

Evaluating the Impact of Government Schemes on Financial Inclusion and Poverty Alleviation

Gurpreet Singh

Department of Commerce, Punjabi University, Patiala, Punjab, India

ARTICLE INFO

DOI:

10.61081/vjr/15v2i101

Correspondence

Gurpreet Singh
gurpreetguri242@
gmail.com

Keywords

Financial Inclusion,
Poverty, PMJDY,
MGNREGA, APY,
Inclusive Growth,
Financial Inclusion
Index.

How to cite:

Singh, G. (2025).
Evaluating the Impact
of Government
Schemes on Financial
Inclusion and
Poverty Alleviation.
Vivekananda Journal
of Research,
15(2), 73-85

ABSTRACT

Financial inclusion is a process of providing basic financial services to the weaker sections of society. Nearly 7% of the world population, which means 600 million people still struggle in extreme poverty. Financial inclusion schemes help to uplift BPL families from poverty such as MGNREGA, APY, PMJDY and PMMY etc. The paper indicates that India has witnessed rapid progress in financial inclusion. The PMJDY scheme successfully engaged 53 crore people in banking services. The MGNREGA scheme reflects efforts to expand employment opportunities. PMJJBY, PMSBY and APY schemes provide future benefits and insurance in old age to the beneficiaries. These schemes significantly contributed to financial inclusion by providing a large population with a reliable pension, future benefits, life insurance, etc at an affordable cost. India is a fast-growing economy and according to the financial inclusion index, it improved from 53.9 to 56.4 in 2021. This improvement in the index is possible with these initiatives which taken by banks and the government. The growth rate of financial inclusion schemes is calculated by CAGR and EGR statistical methods. The data was collected from the period 2014-2024 for every financial inclusion scheme. The paper suggests that continuing innovation and increasing outreach of schemes are maximizing the impact of schemes and achieving inclusive growth of the economy.

INTRODUCTION

In every country, financial inclusion is a term used for inclusive growth and development of a nation. In the current world, where asset values and revenues are growing at a rapid pace in the financial markets, in 2014 over 2 billion adults of the global population were not included in the financial system (Global Findex 2014). This segment of the global population is associated with the poorest portion and primarily originates from developing nations. To incorporate the poorest segment of the population in the financial streams the World Bank Group with public and private sector partners set a target to achieve UFA

© Authors 2025. Open Access This article is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International (CC BY-NC-SA 4.0) License, which allows users to download and share the article for non-commercial purposes, so long as the article is reproduced in the whole without changes, and the original authorship is acknowledged. If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. If your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this licence, visit <https://creativecommons.org/licenses/by-nc-sa/4.0/>

(Universal Financial Access) by 2020. The UFA goal was for adults to access electronic instruments to send, receive and store money. Financial access is the first step toward broader financial inclusion, including using a range of appropriate financial services, including credit, savings, insurance, and payments.

Poverty alleviation is a big challenge for many economies. Nearly 7% of the world population, which means 600 million people still struggle in extreme poverty. In 1990, almost one in three people lived in poverty (38% of the world population) and by 2019, that number had dropped to less than one in ten people (8.4%), which means global poverty has declined. It is a good sign for the economies, but the COVID-19 pandemic shocked the global economy and resulted in an increase in extreme poverty in the last two decades. In 2020, incomes for the lowest 40% of the world's population decreased by 4%. In 2020, the number of persons in extreme poverty increased by 11%, from 648 million to 719 million (Poverty and Shared Prosperity, 2022). In this perspective, financial inclusion is concerned with income inequality, poverty reduction and sustainable growth for all the regions of the world. In India, the gap in income inequality increased, the top 10% Indian population has 77% of the total national wealth (Oxfam, 2024).

As per the Niti Aayog's multi-dimensional poverty index 2023, 11% of the population was below the poverty line, 24.85% in 2015-16 which declined to 14.96% in 2019-21, based on which it has been argued that 25 crore people have escaped poverty

Below Poverty Line families are those households identified by the state and central government as living below the poverty line. According to the HCES 2022-23 (Household Consumption Expenditure Survey), the poverty line in India for Rural areas is Rs 1452 and for Urban areas, Rs 1752. It means the above-mentioned amounts are the minimum amount of money a person needs to meet basic needs like food and shelter. Poverty levels vary according to states in India; states like Bihar, Jharkhand, Madhya Pradesh and Uttar Pradesh have high poverty rates as compared to Punjab, Kerala and Tamil Nadu. Financial inclusion schemes help to uplift BPL families from poverty, such as MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), PMAY (Pradhan

Mantri Awas Yojana), APY (Atal Pension Yojana) and PDS (Public Distribution System), which were introduced from time to time.

In 2012, the World Bank advised policymakers to facilitate and increase access to financial services globally to achieve sustainable development goals, with upgrading weaker sections of society. To address the current increase in poverty and inequality, it's necessary to establish effective policy solutions. One such policy tool is financial inclusion.

FINANCIAL INCLUSION

Financial inclusion is a process of providing basic financial services to the weaker section of society in the formal financial sector (Allen, 2016). In the present scenario, financial inclusion has received attention from researchers, policymakers, and academicians for reasons. First, financial inclusion is considered to achieve sustainable development goals specified by the United Nations (Demirguc-Kunt *et al.*, 2017). Second, financial inclusion helped alleviate poverty in vulnerable groups (Neaime and Gaysset, 2018). Third, financial inclusion improves the level of social inclusion in the weaker sections, poor families and especially women (Bold *et al.*, 2012). Lastly, their product and services bring other social and financial benefits (Kpodar and Andrianaivo, 2011). Policymakers in various countries are investing heavily in increasing financial inclusion and reducing exclusion.

