

**Study Of Financial Inclusion Policies and Their Impact on Rural
Development**

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Abstract

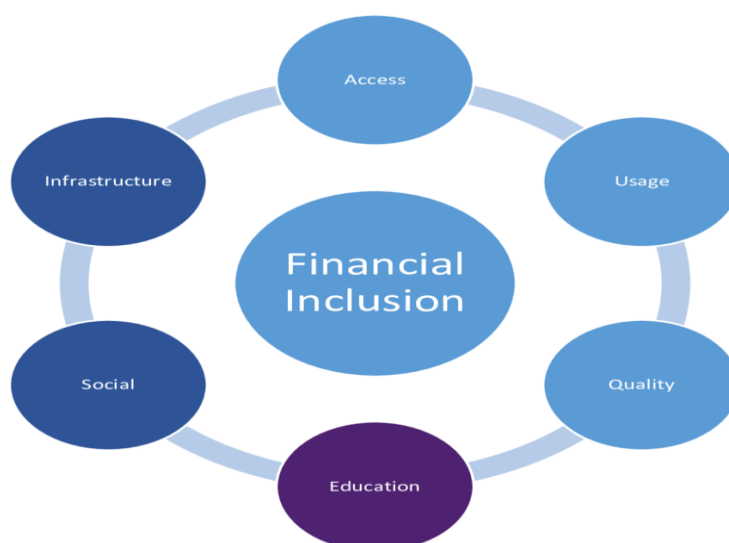
In a developing economy, rural development is closely connected to financial inclusion since in such economies, access to financial services is the main contributor to economic development and reduction of poverty. In this context, we discuss the influence of the policies taken for financial inclusion in the rural development, in particular in that what extension of the banking services, the digital finance and facilities Microcredit have contributed to the generation of income, the development of entrepreneurship and off of social welfare lift-off in rural areas. The importance of the paper is to assess whether government initiatives such as subsidized loan, mobile bank etc. help the people to have better access to capital so that in turn their employability and quality of living increase. The paper concludes by identified the above constraints the success of such policies in a rural setting if there is no adequate infrastructure, low level of financial literacy and social cultural barriers against financial inclusion. This research mostly begins by understanding the long-term outcomes of inclusive financial systems through case studies and empirical evidence from different regions and then offers recommendations to policy makers on the improvement of the implementation and design of financial inclusion strategies. It was demonstrated that though there has been advancement,

broadening of financial inclusion to effectuate rural development fully, requires investments in digital infrastructures, education, and the targeted financial products.

Keywords: Financial inclusion, rural development, micro-credit, digital finance, poverty reduction.

Introduction

These rural populations of large segments in developing countries have for the most part been left out of the formal financial system; financial inclusion, so, will play a key role in driving economic growth and poverty reduction in these countries. This is the process of ensuring that all people – especially those in rural areas – make the appropriate access to cheap and timely financial products and services, especially those underserved and vulnerable. However, Rural Development means developing the quality of life and the economic wellbeing of people living in the rural undeveloped areas with poor infrastructure, inadequate credit facilities and low-income generating opportunities. Over the past few years the synergy between financial inclusion and rural development has received a lot of policy attention and this time there have been a few initiatives that have been designed and seen to bridge the financial gap. Microfinance, Mobile banking, Digital wallet, Self Help Groups (SHGs), Jan Dhan Yojana, Direct Benefit Transfer (DBT) etc., count among these. Despite these efforts, a considerable portion of the rural population still faces exclusion due to factors such as low financial literacy, inadequate banking infrastructure, socio-economic barriers, and limited trust in formal institutions.



This study addresses the question as to how effective the financial inclusion policies are in transforming the life of the rural and stimulating the process of inclusive development.

Research which tries to understand how far financial access can lead to development outcomes like increasing income levels, enhanced education, enhanced healthcare accessibility and opportunities for entrepreneurship based on analysis of policy framework, implementation mechanism and their on the ground impact is also present. This also considers the barriers of executing the policy and the gap preventing its full potential. Therefore, this is an important study for policymakers, financial institutions as well as rural communities that aspire to sustainable development. A clear comprehension of the effect of financial inclusion in the rural areas would support the formulation of more focused, data driven, and inclusive policies aligned to the vision of equitable economic growth and social empowerment. This effort is an attempt to narrow the knowledge gap and be a purposeful contribution to an on edge academic discourse on rural financial empowerment.

