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NAVIGATING METAVERSE IN SHAPING THE FUTURE OF BUSINESS

Dr.V.Mohana Sundaram

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DIGITAL FINANCIAL INCLUSION

Dr.V.Meera, Associate Professor, Department of Commerce,
Nallamuthu Gounder Mahalingam College, Pollachi
vmeera73@gmail.com

INTRODUCTION:

Financial inclusion aims to ensure that all individuals and businesses, regardless of their socio-economic status or geographic location, have access to essential financial services like banking, loans, insurance, and investment opportunities. By providing these services in a fair, affordable, and timely manner, financial inclusion helps promote economic growth, reduce poverty, and empower individuals and communities to improve their financial well-being.

Ensuring that individuals and businesses have access to useful and affordable financial products and services is crucial for fostering economic growth and stability. Transactions, payments, savings, credit, and insurance are all fundamental components of a healthy financial ecosystem. However, it's equally important that these services are delivered in a responsible and sustainable manner.

Responsible delivery means that financial institutions operate ethically, transparently, and with the best interests of their customers in mind. This includes providing clear information about fees, terms, and conditions, as well as offering products that are suitable for the needs and financial capabilities of their customers.

Sustainability in financial services involves considering the long-term impact of business practices on the environment, society, and the economy. This can include promoting financial inclusion, supporting environmentally friendly initiatives, and investing in communities for long-term prosperity.

Overall, achieving the goal of providing access to useful and affordable financial products and services in a responsible and sustainable way requires collaboration between governments, regulators, financial institutions, and other stakeholders to ensure that the financial system works for everyone.

Digital financial inclusion has create an environment where everyone, regardless of their socioeconomic status, has access to financial services that meet their needs affordably, fairly, and transparently. This includes traditionally underserved populations like low-income groups, marginalized communities, and those in rural areas. Financial inclusion isn't just about access to basic banking services; it also involves access to credit, insurance, savings, and other financial tools that can

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empower individuals and communities to improve their lives and participate more fully in the economy.

DIGITAL FINANCIAL INCLUSION:

Digital financial inclusion aims to bridge the gap between those who have access to traditional financial services and those who do not, typically due to factors such as geographical remoteness, lack of documentation, or limited resources. By leveraging digital technologies such as mobile phones and the internet, it becomes possible to offer financial services like banking, payments, savings, and insurance to a broader segment of the population, thereby empowering them economically and socially.

DIGITAL FINANCIAL SYSTEM

Digital finance represents a significant shift in the way financial services are provided and accessed. It encompasses a wide range of technologies and innovations that have revolutionized traditional banking and finance, making services more accessible, efficient, and user-friendly. From mobile banking apps to block chain-based crypto currencies, digital finance has disrupted the industry in many ways, offering new avenues for payments, investments, lending, and more. The rise of digital finance has also led to increased financial inclusion, as it allows people who were previously underserved by traditional banking systems to access financial services through their smart phones or computers. Overall, digital finance has the potential to drive financial inclusion, improve efficiency, and foster innovation within the financial services sector.

ELEMENTS OF DIGITAL FINANCIAL INCLUSION:

Digital financial inclusion encompasses various elements aimed at ensuring that individuals and businesses have access to affordable, convenient, and secure financial services through digital channels. Here are some key elements:

Access to Digital Infrastructure: This includes access to mobile phones, internet connectivity, and other digital devices necessary for accessing financial services.

Mobile Money: Mobile money platforms allow users to store, send, and receive money using their mobile phones, even without a traditional bank account. This is particularly important in areas with limited access to physical bank branches.

Digital Payments: Facilitating digital payments through methods like mobile wallets, QR codes, and electronic funds transfers enables individuals to make transactions without the need for physical cash.

Agent Banking: Agent banking involves using authorized agents, such as local shops or post offices, to provide basic financial services like cash deposits, withdrawals, and account opening in areas where traditional banking infrastructure is lacking.