In ancient India, people depended on the Moneylenders, Sahukar or any other informal source of finance to raise financial needs. As a result, they were trapped in the deepening of heavy interest rates, and this penalty went to the next generation. The reason behind this trap bears a huge cost, lack of knowledge, financial illiteracy and lack of access to financial sectors. Financial inclusion products, services, government initiatives, and policies are the best ways to prevent these barriers.

A definition by RBI (Reserve Bank of India): "Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low-income groups in particular at an affordable cost, fairly and transparently by mainstream

institutional players.” To alleviate poverty, reduce income inequality and provide financial services at very low cost to the below poverty line population the RBI and the Govt. of India have taken initiatives. These steps have positively affected the lives of marginalised groups, disabled persons, ethnic minorities and immigrants who have a lower probability of accessing financial services (Saha and Qin, 2023).

LITERATURE REVIEW

Financial Inclusion Concept and Determinants

Financial inclusion is an important instrument in poverty alleviation and providing financial services. Many authors define their ways, such as The World Bank (2022) defined that businesses and individuals have easy access to useful and cheap financial services and products that fulfill their needs such as savings, payments, insurance and credit, provided responsibly and in a sustainable way. Dev (2006) defined financial inclusion as the delivery of financial services at an affordable cost to low-income groups, disadvantaged and vast sections of society that were financially excluded.

The literature on determinants of financial inclusion as Zins and Weill (20) examined the determinants of financial inclusion in 37 countries of Africa. The study found that educated, males, rich and older have more access to financial services compared to poor sections of society. The policies that were framed favoring financial inclusion should target certain groups of the population such as youth and women. Raichoudhury (2020) analysed major determinants of financial inclusion at the state level in India. The study found that per capita income, demography, industrial development, agriculture, infrastructure, and employment opportunities and so on were the most important determinants of financial inclusion. The study also found Goa at the top of the list and Nagaland at the last position in the composite indices of financial inclusion. Kumar (2013) empirically analysed the status and determinants of financial inclusion in Indian states and union territories from 1995 to 2005. The proportion of factories and employees was a significant determinant of penetration indicators.

Evans and Adoye (2016) found that literacy, per capita income, internet, and banking institutions were the key determinants of financial inclusion.

Financial Inclusion Relationship with Poverty Alleviation and Income Inequality

Park *et al.* (2015) and Aslan *et al.* (2017) analysed that financial inclusion has a negative relationship with poverty and inequality. They found in a study that financial inclusion was considered as an important element for lifting millions out of poverty. Omar and Inaba (2020) investigated financial inclusion’s impact on poverty reduction and income inequality in 116 developing countries. The results provide evidence that financial inclusion reduces poverty rates and income inequality in developing countries by providing affordable financial products and services to the population. Beck *et al.* (2007) examined the impact of financial inclusion on financial development with factors like poverty reduction and income distribution. The study found that financial development reduces income inequality and economic growth in the poorest section of society. Sethi and Acharya (2018) analysed the relationship between financial inclusion and the development of the economy in 31 countries across the world. The study found that the development of financial inclusion in the economy has positive effects on such as education, health, income inequality, and poverty reduction.

Financial Inclusion Initiatives and Policies

Financial inclusion initiatives and policies have positive effects on disadvantaged populations, women, tribal groups, youth and vulnerable groups of society. **Arun & Kamnath (2015)** studied financial inclusion policies in India, South Africa and Australia. The study showed that only Australia is a country where the entire population is banked and suggested remaining countries to enhance their financial services. **Ratnawati (2020)** showed that financial inclusion initiatives impact economic growth in Asia. The results showed that financial inclusion is an effort to achieve development in different economies, a reduction in poverty, inequality and financial stability in countries. **Grohmann (2018)** proved in the study that financial

literacy among households contributes to making good financial decisions. The study showed a positive relationship between financial literacy and financial inclusion. **Nimbrayan et al. (2018)** studied PMJDY (Pradhan Mantri Jan Dhan Yojana) and its growth in India. The study found that this scheme helps poor households to bring them into the mainstream financial system. In financial inclusion initiatives, this scheme is the biggest in the world and covers the large unbanked population of India and helping with the sustainable development of the Indian economy. **Barik & Sharma (2019)** analysed the progress and prospects of financial inclusion in India by Global Findex & RBI papers. The study found that 80% of Indian adults have bank accounts. The study suggested that to cover, women, uneducated, rural and elderly people by opening more financial literacy centers to promote growth in financial inclusion.

RESEARCH METHODOLOGY

The study data depends on secondary sources such as websites of MGNREGA, PMJDY, MUDRA, PFRDA, NABARD and NITI Ayog. These two methods (CAGR and EGR) are used in the study to check the growth of schemes in financial inclusion.

CAGR

Compound Annual Growth Rate (CAGR) is useful for measuring the mean annual growth rate of a variable over a specified period of time. In this study, CAGR is used to evaluate the growth of different financial inclusion schemes over a period of time.