Background of the Study

Due to the importance of this process, especially for development strategies and for this purpose, in the areas in which access to the formal financial services is limited, this process has become very important. In many developing countries, rural population is still reliant upon an untrustworthy, expensive and exploitative informal financial channel. This provided a reason for governments and financial institutions to impose different policies to promote inclusive financial systems. Programmed that are grouped in the above category are rural banking, microfinance projects, mobile money services and direct benefit transfer meant to induct the unbanked in the financial system. The idea is that rural households can improve their livelihoods and therefore contribute to broader economic development with access to savings, credit, insurance and payment systems. However, these policies work best and wildly differently depending on local context, type of infrastructure and implementation. The need is therefore for understanding how these financial inclusion initiatives affect rural development so that strategies can be formulated to better and more impactfully achieve this in the future.

Definition of Financial Inclusion

This is the key thing that has been done in savings, credit, insurance, remittances and payment systems as the means of increasing access to useful and affordable financial products and services to those in the United States and low income and underserved parts of the society. That's opening bank accounts but it's also building a financial services offering in a compelling, regular type of way to lift up the standards of living and an economic opportunity for all kinds of people. For example, if purpose is to eliminate the high transactions, costs,

weakness in infrastructure, poor identification and financial illiteracy that would normally come between the rural or marginalized and the formal flow of the normal financial institutions. Lessening poverty, the introduction of individuals in the money related framework, advancement of ladies power and comprehensive advancement, advancement of entrepreneurship, the advancement of comprehensive development. In addition, it is the global enabler when such a sustainable development is achieved and it is the necessary global enabler for a wide participation of all in the economy.

Overview of Rural Development Challenges

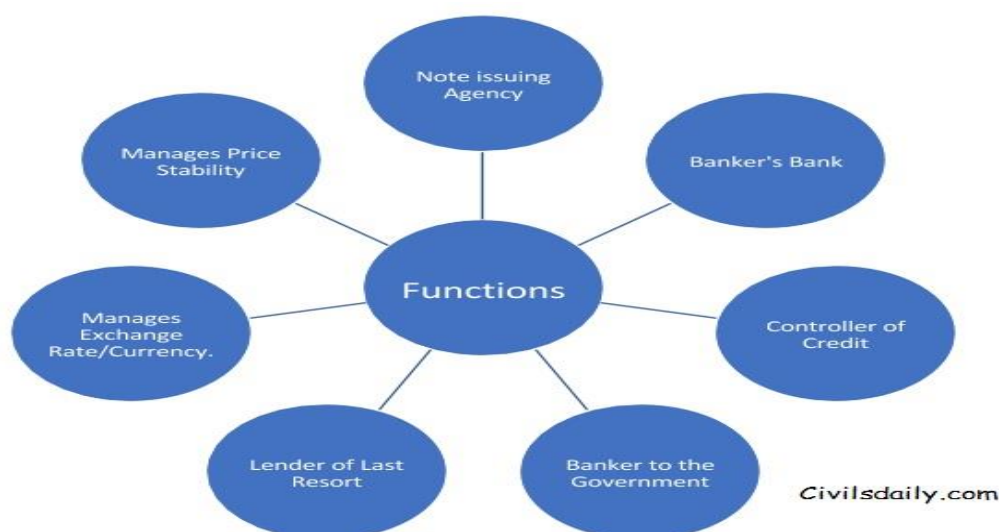
The rural development as a complex, multidimensional process is difficult and remains a challenge, especially in those many developing countries with a great percentage of their rural population that relies mainly on agriculture and informal economy for their livelihood. In order to counter these, however, rural areas lag far behind the urban centres when it comes to infrastructure, education, health care, employment, and general services. One of the main challenges is lack of adequate infrastructure such as the roads, electricity and internet connectivity that are constraint to mobility, access to markets, flow of information, etc. In this case, it is better known that rural areas are hit hard in terms of poor healthcare facilities and scarce educational institutions used to develop human capital. Financial exclusion is also another barrier because they have no access to the banking services, credit and insurance, which makes them unable to capitalize on agriculture or small business. Rural populations are further menaced by the problem of land ownership, by the difficulties of agricultural holdings being dispersed, and vulnerability to climate change which further impinge on their precarious economic stability. Governance and administrative inefficiencies on the account of corruption and absence of community participation also lobbies into weakening rural development programmers. Besides this, social factors such as gender inequality and caste discrimination and migration of youth to the urban areas where they are not useful to their rural communities, all these are making it difficult to address the issues. To help achieve this, policy frameworks will require integration and inclusiveness, holding together physical infrastructure development, access to financial services, education and social protection. The disjuncture's in the levels of lecture and goals mentioned above must be done away with if rural development must be sustainable and equitable to participatively contribute to the national economic growth.