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Digital Identification: Reliable digital identification systems are crucial for verifying individuals' identities and enabling them to access financial services securely.

Financial Literacy and Education: Providing education and training on digital financial services helps users understand how to use these services effectively and securely.

Regulatory Environment: A supportive regulatory framework is essential for fostering innovation and ensuring consumer protection in digital financial services.

Affordability: Digital financial services should be affordable for users, with low transaction costs and minimal fees.

Security and Trust: Building trust in digital financial services requires robust cybersecurity measures to protect users' personal and financial information from fraud and theft.

Inclusive Product Design: Financial products and services should be designed with the needs of underserved populations in mind, considering factors such as low income, limited literacy, and irregular income streams.

Data Privacy: Respecting users' privacy rights and ensuring that their data is protected and used responsibly is critical for building trust in digital financial services.

Interoperability: Interoperable systems enable different financial service providers to connect and facilitate seamless transactions across platforms, increasing convenience for users.

BENEFITS OF DIGITAL FINANCIAL INCLUSION

Digital financial inclusion offers a range of benefits, particularly in extending financial services to underserved populations.

Access to Financial Services: Digital financial inclusion enables people who were previously excluded from the traditional banking system to access financial services such as savings, credit, insurance, and payments.

Cost Reduction: Digital transactions often incur lower costs compared to traditional banking methods, making financial services more affordable and accessible, especially for low-income individuals.

Convenience: Digital financial services can be accessed anytime and anywhere with an internet connection, offering convenience and flexibility to users.

Financial Literacy: By engaging with digital financial services, individuals can improve their financial literacy and develop better money management skills.

Economic Empowerment: Access to financial services can empower individuals economically by providing them with tools to save, invest, and build assets, thereby contributing to poverty reduction and economic growth.

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Enhanced Security: Digital financial transactions can be more secure than traditional cash-based transactions, reducing the risks associated with theft and fraud.

Data Analytics: Digital transactions generate valuable data that can be analyzed to gain insights into consumer behavior, which can in turn inform the design of more tailored financial products and services.

Fostering Entrepreneurship: Digital financial inclusion can facilitate entrepreneurship by providing entrepreneurs with access to credit, payment systems, and markets, thereby stimulating innovation and economic development.

Government Efficiency: Digital financial systems can help governments improve the efficiency and transparency of public financial management, including tax collection, subsidy distribution, and social welfare payments.

Social Inclusion: By providing access to financial services for marginalized groups such as women, rural communities, and people with disabilities, digital financial inclusion can promote social inclusion and reduce inequalities.

Overall, digital financial inclusion has the potential to drive socioeconomic development and improve the lives of millions by democratizing access to financial services and fostering economic empowerment.

ISSUES OF DIGITAL FINANCIAL INCLUSION

Accessibility Issues: Despite the proliferation of digital devices, not everyone has access to smartphones or the internet, especially in rural or underdeveloped areas. This lack of access can exclude certain populations from participating in digital financial services.

Digital Literacy Barriers: Using digital financial services requires a certain level of digital literacy. People who are not familiar with technology may find it difficult to navigate digital platforms, understand financial terms, or protect themselves from online fraud.

Cybersecurity Risks: Digital transactions can be vulnerable to cybersecurity threats such as hacking, phishing, and malware. If personal or financial information is compromised, individuals may suffer financial losses or identity theft.

Dependency on Infrastructure: Digital financial services rely on stable infrastructure, including electricity and internet connectivity. In regions with unreliable infrastructure, frequent power outages or internet disruptions can hinder access to financial services.

Exclusion of Vulnerable Groups: Certain demographic groups, such as the elderly, people with disabilities, or those living in poverty, may face barriers to accessing digital financial services. This can exacerbate existing inequalities and deepen financial exclusion.

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Transaction Costs: While digital transactions can be convenient, they often incur fees or charges, especially for services like mobile banking or digital payments. These costs may deter low-income individuals from using digital financial services.