The formula to calculate CAGR is:

$$\text{CAGR} = (\text{Ending Value} / \text{Beginning Value})^{(1 / \text{Number of Years})} - 1$$

EGR (Exponential Growth Rate)

The growth rate has been calculated to assess the performance of the selected financial inclusion schemes over a period of time. Exponential growth is a pattern of data that shows growth with time. It considers the value of a variable for all years in a study period. It has been calculated by using the following exponential relationships:

$$Y = AB^T$$

Where Y is the variable for which the growth rate is calculated, and T is the time. Taking the logarithm on both sides

$$\text{Log } Y = \text{Log } A + T \text{ Log } B$$

By estimating this log-linear relationship with the help of the least squares method, the rate of growth has been derived by relation.

$$B = 1 + g$$

Where g is the exponential growth rate

$$\text{And } g = [B-1] \times 100$$

Policies

In the journey of the establishment of financial inclusion in India, various milestones were set up by different organizations and governments. The first crucial milestone was the nationalization of the Imperial Bank of India in 1956. The National Credit Council was set up in 1968, RRBs (Regional Rural Banks) were established in 1975, NABARD came into force in 1982, SHG-Linkage Programme was launched in 1992 to support women in rural areas. In 2000, SIDBI (Small Industrial Development Bank of India) was established for micro-credit facilities and in 2004 Khan Committee was created by RBI to investigate about financial inclusion status in India. In 2007, a bill on microfinance regulation was proposed in parliament. In 2012, guidelines on financial literacy centers were revised and the development of microfinance financial institutions plays a key role in enhancing financial inclusion (Sujlana & Kiran, 2018). According to the Findex data 2021, 1.7 billion adults were unbanked in the world and every country has taken different steps to overcome this population. India is a fast-growing economy and according to the financial inclusion index, it improved from 53.9 to 56.4 in 2021 (RBI, 2021). This improvement in the index is possible with different initiatives taken by banks, governments and different organizations.

Timeline

After independence, financial inclusion seeds were grown in 1969 and 1980 with the nationalization of 20 banks. The Government and banking sector experts identified the need for some policy initiatives for the deprived section of society. The financial reforms in the 1980s and 1990s were

expected to use more formal financial sources such as advances, savings, and payment services and improve the country's financial system. It has been established that success continues to be driven by well-developed financial systems but still excludes many destitute groups from mainstreaming (Thyagarajan, 2008). Financial inclusion became a major strategy when the Reserve Bank of India released its annual policy statement for 2005–2006 (including no-frills accounts). Even now, it remains a key idea in attaining inclusive growth, which is essential for a country's development. The recommendations of the Rangarajan committee in 2008 helped financial inclusion policies to enter the domain of the banking sector. The banks placed more emphasis on the low-income groups of society because of exploitation from moneylenders in the form of high interest rates and unfair practices. The governments and banks take various initiatives. The No-Frills Account initiative was taken by the Reserve Bank of India in 2005 to promote banking services to low-income individuals. A no-frills account is a basic savings account with a zero balance and minimal charges. In 2012, RBI renamed the accounts as BSBDA (Basic Savings Bank Deposit Account). Under this initiative, other facilities are provided like free debit cards, free quarterly account statements, an electronic payment system, cheque collection etc. MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) was passed in 2005 with its original name NREGA but was renamed in 2009 to honour Mahatma Gandhi. This act aims to provide 100 days of work a year to low-income rural residents to unskilled and semi-skilled labour. This act was implemented through the Gram Panchayat in the rural area. The daily wage rate under MGNREGA states accordingly like in Punjab Rs. 322, in Himachal Pradesh Rs. 236 (Non-Scheduled area) and Rs 295 (Scheduled Area), and in Karnataka Rs 349. In 2014 PMJDY "Pradhan Mantri Jan Dhan Yojana" was launched which had the largest impact on financial inclusion by providing basic facilities of banking facilities such as savings and deposits, credit facilities with low-cost, insurance, pension and remittance facilities. There is tremendous growth in the banking of the unbanked. In 2015, PMMY (Pradhan Mantri MUDRA Yojana) was launched by the govt. with the purpose

of providing financial services to microenterprise loans up to Rs10 lakhs to small-scale units. The loans are available to non-farm, non-corporate small and micro enterprises in the trading, manufacturing and service sectors. Atal Pension Yojana was started in 2015 and it is a guaranteed pension scheme of the government of India. It mainly focuses on the unorganized sector workers with a minimum pension of Rs 1000 to Rs 5000. The Stand-Up India scheme was launched in 2016 by the Govt. of India to provide collateral-free loans to entrepreneurs to start a business. The scheme offers loans to women entrepreneurs, Scheduled Tribe and Scheduled Caste entrepreneurs ranging between 10 lakhs to 1 crore. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a life insurance scheme launched by the Government of India in 2015. It is a renewable policy available in banks and post offices for 18 to 50 years. This scheme offers coverage for death from any cause upto 2 lakhs. PM-JAY (Pradhan Mantri Jan Arogya Yojana) is a flagship program launched by the Government of India in 2018. It is the world's largest health insurance scheme which is fully financed by the government. It provides cover of Rs 5 lakh on a card in impanelled hospitals in India. SHG-BLP (Self-Help Group Bank Linkage Program) is a program for providing financial services to unreachd and poor households. It is the largest microfinance programme in the world in terms of client reach. India has almost 9 million self-help groups which cover almost 100 million women.

The study presents data on the above mentioned schemes and checks growth using CAGR and EGR methods.