Importance of Access to Financial Services in Rural Areas

Financial services available in rural areas are crucial for inclusive and sustainable development. Access to comprehensive financial services such as savings, credit, insurance, and digital payments for rural peoples and communities delivers the empowerment that allows rural people to manage their income, invest in agriculture or small businesses and absorb economic shocks. In most rural areas people depend on informal and often exploitative credit sources which push them into a debt and poverty cycle. Having formal financial access provides a safer and more reliable alternative, making one with better resilience in the economic sense and decision making. Rural mobilization (accounting for 38 percent of the nation's population) is critical to growth and development, and savings accounts promote saving and the ability to plan for the future while giving access to affordable credit to enhance productivity in agriculture, which comprises most of the livelihoods of rural populations. Insurance services prevent households from falling to crop failure, sickness or natural disasters, making them less vulnerable. Mobile banking and digital wallets have contributed to the further digitalization of financial inclusion, reaching low density areas where adequate financial infrastructure is not at hand. In promoting gender equality, financial inclusion also helps in allowing women greater access to their finances and providing them a means to participate in economic activities.

Role of Government, Central Banks, and Financial Institutions

Financial inclusion has a significant part to be played by the government, central banks, and financial institutions in the rural areas where formal financial services are not available. It is the responsibility of the Government to have enabling policies, legal framework and infrastructure to foster the growth of the financial services. Although systemic change can only be brought about with the help of the government, via national financial inclusion strategy, rural credit schemes, direct benefit transfers (DBT), and digital literacy campaigns, among others, barriers to financial access can be reduced. Regulatory and developmental role of the central banks is providing stability to financial system, motivating the financial innovations, as well as setting the policy that facilitates the inclusive banking.



They further encourage commercial banks to open their branches in the underserved areas and promote priority sector lending along with financing the development of the targeted financial literacy programs. Moreover, digital payment ecosystem is an area where the role of central banks is also important to facilitate the digital payment ecosystem and to regulate fintech solutions so that it remains safe, inclusive and efficient. The financial institutions constituting the delivery channels of financial services are commercial banks, regional rural banks, cooperative banks, microfinance institutions and nonbanking financial companies or NBFCs. Rural population gets small ticket loans, crop insurance and such savings schemes meant for rural population through these institutions. These three key stakeholders work in a very smooth collaboration and provide a balanced approach; governments supply vision and support, central banks provide regulation and stability and financial institutions provide delivery of service. Their coordinated effort will be key to this end and will thus play vital role in the broader economic and social development as well as building trust, outreach, and future rural financial inclusion.