Privacy Concerns: Digital transactions generate vast amounts of data, raising concerns about privacy and data security. Individuals may be reluctant to use digital financial services if they fear their personal information will be misused or exploited by companies or governments.

Risk of Digital Divide: The shift towards digital financial inclusion may widen the gap between those who have access to digital technologies and those who do not. Without adequate measures to bridge this digital divide, marginalized communities may be further marginalized.

Limited Regulatory Oversight: The rapid growth of digital financial services has outpaced regulatory frameworks in many countries. This lack of oversight can leave consumers vulnerable to fraudulent activities, unfair practices, or inadequate consumer protection.

Dependency on Mobile Networks: Mobile networks play a crucial role in delivering digital financial services, but they may not reach remote or rural areas. In such regions, poor network coverage can limit access to mobile banking or digital payments.

CONCLUSION:

Digital financial inclusion holds significant promise for fostering economic growth, reducing poverty, and promoting financial resilience among underserved populations. By leveraging technology, such as mobile banking, digital wallets, and blockchain, financial services can reach previously inaccessible areas, enabling individuals and businesses to participate more fully in the formal economy. However, realizing the full potential of digital financial inclusion requires addressing barriers such as limited internet access, digital literacy, and regulatory challenges. Collaboration between governments, financial institutions, technology firms, and civil society is essential to ensure that digital financial inclusion initiatives are inclusive, sustainable, and beneficial for all. Overall, by democratizing access to financial services, digital financial inclusion has the power to drive inclusive economic development and empower individuals worldwide.

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"EMPOWERING INDIA THROUGH DIGITAL TRANSFORMATION : A SUSTAINABLE APPROACH"

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Empowering India through Digital Transformation – A Sustainable Approach

Vol. – 3

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Dr. M.V. Sathiyabama
Associate Professor and Head, Department of Commerce (E-Commerce)
Nallamuthu Gounder Mahalingam College

Dr. B. Indira Priyadharshini
Assistant Professor, Department of Commerce (E-Commerce)
Nallamuthu Gounder Mahalingam College

Dr. T. Kiruthika
Assistant Professor, Department of Commerce (E-Commerce)
Nallamuthu Gounder Mahalingam College

Dr. N. Ponsabariraj
Assistant Professor, Department of Commerce (E-Commerce)
Nallamuthu Gounder Mahalingam College

Editorial Committee

Ms. M. Sudha
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Nallamuthu Gounder Mahalingam College

Ms. P. Anu Shruthi
Research Scholar, PG & Research Department of Commerce,
Nallamuthu Gounder Mahalingam College

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Ph : 04259 – 221734
E-Mail : cauveritech@gmail.com

Awareness of Government Schemes for Digital Financial Inclusion

Dr. V. MEERA
Associate Professor, Department of Commerce,
Nallamuthu Gounder Mahalingam College, Pollachi.

Abstract

Digital financial inclusion is essential for the socio-economic development of marginalized populations, ensuring that everyone has access to affordable financial services through digital means. This paper examines the awareness and effectiveness of government schemes aimed at promoting digital financial inclusion in India. It focuses on key initiatives such as the Digital India Programme, Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), and the National Pension System (NPS).

Introduction

The Reserve Bank of India works on exclusive programmes and plans in order to have financial inclusion in the nation effectively. It applies a bank-led strategy in order to attain financial inclusion smoothly. The central bank of India also has firm regulations in place that need to be followed by every bank. The RBI also is offering qualified assistance to every bank in the nation in order to attain its financial inclusion objectives. Let us take a look at some of the programmes introduced by the RBI in order to achieve its goals: The RBI instructed every bank to have Basic Saving Bank Deposits (BDSD) accounts for the economically weaker sections of the society. These are no-frill accounts where account holders do not have to maintain any minimum balance or minimum deposit. These account holders can withdraw cash at any ATM or at the bank branch. They should also be given the opportunity to make use of electronic payment channels for receiving and transferring money to others.