Pradhan Mantri Jan Dhan Yojana

PMJDY was launched in 2014 for financial inclusion to provide basic savings accounts and related services like debit cards, medical insurance and life insurance to poor households. PMJDY accomplishes the financial inclusion goal through the provision of basic zero-balance bank accounts along with a smart card that provides accident insurance for everyone. One unique aspect of the scheme is that, after six months, account holders can access an overdraft of up to Rs 5,000. Under this scheme, accounts have opened at an unprecedented rate.

Table 1: Number of Total Beneficiaries under PMJDY*Figures in crores*

Year	Public Sector Banks	Regional Rural Banks	Private Sector Banks
2014-15	9.844	2.178	0.523
2015-16	20.512	4.447	0.862
2016-17	24.779	4.940	0.991
2017-18	26.906	5.507	1.043
2018-19	29.985	6.421	1.251
2019-20	32.799	7.368	1.271
2020-21	34.753	8.016	1.280
2021-22	37.547	8.771	1.313
2022-23	39.903	9.550	1.466
2023-24	41.600	9.993	1.645
CAGR %	15.50	16.46	12.14
EGR %	13.27	15.09	10.22
AVG	29.862	6.719	1.164

Source – PMJDY

Table 1 shows the number of beneficiaries under different sector banks (Public, Private and RRB). The number of beneficiaries increased under all the above mentioned sectors of banks consistently over the years. It reflects the CAGR of 15.50% for public sector banks in 2014-15 (bank holders increased to 41.60 crore in 2023-24 from 9.84 crore), RRB (Regional Rural Banks) have shown the highest growth with 16.46% CAGR and 15.09% EGR and Private Sector Banks CAGR is 12.14% and EGR is 10.22%. The expansion of public sector banks could be attributed to financial inclusion initiatives aimed at providing banking services to underserved and rural communities. RRBs' rapid expansion implies that financial inclusion programs aimed at rural populations are having a significant impact. The Financial inclusion schemes such as PMJDY significantly affected the growth of these banks, particularly in expanding their reach to previously underserved populations. The steady growth across all categories suggests that these programs have successfully brought more individuals into the formal financial system, hence increasing economic participation and stability.

Pradhan Mantri MUDRA Yojana (PMMY)

The PMMY program of the GOI (Government of India) was launched in 2015. Its purpose is to provide financial services to micro enterprise loans up to Rs 10 lakhs to small-scale units, fruit and vegetable vendors, women enterprises and craft workers. MUDRA – Micro Units Development and Refinance Agency was a subsidiary of SIDBI (Small Industries Development Bank of India). MUDRA's currently authorised capital is Rs 5000 crores and paid-up capital is Rs 1675 crores, which is fully subscribed by SIDBI. MUDRA is responsible for the development and funding of micro-enterprises by assisting financial institutions and extending loans to micro/small businesses involved in manufacturing, trading, and service operations.

Table 2 shows the sanctioned amount by Public Sector Banks including RRBs with figures increased to 1,96,738 crore in 2023-24 from 70,998 crore in 2015-16, with a CAGR of 11.99% banks indicates the positive impact of financial inclusion. This initiative may have increased the customer base and deposits in these banks, particularly in rural and semi-urban areas. Private Sector Banks grew with a 26.93% CAGR and 27.44% EGR, small finance banks are providing banking services to unbanked and underbanked segments with a CAGR of 23.57% and EGR of 21.50% and under NBFCs (Non-Banking Financial Companies) with a CAGR of 24.39% and EGR of 15.01%. The overall growth shows that financial inclusion plans positively influence various financial institutions. These programs have increased access to financial services, particularly among marginalized people, contributing to the general expansion of the financial sector.

MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Scheme)

This scheme was launched in 2005 (initially named NREGA) to provide a minimum of 100 days of work in a year to every rural household in India. Under this scheme, mostly backward ethnic groups participate regularly, whose economic conditions are poorer than non-participating rural households. This is the largest employment program with huge investments started in India. A scheme especially helps unskilled labour and disabled persons to generate some financial aid for livelihood (https://nrega.nic.in/MGNREGA_new/Nrega_home.aspx).

Table 2: Sanction Amount under MUDRA by financial institutions*Figures in crores*

Year	Public Sector Banks (Inc. RRB)	Private Sector Banks	Small Finance Banks (SFB)	NBFC & Non NBFC-MFIs	Non-Banking Finance Companies
2015-16	70998	20445	NA	46004 (inc. SFB)	NA
2016-17	83963	39042	6729	45338	5455
2017-18	110540	49545	19022	50144	27018
2018-19	117282	64037	29794	63497	47136
2019-20	117729	91780	29501	57967	40518
2020-21	129915	93613	19646	46601	31983
2021-22	124425	117679	29207	49101	18697
2022-23	171118	141116	38297	66830	33061
2023-24	196738	174911	45190	75174	38914
CAGR %	11.99	26.93	23.57	5.61	24.39
EGR %	11.53	27.44	21.50	4.73	15.01
AVG	124745.33	88018.66	27173.25	55628.44	30347.75

Source – MUDRA annual reports.