Need of the Study

To understand the benefits of providing financial services as a factor of economic growth, poverty reduction, and positive changes in the living standard in the rural areas it is imperative to study the financial inclusion policies and their impact on the development of rural areas. As a result, rural communities are therefore excluded from finance because of poor banking infrastructure, little financial literacy and remoteness from formal financial systems. In this study to assessment how the government initiative, microfinance programs, digital banking, and fintech with reference to rural empirically used policies of financial inclusions to analyze

the empowerment of rural population. Financial inclusion promotes rural households' savings, loans, investments in businesses, and prevent financial risks, therefore contributing to the rural economic resilience and sustainable development. While direct benefit transfers, mobile banking expansion, finance through self-help groups have all bridged gaps in finance, such gaps are not completely closed and there are constraints including high transaction costs, regulatory constraints and digital divides. Being able to understand the effectiveness of these policies helps understand where the so-called best practices are and where improvements can be made to ensure that there is inclusive economic participation. Since this issue is of significance, this study will assist policymakers, financial institutions as well as development agencies in generating targeted strategies for enhancing the availability of financial services to the financially accessible and promote rural entrepreneurship in the under served areas.

Significance of the Study

Since it is necessary to study the effect of the fiscal inclusion insurance policies on rural development because of the fact that financial services promote rural economics, decrease poverty and advertise inclusive development. She said financial exclusion in rural areas is due to the lack of banking infra structure, lack of formal credit access, low financial literacy to realize their economic opportunities. This study evaluates the government initiatives, microfinance, digital banking and fin tech solution, that bridged the financial gap through the financial inclusion policy. Empowering the rural populations through inclusion in financial policies through provision of savings, credit, insurance and income generating activities (IGA) through participation in investment is an effective way of increasing livelihoods and economic stability. The presence of inclusive financial systems helps to reduce the wealth gap, encourage agricultural productivity and the drive for entrepreneurship in the rural areas. However, despite recent credit expansion through mobile banking, self help groups financing and direct benefits transfers, credit remains a problem and there is still lack of clarity on regulations and very high transaction costs, leaving the digital divide as intact as ever. The study findings are aimed at outlining the ways in which the policymakers, the financial institutions and the development organizations can design suitable interventions that will help achieve sustainability in the rural development process. Financial accessibility and economic inclusion therefore is part of a wider agenda of poverty alleviation and economic resilience and more equitable growth of rural areas.

Literature Review

Sarma, M., & Pais, J. (2011). In financial inclusion, access to formal banking services is restricted especially in rural and tribal areas, which become a very important driver for economic development. It deals with giving low-cost financial services like savings accounts, credit, insurance, digital payments to the neglected people in order to bring them to mainstream economy. For people living in poor communities in Northeast India, it is a way to increase livelihoods as most of these communities are dependent upon agriculture, handicrafts and small businesses. The role of Self-Help Groups (SHGs), Digital Banking and Micro finance Institutions, have been supportive in bridging Financial Gap which have empowered individuals but especially women to engage in money making from income generating activities. Additionally, the financial accessibility has been made easier through the Jan Dhan Yojana and Direct Benefit Transfers (DBT) schemes brought in by the Government of India. Such was adopted by mobile banking, fintech solutions and digital payment platforms with the same bearing as a result of the improvement of financial transactions, cut-down on cash dependency and enhancement of the facet of transparency.

Demirgüç-Kunt, A., et al (2017). Financial inclusion presents an opportunity that leads towards building a true inclusive growth thus allowing all the social strata (especially the marginalized and the low-income populations) to access their basic financial services. There is recent empirical evidence that extended access to these four banking, credit, insurance, and digital payment systems accounts for a major part of the reduction of poverty, strengthening of the economy, and broad development. The effect of the financial inclusion to entrepreneurship, agricultural productivity and women empowerment, reducing women dependence on their husbands financially is indicated. Microfinance institutions, self-help groups (SHGs) and mobile banking services act as the catalyst in bringing down the mentioned gap, as the empirical research done on developing economies demonstrates. The improvement of efficiency of digital financial services such as mobile wallet, online transactions, reduction in transaction cost and improved financial resilience in rural areas is being witnessed.