The RBI also asked banks to have simple Know Your Client (KYC) regulations for the less fortunate people of the society. There are many people in rural areas who are unable to open bank accounts due to strict KYC norms. Hence, the RBI wants banks to have simplified KYC requirements particularly if a low-income individual is interested in opening a bank account with an amount not above Rs.50,000. It also wants minimal KYC norms if the overall credit in the accounts does not go above Rs.1 lakh for 1 year. Recently, banks have been asked to accept Aadhaar Card as identity proof as well as address proof since most people belonging to low-income groups have made Aadhaar card in their names. Keeping in mind about the lack of bank branches in rural areas, the RBI has asked all banking institutions to open more and more branches in villages across the nation in order to provide good banking services to the villagers. There are many remote villages where there are no banks and also no good transportation services.

Government Loan Schemes for Women Entrepreneurs

1. Mudra Loan for Women

Mudra Loan for Women was launched by the government as a woman loan scheme to offer financial support for enthusiastic women entrepreneurs. They seek a business plan like starting a beauty parlour, tuition centre, stitching shop, etc. This scheme does not require any collateral to grant the loan. However, there are categories under which a Mudra loan application can be applied. They are as follows:

Shishu Loan : The maximum loan amount granted to businesses in the initial stage is Rs. 50,000.

Kishor Loan : This loan is for businesses that are already established but wish to improve services. The amount of loan granted varies from Rs. 50,000 to Rs. 5 Lakhs.

Tarun Loan : This loan is for well-established businesses planning to expand their reach and is short on capital; they can avail as much as Rs. 10 Lakhs for the purpose.

2. Annapurna Scheme

The Annapurna Yojana is one of the many government schemes for women. Under this, the Government of India offers women entrepreneurs schemes in food catering businesses loans up to Rs. 50,000. The borrowed amount could be used for working capital requirements such as buying utensils, mixer cum grinder, hot case, tiffin boxes, working table, etc

After the loan is approved, the lender doesn't have to pay the EMI for the first month. Once sanctioned, the amount has to be repaid in 36 monthly instalments. The interest rate charged is determined based on the market rate and the concerned bank.

3. Stree Shakti Yojana

The Stree Shakti package is a unique government scheme for women that supports entrepreneurship by providing certain concessions. This woman loan scheme is eligible for women who have the majority of ownership in the business. Another requirement is that these women entrepreneurs be enrolled under the Entrepreneurship Development Programme (EDP) organised by their respective

state agencies. This Stree Shakti scheme allows women to avail of an interest concession of 0.05% on loans more than Rs. 2 lakh.

4. Dena Shakti Scheme

The Dena Shakti Scheme provides loans up to Rs. 20 lakh for women entrepreneurs scheme in agriculture, manufacturing, micro-credit, retail stores, or small enterprises. This government scheme for women also provides a concession of 0.25 percent on the interest rate. In addition, women entrepreneurs can avail of a loan of up to Rs. 50,000 under the microcredit category.

5. Bhartiya Mahila Bank Business Loan

Implemented by The Bhartiya Mahila Bank (BMB), this is a public sector banking company that offers loans schemes for women entrepreneurs up to Rs. 20 Crores for working capital requirements, business expansion, or manufacturing enterprises. Some of the different plans under this woman loan scheme includes:

Shringaar : The BMB Shringaar loan applies to self-employed women or homemakers planning a start-up or meeting their daily business expenses. The loan doesn't require you to provide any collateral security.

Parvarish : Similarly, the BMB Parvarish loan is for self-employed women or homemakers to set up day-care creches. The upper limit of this loan can be Rs. 1 Crore without any collateral security under the Credit Guarantee Fund Trust for

Micro and Small Enterprises (CGSTSM) scheme. Annapurna: Between 18 to 60 years, food entrepreneurs wanting to start or expand their small businesses can avail of this loan. Its features are similar to that of the State Bank of Mysore's Annapurna scheme, minus that it does not require collateral security

6. Mahila Udyam Nidhi Yojana

One of the most popular government schemes for women entrepreneurs, the Mahila Udyam Nidhi Scheme, is offered by Punjab National Bank and Small Industries Development Bank of India (SIDBI). The scheme supports women entrepreneurs to set up a new small-scale venture by extending loans up to Rs. 10 lakh to be repaid in 10 years. The rate of interest charged depends upon the market rates.