Table 3 shows the MGNREGA progress report that the number of job cards from 1281.54 lakhs to 1438.27 lakhs issued has shown steady growth over the years, with a Compound Annual Growth Rate (CAGR) of 1.16% and EGR of 2.24%. This growth of job cards reflects efforts to expand employment opportunities. The number of active workers and active female workers has remained relatively stable over the years, with a very low CAGR of 0.16%, negative EGR of 0.12% and female workers growth the same as CAGR of 0.16% and EGR of 0.11%. This indicates minimal growth in workforce participation under the job card scheme. However, these figures show steady participation of women in the workforce which impacts financial inclusion schemes in empowering women. The number of registered workers and women has seen a slight decrease over the years, with a negative CAGR of -0.04%, EGR of -0.11% and women's participation with a CAGR of -0.03% and EGR of -0.10%. The overall slight growth shows sustained efforts in providing employment and declines suggested that there might be space for further innovation and targeted initiatives for marginalised groups, especially women. In a table, there was a decrease

in the number of job cards issued in 2021-22 from 1633.21 lakhs to 1471.07 lakhs in 2022-23, the reasons behind deleted job cards by MGNREGA are (a) Duplicate job cards (b) Fake job cards (c) family shifted from gram panchayat permanently (d) not willing to work and (e) single person in a job card that person is expired.

Atal Pension Yojana (APY)

Atal Pension Yojana was launched for all citizens in unorganised workers in the 2015-16 budget. Under the scheme, the minimum pension guarantee by the government of India ranges between Rs 1000 to Rs 5000 per month after attaining 60 years. All Indian banks are contributors to this scheme. The Pension Fund Regulatory and Development Authority (PFRDA) administers APY.

Table 4 shows that the Atal Pension Yojana subscribers and financial contribution by the government and other financial institutions increased over a while. The central government of India makes a major financial contribution to APY. The growth of subscribers with a CAGR of 41.22% and EGR of 45.37%, contribution by the govt. for

Table 3: MGNREGA Workers Progress Report.

Figure in lakhs

Year	No. of Job Cards Issued	Registered Workers	Registered Workers (Women)	Active Workers	Active Workers (Women)
2014-15	1281.54	2534.21	1229.79	1306.88	683.97
2015-16	1311.72	2551.19	1238.27	1318.92	690.51
2016-17	1283.07	2553.5	1239.72	1325.88	694.17
2017-18	1285.28	2549.5	1237.84	1325.87	694.16
2018-19	1336.42	2548.71	1237.51	1325.86	694.16
2019-20	1408.4	2548.14	1237.26	1325.85	694.15
2020-21	1546.72	2527.14	1228.03	1328.16	695.05
2021-22	1633.21	2525.2	1227.15	1328.11	695.04
2022-23	1471.07	2524.3	1226.73	1327.91	694.94
2023-24	1438.27	2522.99	1226.11	1327.71	694.82
CAGR%	1.16	-0.04	-0.03	0.16	0.16
EGR%	2.24	-0.11	-0.10	0.12	0.11
AVG	1399.57	2538.48	1232.84	1324.11	693.09

Source – nrega.nic.in

the beneficiaries increased from 491 crore in 2015-16 to 31098 crore in 2023-24 with a CAGR of 58.56% and EGR of 60.97%. These banks in India help

Table 4: Number of subscribers and contribution in Atal Pension Yojana.

Year	Number of Subscribers (in Lakhs)	Contribution (in crore)
2015-16	24.85	491
2016-17	48.64	1751
2017-18	96.06	3602
2018-19	149.53	6335
2019-20	211.42	9747
2020-21	280.49	13764
2021-22	362.77	18647
2022-23	459.47	24439
2023-24	555.12	31098
CAGR %	41.22	58.56
EGR %	45.37	60.97
AVG	243.15	12208.22

Source: PFRDA (Pension Fund Regulatory and Development Authority)

to implement financial inclusion schemes. The variable growth rates reflect the various obstacles and opportunities for reaching marginalized groups across banking categories.

Pradhan Mantri Awas Yojana (Gramin)

PMAY-G was launched in 2016 by the Ministry of Rural Development to provide a pucca house with basic amenities to all the houseless households and those living in dilapidated and kutcha houses. In this scheme, financial assistance of Rs 1,20,000 per unit for the plain areas and Rs 1,30,000 for hilly areas (including Himalayan States, North Eastern States and UT (Union Territories of Jammu and Kashmir). Eligible beneficiaries can get a loan upto 70,000 at a 3% lower interest rate to build a permanent house. This scheme provides an area of 25 square meters which includes the area of hygienic cooking. The convergence of Swachh Bharat Mission- Gramin with PMAY-G, the financial assistance of upto Rs 12000 for the construction of a toilet. The preference for providing pucca houses to Minorities, SC/ST and others.

Table 5: Number of houses completed under PMAY-G

Year	Total House Completed
2016-17	4,88,968
2017-18	5,72,748
2018-19	2,73,346
2019-20	54,46,078
2020-21	39,91,633
2021-22	58,42,354
2022-23	11,21,977
2023-24	5,47,434
Total	1,82,84,538
CAGR %	1.42
EGR %	16.77
AVG	2285567

Source – PMAYG

Table 5 shows over eight years of growth of houses completed for poor people who have kaccha houses. A total of 1.82 crore houses were completed with a CAGR of 1.42% and EGR 16.77% representing an annual growth in house completions over time. This illustrates an overall declining tendency despite changes in individual years. The highest completion of houses in 2021-22 with 58.42 lakh. The average number of houses completed every year house completed was 22.85 lakh. This will promote the financial inclusion strategy by giving more people access to housing finance and contribute to overall economic stability and prosperity. A central government, NABARD, Gramin Banks of states, and other financial institutions like Bajaj and Tata Capital Housing Finance which partner with central nodal agencies, provide a housing finance facility to the beneficiaries. The data also showed that the fluctuation in annual completions indicates variability in the effectiveness of this scheme.