Ozili, P. K. (2018). Digital finance has laid a great deal of financial inclusion and resilience through supported increased access and efficiency of the financial services. Thanks to technologies like mobile banking, digital wallet, fintech solutions and even blockchain, people who earlier were without bank accounts have been to join the formal financial system. The empirical evidence reveals actually that mobile money services can also provide access to

financial services and easily perform the transactions, provide credit accessibility and savings mechanisms to individuals and small businesses in the developing regions. However, with the introduction of ‘digital payment system’, all these above aspects such as transaction costs, transparency and risk reduction in a cash-based economy have materialized. Digital finance capitalizes on the usability of the like of real time monitoring of fraud, risk management more improved and adequate regulatory oversight and the smaller system vulnerabilities.

Demirgüç-Kunt, A., et al (2012). The Global Findex Database is the comprehensive source of evidence on how adults across the world save, borrow, make payments and manage risk. The World Bank plots account ownership, digital payments, savings and borrowing across different demographics, and it is the one that sets up this thing. Financial access is not equal among rich and poor or between men and women, nor is it equal among urban and rural residents, and so it is a useful tool for researchers and policymakers. However, the latest editions show that financial inclusion has substantially grown, still leaving a lot more to enable underserved populations. As the data point to, the role of mobile banking, fintech innovation and government policies are the key in broadening financial access. But globally, people tend to own accounts and usage varies; an unfortunate large chunk of the population is still unbanked as a result of documentation, financial literacy or still distrust in the financial institutions.

Park, C. Y., et al (2018). Access to banking, credit, savings and insurance facilities, to the poor and low-income individuals and groups, goes a long way in poverty reduction and reduction of income inequality. The Global Findex Database reveals that financial inclusion is a process that allows people to save, invest and manage risks by being part of the economy. Financial services are important for poverty alleviation as they provide means of building assets, smoothing consumption and enhancing the economic resilience of the poor against shocks, and these can be offered only in financial terms. Entrepreneurship options, employment generation and economic tipping are good mitigation actions to income inequality through inclusive financial systems. The digital financial services, mobile banking and fintech innovations can assist in the resolution of many of the traditional barriers of geographic placement or high transaction costs (such as in rural communities), to increase financial inclusion in developing economies. While there are still gaps that persist along gender, rurality, and income lines, giving women, rural citizens, and people with lower income, more obstacles such as lack of financial capabilities, lack of infrastructure, and also restrictive policies.

Demirguc-Kunt, A., et al (2018). The 2017 Global Findex Database offers a comprehensive analysis of financial inclusion world wide with a particular attention for nations in which fintech may contribute to a better access to financial services. The 2017 edition of World Bank report accounts for substantial advances in account ownership, most notably in digital financial service, mobile money as well as fintech innovations. As developing economies have been bringing the biggest gains, global account ownership grew from 62 percent in 2014 to 69 percent last year, the report said. One of the major factors that triggered the financial inclusion and had a break to several barriers and limits, was digital payments which offered secure and quick payments and reduced dependency on cash. There are still gaps – income gaps, women gaps, because there're still barriers to access women and under-served populations. As the final hindrance to joining the structure of financial participation are lack of documentation, financial literacy, again the lack of trust in institutions.

Zhu, K., et al (2004) Information technology (IT) is of paramount importance in the value creation of value in the e-business environments, especially in the financial services industry for the efficiency improvement, cost reduction and customer experience. While banking is one of the industries that has significantly used IT, banking has transformed thanks to their integration; they are now able to conduct digital banking, e payments, fintech innovations, and automating their operations. IT payoff is dependent upon a number of factors that vary in an international context, all having to do with technological infrastructure, regulatory environments, market readiness and others. Economic activities in developed economies with advanced IT framework show higher returns, and investment in e-business; whereas, emerging markets register development and growth due to high rate of adoption of mobile banking and digital financial solutions as they are used by the most of the available population and a principle tool of their increased competency. IT in financial services also impacts risk management, data security, and offering personalized financial products to build up customer trust and engagement. Issues such as threat of cybersecurity, digital divide, and regulatory compliance hinder maximization of IT benefits.

