FINANCIAL INCLUSION: AN INDIAN SCENARIO

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ABSTRACT

In an underdeveloped financial system, certain segments of the population experience difficulties in obtaining appropriate access to financial services. As a result, they have to resort to high cost informal sources such as moneylenders. This is particularly true for the sporadic financing requirements of low income households for nonproductive consumption purposes and other emergency requirements such as medical expenditure. Benefits of growth, therefore, tend to concentrate in the hands of those already served by the formal financial system. In mature financial systems on the other hand, financial institutions develop appraisal techniques and information gathering and sharing mechanisms, which then enable them to finance even those activities or firms or individuals that are at the margin, thereby promoting their growth-inducing productive activities. However, developed financial systems also encounter difficulties in serving low income groups for financing their consumption and other needs.

KEY WORDS: Financial Exclusion, Financial Inclusion, Kisan credit card, General credit card, Commercial Banks.