Self-Help Group Bank Linkage Programme (SHG-BLP)

Self-help groups are the backbone of poverty alleviation and the development of the economy of poor households. This scheme was introduced in 1992 with the supervision of NABARD (National Bank of Agriculture and Rural Development) on

500 self-help groups. At present, this scheme is the world's largest microfinance programme with the achievement of 16.2 crore households through 134 lakh SHGs, and a deposit amount of 58,893 crore.

Table 6 shows the increase in the total SHGs savings linked with banks increased from 50.09 lakhs to 144.22 lakhs with a CAGR of 6.42% and EGR of 5.43%, this consistent growth showed good efforts in linking SHGs with the banking system, which enhanced access to savings facilities. Women's participation in SHGs with a CAGR of 6.72% and EGR of 6.05% shows a focus on women's financial participation in financial inclusion schemes. In providing credit facilities to SHGs growth with a CAGR of 9.20% and EGR of 9.06% and to women's growth with a CAGR of 10.08% and EGR of 10.11%. SHGs covered 1775 lakh families to provide financial services and benefits with a CAGR of 3.62% and EGR of 28.02%. With this growth of SHGs and covering a marginalised population, the growth of financial institutions is still negative in the context of SHGs with a CAGR of -1.41% and EGR of -1.11%. The results demonstrate the benefits of connecting SHGs with banks, improving financial access and literacy and promoting women's participation and access to credit. Despite seeing a drop in the number of self-help groups (SHGs) linked to banks in 2012-13, there has been a slight recovery in 2013-14 with an increase of just under 2%. However, the decrease persists in strategically significant and resource-limited areas, with only the southern region experiencing growth. In fact, the only major states where the number of savings-linked SHGs exceeds those recorded in 2011-12 are Assam, Karnataka, Rajasthan, and Tamil Nadu. The decreased number of banks and financial institutions involved in SHG-BLP is due to banks facing higher NPA (Non-Performing Assets) in SHG lending due to poor performance in repayment, the high cost of servicing small loans, the rise of alternative microfinance models and digital lending platforms.

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

PMSBY is a personal accidental insurance scheme that offers accidental death and disability on account of an accident. The validity is for one year from 1 June to 31st May of every year and can be renewed annually. The age limit for this scheme is 18 to 70 years and Rs. 20 annual premium per subscriber.

Table 6: Self-Help Group – Bank Linkage Programme

Figures in lakhs

Year	Total number of SHGs savings linked with banks	Women SHGs - out of Total SHG savings	Total number of SHG-credit linked	Women SHGs out of Total Credit linked	No. of families covered under SHGs	No. of banks/ Fin. Ins.
2007-08	50.09	39.86	12.27	10.40	NA	518
2008-09	61.21	48.63	16.09	13.47	NA	581
2009-10	69.53	53.10	15.87	12.94	970	446
2010-11	74.62	60.98	11.96	10.17	970	441
2011-12	79.60	62.99	11.48	9.23	1030	433
2012-13	73.18	59.38	12.20	10.37	950	400
2013-14	74.30	62.52	13.66	11.52	970	311
2014-15	76.97	66.52	16.26	14.48	1000	322
2015-16	79.03	67.63	18.32	16.29	1010	392
2016-17	85.77	73.22	18.98	17.16	1010	441
2017-18	87.44	73.90	22.61	20.75	1055	428
2018-19	100.14	85.31	26.98	23.65	1224	459
2019-20	102.43	88.32	31.46	28.84	1241	470
2020-21	112.23	97.25	28.87	25.90	1388	399
2021-22	118.93	104.00	33.98	31.50	1419	344
2022-23	134.03	112.92	42.96	41.42	1618	419
2023-24	144.22	120.44	54.82	53.20	1775	407
CAGR%	6.42	6.72	9.20	10.08	3.62	-1.41
EGR%	5.43	6.05	9.06	10.11	28.02	-1.11
AVG	89.63	75.11	22.86	20.66	1037.05	424.17

Source- NABARD status report of microfinance.

This scheme benefits the subscriber in case of death, loss of both eyes, and loss of use of hands cover Rs 2 lakh and if loss of one eye or hand Rs 1 lakh insurance. In nine years of this scheme, cumulative enrolments are 34.18 crore and an amount of Rs. 2302.26 crore claims paid to the subscribers.

Table 7 provides data on the number of claims and amount paid under PMSBY (Pradhan Mantri Suraksha Bima Yojana) from 2015-16 to 2023-24. The number of claims paid from 2757 to 1,35,780 in eight years with 54.19% CAGR and 56.91% EGR indicates the participation and awareness of the PMSBY and the benefits from its coverage. In these years, the amount paid under this scheme with

a CAGR of 40.78% and EGR of 48.03% indicates improved financial protection provided by the scheme. The consistency in providing claims and payouts reflects effective implementation and growing trust in this financial inclusion scheme. The enrolment of persons shows good growth with 44.09 crore enrolments in 2023-24 from 9.41 crore in 2015-16 with a CAGR of 18.72% and EGR of 21.69%.