Honohan, P. (2008). They are available such a number of financial services to the household as is conditioned by significant differences among countries in such aspects as the level of economic development, regulatory frameworks, financial infrastructure and socio-cultural aspects. In high income economy, there is easy access to all kinds of financial service (banking, credit insurance, digital payment) with excellent institutions and strong technological platform

for smooth transactions. While the banking networks on the other hand are nonexistent or are expensive to transact, communities have little financial literacy and other regulatory barriers that prevent families from accessing the formal financial sector. Indeed, the Global Findex Database reveals notable differences in access to financial products along the characteristics of the household, especially gender, income level and literary geographical location that reflect how inclusive the country's financial sector is. However, mobile banking and fintech have in recent times ironically taken over much of that role in many developing countries, particularly in rural and underserved communities.

Evolution of Financial Services in Rural Areas

Progression of transformation of financial services in rural areas as a response to the need to extend an opportunity to the unprivileged populations to access the formal financial system. Initially in rural economies finance based on moneylenders, friends and community-based lending groups dominated. These options were often unreliable, exploitative out of oversight. Therefore, there was promotion of formal rural banking in the early to middle 20th century, where government set out the cooperative banks and the agricultural credit societies. The turning point in the other countries, including India in 1969, came when banks were nationalized and hence banks were forced to spread in the rural regions and thereby provide funds to the agricultural and small business sectors. However, in view of this, specialized institutions emerged that later came to fill the space of traditional banks and that includes Regional Rural Banks (RRB's), Microfinance institutions (MFI's) and other similar institutions. In the 2000s, this began the era of the technology invested in rural finance. However, as mobile banking, internet banking and digital payment systems started making remote villages less remote, access began to change. Newer models such as Business correspondent (BC) models and Aadhaar linked accounts, mobile wallets and Unified Payment Interfaces (UPIs) made things easy and cheaper and to reach the rural poor. After all that, Pradhan Mantri Jan Dhan Yojana in India which opened millions of zero balance accounts further picked up financial inclusion. Today financial services in the rural areas are more diverse, accessible and technology driven than it has ever been but still face issues of financial literacy, trust and usage. The farm credit system however, has continued to evolve towards a more inclusive and better rural economy; even to date.

Key Actors in Financial Inclusion: Government, Banks, Cooperatives, and NGOs

Government: The possible such a driving role of the government in promoting financial inclusion can be achieved through policy direction, formulation of national financial strategies and creating a favorable environment for service delivery in rural areas. It is a danger to its political opponents, running its schemes like financial awareness initiatives, DBT systems, etc. and rural credit guarantee schemes, etc. In addition, they expend on back-end developments such as infrastructure and legal framework, and digital connectivity, which enhances the financial innovation and are within the regulatory compliances. As a result, rural financial access comes about with government backing for policy like Jan Dhan Yojana in India or policy backing for M Pesa in Kenya.

Banks: Front-runners of financial services are commercial banks, regional rural banks (RRBs), and development banks. These offer savings account, credit facilities, insurance products and payment services for rural population. Central banks have directed banks to meet the priority sector lending targets, in particular in the agricultural and small-scale industries. New models such as the Business Correspondent (BC) model and mobile banking have enabled banks to work even in the farthest corners lacking minimum physical infrastructure. Digitization and alliance with public and private sector banks alike are helping these lenders expand their rural presence.

Cooperatives: Cooperative societies and banks have been long time community based financial service providers in the rural areas. Since their establishment, cooperatives are established on the base of the mutual benefit principle and, among other things, they are able to render credit, savings and agricultural inputs to their members. Areas in which commercial banks find it hard to set foot are important in particular. Yet, despite the fact that cooperatives are prone to governance and operational inefficiency, they are an important actor in the rural financial ecosystem on account of their local knowledge and their member-oriented mode of operation. A good portion of the time, they are present where agriculture is concerned, between rural communities and formal institutions.

NGOs: Financial inclusion is promoted in an efficient way by Non-Governmental Organizations (NGOs), who serve as a catalyst for outreach to the most marginalized populations. They frequently operate at the grassroots level, with an aim to construct monetary education, making a situation where self-help groups (SHGs) can be arranged and microfinance activities can be advanced. Additionally, NGOs play a role to be the facilitator between rural

communities and financial institutions by building trust and awareness. Their emphasis on empowerment of women and vulnerable groups goes on to address the social barriers for inclusion. In many places, NGOs have experimented with models which later scaled to governments or private entities, as is the case for microcredit or group lending.

