



# Policy Brief **14**

## Effective Practices for Financial Inclusion



### Executive Summary

Inclusive growth is the high priority in the National Agenda to advance development process to address poverty and inequality. Paramount among the strategies and programmes for inclusive growth is financial inclusion which seeks to provide access to financial services for all households / individuals. Financial inclusion programme in India is unique in that it sets store by access to financial services through the banking system, as it provides affordability as compared to other formal institutional players or informal ones. In order to ensure greater financial inclusion and increasing the outreach of the banking sector, RBI in the year 2006 has taken a policy initiative to enable the banks to use the services of NGOs, Self Help Groups (SHGs) and its federations, civil society organisation through the Business Facilitator/Business Correspondent model. In fact, SHG - Bank Linkage Programme since the 1990s has been

playing the seminal role in connecting those excluded, particularly, poor women, small / marginal farmers with banking system.

Pradhan Mantri Jan-Dhan Yojana is launched as a national mission for comprehensive financial inclusion which include beyond savings and credit Rupay Debit card, Insurance, remittance and pension to empower the weaker sections of the society namely women small and marginal farmers, labourers, migrant workers. The enabling stream of NGOs involved in promoting, nurturing/handholding SHGs and the supply stream of Commercial Banks are collaborating with one another to further and deepen the financial inclusion process. Financial inclusion to be meaningful need to be transactional beyond mere of opening of savings accounts covering credit followed by insurance and other financial services such as remittances and pension. Overtime, collaboration between