Pradhan Mantri Jeevan Joyti Bima Yojana (PMJJBY)

PMJJBY is a government-backed scheme in India that was launched in 2015. This scheme was launched to increase the number of insured

Table 7: No. of claims, amount paid and enrolled under PMSBY

Year	Number of claims paid	Claim amount paid (crore)	No. of persons enrolled (crore)
2015-16	2757	106	9.41
2016-17	9403	205.46	9.95
2017-18	16430	342.42	13.48
2018-19	32176	371.60	15.47
2019-20	39969	803.66	18.54
2020-21	45674	933.34	23.36
2021-22	97227	1966.81	28.37
2022-23	115951	1986.55	34.18
2023-24	135780	2302.26	44.09
CAGR %	54.19	40.78	18.72
EGR %	56.91	48.03	21.69
AVG	55040.77	1002.01	21.87

Source – indiastat.com

individuals. This scheme is linked with the bank accounts that are under the PMJDY scheme. The eligibility of the individual is between the age of 18–50 years. The premium amount of Rs. 436 per annum is paid by a subscriber, and it is auto-debited from the bank account of the subscriber. It covers death due to any reason and offers a one-year term life cover of Rs 2 lakh to subscribers.

Table no 8 provides data on claims paid and claim amount paid from 2015-16 to 2023-24 under the PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana). Both the number of claims and the amount paid showed CAGR of 46.32% and 17.38% and an EGR of 52.33% and 34.51%. The growth of this scheme shows increased enrolment and insurance awareness of life insurance through this financial inclusion scheme. The number of persons enrolled was 2.9 crore in 2015-16, which increased to 20.87 crore in 2023-24 with a CAGR of 24.52% and EGR of 30.29%. This data reflects the positive impact of PMJJBY as a financial inclusion initiative.

DISCUSSION OF RESULTS

The data shows a relation between financial inclusion schemes and the economic growth of the weaker sections of society. Results found that the

situation of financial inclusion in India is modest and these schemes/initiatives continuously work on improving the marginalised sections. The PMJDY scheme was successful in the financial inclusion of a large portion of the poor section of society. Under this scheme almost 53 crore people engaged in banking services. Then MUDRA includes all the banks, like public, private and even NBFCs (Non-Banking Finance Companies) to provide loan facilities to small enterprises and a diverse range of beneficiaries.

The MGNREGA played a positive role in providing employment and promoting financial inclusion in India. Under this scheme, women's participation was stable over the period and they consistently utilized the scheme for employment, which contributed to their financial empowerment. A slight decrease in registered workers still provides a stable source of income to rural households and promotes financial inclusion in rural India. This scheme has the potential for further growth, like issuing more job cards, and innovation to maximize its impact on low-income communities.

Schemes like Atal Pension Yojana, PMSBY, and PMJJBY are the future benefit schemes and improve financial inclusion among all age groups

Table 8: Number of claims, amount paid and enrolled under PMJJBY

Year	Number of claims paid	Amount paid (crore)	No. of people enrolled (crore)
2015-16	25555	NA	2.9
2016-17	59118	1182.36	3.10
2017-18	89708	1794.16	5.60
2018-19	135212	2704.24	6.41
2019-20	178189	3563.78	9.70
2020-21	239605	4698.10	11.90
2021-22	576121	5003.04	14.82
2022-23	664520	NA	18.86
2023-24	785803	NA	20.87
CAGR %	46.32	17.38	24.52
EGR %	52.33	34.51	30.29
AVG	305981.22	3157.61	10.46

Source – indiastat.com

subscribers, indicating a successful reach and awareness. These schemes successfully reached the unorganised workforce and enhanced their financial security. These schemes significantly contributed to financial inclusion by providing a large population with a reliable pension, future benefits, life insurance, etc at an affordable cost. The growth of payment banks and small finance banks with these schemes suggests potential for further expansion and innovative banking solutions to reach the unbanked population.

The PMAY-G scheme supports financial inclusion by providing permanent houses to the rural populations. Over the eight years study, 1.82 crore houses were completed under this scheme. However, this scheme provides economic stability and improves the living conditions of the rural underserved populations. This scheme has a focus on providing pucca houses to BPL families and minorities such as SC (Schedule Castes), ST (Schedule Tribes) and other marginalised groups.

The Self-Help Group Bank Linkage Programme (SHG-BLP) is an instrument to promote financial inclusion and alleviate poverty among the underserved population, especially among women. This program has successfully integrated the Below Poverty Line families into formal financial inclusion. Women SHGs have shown growth, which reflects empowering women through financial participation and financial decision-making in families. This programme approaches 17.75 crore families and provides them with financial services and benefits. This programme has successfully connected SHGs with banks, enhancing accessibility to credit for households and financial inclusion with overall positive growth still needs a focus on improvement and development of financial institutions.

CONCLUSION

Despite efforts from regulators, governments, financial institutions, and others, results are good, but they still do not meet expectations in a highly populated country. To achieve targets like alleviating poverty, providing basic needs of human life, future security and basic infrastructure with the help of financial inclusion initiatives like PMJDY and MUDRA, which provide basic banking

services and advances and PMAY-G, which provides a basic infrastructure. SHGs and MGNREGA provide financial assistance and employment to the scheme subscribers. PMJJBY, PMSBY and APY schemes provide future benefits, and insurance in old age to the beneficiaries.

With negative growth in some segments of schemes despite overall positive growth in most of the schemes reflected a successful effort in reaching, awareness and impacting the low-income groups of the society. The study suggested that continuing innovation in schemes, increasing the number of financial institutions, and increasing the outreach of the schemes are important for maximizing the impact of schemes and achieving inclusive growth of the economy.