The synergy between these actors—government for policy, banks for service delivery, cooperatives for community engagement, and NGOs for grassroots mobilization—is essential for the success of financial inclusion efforts in rural development. With a collaborative, well-coordinated approach, outreach can also be achieved with impact.

Methodology

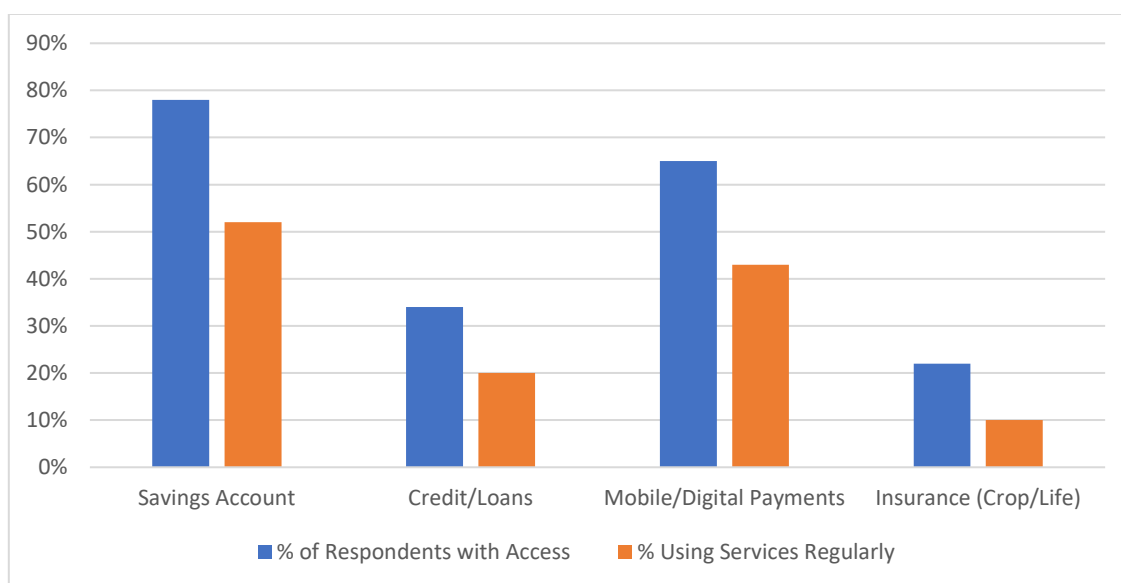
This work is a Highest Method Study, aimed at examining how the Financial Inclusion policy has influenced /Rural Development. Both primary and secondary data were used as the source of data to have a wholesome understanding of the topic. For the collection of secondary data, structured surveys were conducted to collect data from rural households located in selected villages regarding saving, credit, insurance and digital payment services use. The respondents were drawn in such a way that it would assure to represent different socio-economic groups using stratified random sampling. In addition to these surveys, key informant interviews were conducted with bank officials and NGO representatives, and with cooperative leaders, in order to gather qualitative information about policy implementation, barriers and obstacles. In this paper sources of secondary data as mentioned here are included government reports, RBI publications, financial indices of inclusion and academic research papers. Besides that, the study has also considered Pradhan Mantri Jan Dhan Yojana (PMJDY), financial literacy initiatives and rural credit schemes as documents that form part of policy. Descriptive statistics were used to analyze quantitative data to identify patterns in usage and impact metrics while the qualitative data was analyzed using categories of themes to reveal the barriers and opportunities. The process is a good way multi dimensionally to gauge how and how effectively such policies for financial inclusion actually work on and have direct and indirect impacts on farm and farm related sectors.