7. Orient Mahila Vikas Yojana Scheme

Oriental Bank of Commerce launched the scheme, women with an ownership of 51 percent share capital individually or jointly in a proprietary concern can avail a loan through the Orient Mahila Vikas Yojana. There is collateral required for loans between Rs. 10 lakhs to Rs. 25 lakhs. The repayment tenure of the loan is seven years. Orient Mahila Vikas Yojana Scheme also provides a concession on the interest rate of up to 2 percent.

8. Kalyani Scheme

The Cent Kalyani Yojana is a government scheme for women that can be availed by both existing and new entrepreneurs and self-employed women. Micro/small enterprises like farming, agriculture, cottage industries, and retail trade are all eligible to apply for the Cent Kalyani Scheme. You do not have to provide any collateral as security or need any guarantors for this loan. The interest rate on loans depends on market rates. The repayment tenure of the loan will be a maximum of seven years.

9. Udyogini Scheme

The Women Development Corporation has implemented the Udyogini Scheme under the Government of India. This scheme promotes and motivates women's entrepreneurship among the poor by providing financial support to women. This scheme majorly supports and helps illiterate women living in rural and backward areas.

10. Pradhan Mantri Rozgar Yojana

he objective of Pradhan Mantri Rozgar Yojana (PMRY), one of the various government schemes for women, is to provide opportunities of self-employment to the educated young people of the country. Initiated in 1993, the scheme provides the unemployed Indian youth a loan amount to commence their personal business project and subsequently create scope of employment for others. Just a few of the approved business segments for which the government scheme provides financial backup include manufacturing, trade, services, etc., you can avail a loan up to Rs. 1 Lakh without having to provide any collateral. The tenure for repaying the loan ranges from 3 to 7 years.

11. Synd Mahila Shakti Scheme

Syndicate Bank has introduced a scheme known as the ―Synd Mahila Shakthi Scheme‖ with an aim to support women's entrepreneurship development. Under this plan, the bank offers financial backup to those women entrepreneurs and professionals involved in small business, retail trade, or self-employed through its credit facilities

Conclusion

The analysis of government schemes for financial inclusion highlights their critical role in providing financial services to the underserved and underprivileged sections of society. Initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), Stand Up India Scheme, Pradhan Mantri Vaya Vandana Yojana (PMVVY), Digital India Programme, and National Pension System (NPS) have significantly contributed to expanding financial access, promoting economic stability, and fostering inclusive growth.

Moreover, simplifying the application processes, increasing financial literacy, and ensuring the accessibility of these schemes can further empower individuals to utilize these benefits. Collaboration between government agencies, financial institutions, and community organizations is vital for creating a robust and inclusive financial ecosystem.

In conclusion, while significant strides have been made in promoting financial inclusion through various government schemes, continuous efforts are necessary to ensure widespread awareness and accessibility. By addressing the existing gaps and leveraging technology and community-based approaches, the goal of financial inclusion for all can be achieved, contributing to a more equitable and prosperous society.

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About the Book

This volume delves into the dynamic landscape of India's digital transformation, highlighting the strides made towards sustainable development through technological advancements. The book explores various facets of digital innovation and its impact on economic growth, governance, education, healthcare, and social inclusion. With contributions from esteemed scholars and practitioners, it presents a comprehensive analysis of digital strategies and policies that have the potential to empower India and foster sustainable progress. This compilation serves as a valuable resource for policymakers, researchers, and anyone interested in understanding the critical role of digital transformation in shaping India's future.

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