HOW BANKING SERVICES BENEFICIAL TO POOR AND DISADVANTAGED– A STUDY ON FINANCIAL INCLUSION

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ABSTRACT

The banking industry has shown tremendous growth in volume and complexity during the last few decades. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segments of the population, especially the underprivileged sections of the society, into the fold of basic banking services. Internationally, also efforts are being made to study the causes of financial exclusion and designing strategies to ensure financial inclusion of the poor and disadvantaged. The reasons may vary from country to country and hence the strategy could also vary but all out efforts are being made as financial inclusion can truly lift the financial condition and standards of life of the poor and the disadvantaged. Moreover, strategies are not designed in a vacuum. A sound understanding of the market environment is a critical input. Who the potential consumers are what motivates and drives their decisions, what constraints and risks they face and so on are all fundamental questions, the answers to which are the starting points of strategy formulation. People, particularly, those living on low incomes, cannot access mainstream financial products such as bank accounts, low cost credit, remittances and payment services, financial advisory services, insurance facilities etc.

This paper attempts to fill the gap that currently exists, which in turn represents the opportunity that the financial sector has to design and deliver appropriate products and services to a very large number of potential customers.

KEYWORDS: Financial Inclusion, Self Help Groups (SHG) s, Micro Finance Institutions, Financial Inclusion Fund (FIF), NABARD, Scheduled Commercial Banks (SCB’s), Regional Rural Banks (RRBs).