Results and Discussion

Table 1: Access to Financial Services in Rural Areas (Survey Results)

Financial Service Type	% of Respondents with Access	% Using Services Regularly	Main Access Channel

Savings Account	78%	52%	Bank/BC Agent
Credit/Loans	34%	20%	Microfinance/Cooperative
Mobile/Digital Payments	65%	43%	Mobile Wallets/UPI
Insurance (Crop/Life)	22%	10%	Government Schemes



The current landscape of financial service accessibility and usage in rural area is shown by these survey results. Significant (78%) of respondents reported having access to savings account but only 52% of them actively use. Formal banking is now reaching rural population, largely through bank branches and Business Correspondent (BC) agents; however, it seems they are illiterate in financial matters and not in the habit of using financial services. The access to credit is much lower, if at 34%, only 20% get it regularly, either from microfinance institutions or cooperatives. It demonstrates a conservative or narrow borrowing trend presumably as a result of either repayment capability or unavailability of customized credit products. Among the various avenues that have been adopted, there has been great adoption of mobile and digital payment services (65 per cent of the respondents), which includes 43 per cent regular users. The least of the government services accessed are insurance services, crop and life, with coverage available of 22%, and only 10% actively used, mostly through government schemes. Therefore, one of the problems is the need for stronger outreach, awareness, and simple access mechanisms of inclusive financial security.

Table 2: Impact of Financial Inclusion on Key Development Indicators

Development Indicator	Before Access to Financial Services	After Access to Financial Services	Change (%)
Average Monthly Income	₹3,200	₹4,500	+40.6%
Household Savings Rate	10%	22%	+120%
School Enrollment (Children)	65%	78%	+20%
Access to Health Services	45%	70%	+55.5%
Women's Economic Participation	28%	50%	+78.6%

This paper indicates impact of financial inclusion to rural development through key socio-economic indicators. Finally, as they gained access to financial services, they did much better; households in rural areas saw their monthly incomes average at ₹3,200 to ₹4000, representing a 40.6 increase, pointing to more activities in the economy and improved livelihood opportunity. Also, the household savings rate more than doubled, from 10% to 22%, or 120%, showing that families, if anything, are more financially savvy and are planning for the future better. School enrollment has increased by a huge 20% in terms of enrollment. This reduced from 65% to 78% for those who proclaimed financial stability with the opportunity to focus on education. Such health facilities are more available and utilized as access to them from 45 percent to 70 percent improved by 55.5 percent. These percentages show that female economic participation increased from 28 to 50 percent, which is a 78.6 percent increase from the 28 percentage, and proves that when women are included in financial activities, they become independent and they decide to take part in the income generating activities. Improvements are shown here that financial inclusion brings to the financial wellbeing of the rural people and its impact on human development through provision of basic services and women empowerment.

Conclusion

Through a study from the financial policies to rural development it has been found out that the inclusive financial systems are important to enhance the transformation of rural economy and to enhance the quality of life of underserved population. While the last three decades have seen a notable expansion of basic financial services (saving, borrowing, insuring, and paying digitally) offerings in rural areas, these services can help rural households protect themselves against risks, build their livelihoods and become economically resilient. Financial inclusion has tremendously helped raise the income, vector of savings behaviour, increase enrolment into schools, improving access to health and participation of woman in economic activity. Nonetheless, effectiveness of such policies depends on the mechanism of implementation, and availability and use of infrastructure as well as creation of awareness among communities living in rural areas. While there has been much progress on Jan Dhan Yojana, digital payment networks and microfinance, the reach to the most remote and oppressed region is still low, financial inclusion and knowledge of use of the same are still wanting. While financial exclusion has been described as a hidden infrastructure of exclusion (Morduch 1999) that is both social and structural, structural barriers such as low digital literacy and limited banking infrastructure as well as social barriers that limit women's potential to use any available financial products, remain. But access alone can't be enough for such an effort to be truly transformative in its nature, policies have to make note of the usability of financial products, the customization of them, and ongoing support. The process should, however, be coupled with joint efforts by the government bodies, financial institution, cooperatives and the NGOs to ensure that the efforts are realized in tangible and sustainable rural outcomes in development. Financial inclusion is therefore, at least, both, a financial sector objective and a development imperative where implementation is associated with positive spillovers to inclusive growth, poverty reduction and socio-economic empowerment in the rural areas.

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