- It offers potential for increasing banking business by bringing more and more customers to the Bank.
- Financial Inclusion also seeks to improve the standard of living of clear majority of poor persons.
- It enhances the number of Bankable Customers and boosts the growth of Banking Business.
- Also, it bridges the Urban - Rural Divide.

Hope you find this article on Financial Inclusion in India for SSC & Banking enlightening. Check more such GK articles below.

### **Inflation in India**

### **List of Sports Cups and Trophies**

### **Mountain Ranges in India**

### **Bhutan and India Relations**

### **Kamaladevi Chattopadhyay**

If you want to suggest some another GK topic important from the Government Exams point of view, do share them in the comment section below.

**testbook****ATTEMPT ALL TESTS  
ACROSS ALL EXAMS****₹400** FOR  
4 MONTHS**testbook****BUY NOW**

*Attempt Free Tests for practice for the preparation of various Government Exams on Testbook.*

### **[Go to Testbook Practice](#)**

*Having any query regarding any Government Exam, discuss with our expert and your fellow aspirants on Testbook Discuss.*

### **[Go to Testbook Discuss](#)**



# testbook.com

**testbook****ATTEMPT ALL TESTS  
ACROSS ALL EXAMS****₹200** FOR  
1 MONTH**testbook****BUY NOW**