Financial inclusion over the last ten years, initiatives to promote financial inclusion that have greatly increased the power of marginalized communities, stimulated economic expansion, and helped to lower poverty. According to the World Bank's 2014 Global Findex report, global account ownership was 62% and in the current year 2024, 77% of adults globally have access to a financial account. In India, access to bank accounts increased from 53% in 2014 to 80% in 2024 with the government initiative PMJDY. The government of India launched credit access schemes with the help of banks like self-help groups and Mudra Yojana, which disbursed 24 lakh crore in loans by 2024. RBI (Reserve Bank of India) has increased financial literacy through initiatives, campaigns and formal financial services in recent years. The study suggests that continuing innovation in schemes, increasing the number of financial institutions, and increasing the outreach of schemes are important for maximizing the impact of schemes and achieving inclusive economy growth.

REFERENCES

1. Arun, T., & Kamath, R. (2015). Financial inclusion: Policies and practices. *IIMB Management Review*, 27(4), 267-287.
2. Aslan, G., Deléchat, C., Newiak, M. M., & Yang, M. F. (2017). *Inequality in financial inclusion and income inequality*. International Monetary Fund.
3. Barik, R., & Sharma, P. (2019). Analyzing the progress and prospects of financial inclusion in India. *Journal of Public Affairs*, 19(4), e1948.

4. Beck, T., Demirgüç-Kunt, A., & Levine, R. (2007). Finance, inequality and the poor. *Journal of economic growth*, 12, 27-49.
5. Bold, C., Porteous, D., & Rotman, S. (2012). Social cash transfers and financial inclusion: Evidence from four countries. Consultative Group to Assist the Poor, No. 77, 1-28.
6. Demirguc-Kunt, A., Klapper, L., & Singer, D. (2017). Financial inclusion and inclusive growth: A review of recent empirical evidence. The World Bank. Policy Research Working Paper, No 8040, 1-25.
7. Grohmann, A., Klühs, T., & Menkhoff, L. (2018). Does financial literacy improve financial inclusion? Cross country evidence. *World Development*, 111, 84-96.
8. https://cag.gov.in/uploads/download_audit_report/2019/Report_No_14_of_2019_Performance_Audit_of_Pradhan_Mantri_Ujjwala_Yojana_Ministry_of_Petroleum_and_Natural_Gas_O.pdf.
9. <https://nreganarep.nic.in/>
10. https://nregaplus.nic.in/netnrega/WriteReaddata/Circulars/2476Wage_Rate_notification_FY_2024-25.pdf
11. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1922622>
12. <https://pmayg.nic.in/netiyHome/home.aspx>
13. <https://prsindia.org/theprsblog/how-is-the-poverty-line-measured-301?page=14&per-page=1#:~:text=This%20works%20out%20to%20Rs,for%20the%20year%202004%2D05>.
14. <https://rural.gov.in/en/press-release/ineligible-workers-under-mahatma-gandhi-national-rural-employment-guarantee-scheme#:~:text=Posted%20On:%2006%20FEB%202024,SK/SM/673>
15. <https://shodhganga.inflibnet.ac.in/handle/10603/505327>
16. <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/may/doc202359196501.pdf>
17. <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/may/doc202359196601.pdf>
18. https://www.mospi.gov.in/sites/default/files/publication_reports/Factsheet_HCES_2022-23.pdf
19. <https://www.nabard.org/content.aspx?id=651>
20. <https://www.oxfam.org/en/india-extreme-inequality-numbers>
21. <https://www.pfrda.org.in/myauth/admin/showimg.cshtml?ID=2307>
22. <https://www.worldbank.org/en/topic/financialinclusion/overview>
23. Kpodar, K., & Andrianaivo, M. (2011). ICT, financial inclusion, and growth evidence from African countries (No. 11-73). International Monetary Fund Working Paper, WP/11/73.
24. Kumar, N. (2013). Financial inclusion and its determinants: evidence from India. *Journal of Financial Economic Policy*, 5(1), 4-19.
25. Neaime, S., & Gaysset, I. (2018). Financial inclusion and stability in MENA: Evidence from poverty and inequality. *Finance Research Letters*, 24, 230-237.
26. Nimbrayan, P. K., Tanwar, N., & Tripathi, R. K. (2018). Pradhan mantri jan dhan yojana (PMJDY): The biggest financial inclusion initiative in the world. *Economic Affairs*, 63(2), 583-590.
27. Park, C. Y., & Mercado, R. (2015). Financial inclusion, poverty, and income inequality in developing Asia. *Asian Development Bank Economics Working Paper Series*, (426).
28. Raichoudhury, A. (2020). Major determinants of financial inclusion: State-level evidences from India. *Vision*, 24(2), 151-159.
29. Ratnawati, K. (2020). The impact of financial inclusion on economic growth, poverty, income inequality, and financial stability in Asia. *The Journal of Asian Finance, Economics and Business (JAFEB)*, 7(10), 73-85.
30. Saha, S. K., & Qin, J. (2023). Financial inclusion and poverty alleviation: an empirical examination. *Economic Change and Restructuring*, 56(1), 409-440.
31. Sarma, M., & Pais, J. (2011). Financial inclusion and development. *Journal of international development*, 23(5), 613-628.
32. Sethi, D., & Acharya, D. (2018). Financial inclusion and economic growth linkage: Some cross country evidence. *Journal of Financial Economic Policy*, 10(3), 369-385
33. Tsouli, D. (2022). Financial inclusion, poverty, and income inequality: Evidence from European Countries. *Ekonomika*, 101(1), 37-61.
34. Zins, A., & Weill, L. (2016). The determinants of financial inclusion in Africa. *Review of development finance*, 6(1), 46-57.