

Financial inclusion: Issues and Challenges with reference to Rayalaseema Region, Andhra Pradesh, India.

Dr.K.V.V.Raju¹, Dr. Dilgasa Bedada Gonfa²,Dr.B.kishore Babu³

¹Associate Professor,Accounting & Finance,College of Business & Economics, Bule Hora University,Ethiopia. raju8187@gmail.com

²HOD of Accounting & Finance,College of Business & Economics, Bule Hora University, Ethiopia badhoodilgaasaa99@gmail.com

³Associate Professor, K L Business School, Koneru Lakshmaiah Education Foundation, Vaddeswaram, Guntur, Andhra Pradesh, India. kishorebabu11@gmail.com

ABSTRACT: The article completely concentrated on the problems and challenges faced by financial inclusion in India, Andhra Pradesh and Rayalaseema region. It searches about the feasible solutions. It made an in-depth study of the systems of financial inclusions. It helps to frame the policies and procedures of financial inclusion. It identifies the weakness and drawbacks of distribution systems. It suggests the creative systems for financial inclusions.

Key Words: -Self-Helped Groups, Prime Ministers Jan Dhan Yojana, Swabhiman, Frill Accounts, Dormant Accounts, DWAKRA,

1. INTRODUCTION

India the second biggest populated country and the largest democratic country on the world facing challenges of poverty. Several efforts and initiations taken by state and central governments for eradicating the poor. Present situation the country facing the challenge of Covid-19. It is observed that the lives of the people under poverty line complete ruined. In this situation the central government of India used the PMJDY accounts and dropped meagre amounts in the accounts of the people. Previously the PMJDY criticized but now it is utilized to send the amounts to the people accounts.

1.1 Demonetization impact on Indian villages and agriculture

Most of the villages and agriculture had a negative effect of demonetization. The lack of awareness on digitalization and use of plastic money the people at villages suffered a lot. In villages very less people will have the bank accounts and use of plastic money and online banking. It is shock on agriculture sector.

1.2 Financial Inclusion in India

The slogan Poor are becoming poor and Rich are becoming rich. This slogan may be modified like this Poor are also become rich and rich are becoming richer and richest. How this is possible only there is one way that is financial inclusion. This will be possible when all the Indians become financially literate. Every Indian will be financial literate when every man is having a bank account in a bank. Every man in India having a bank account leads to the economic growth of the country. The Government of India under the leadership of Honorable Prime Minister Narendra Modiji started working on it and making India financial literate. On August 15 India got independence but on August 15 2015 all the Indians got financial independent through the announcement PMJDY.

1.3 Objectives of PMJDY

1. Helping the poor people
2. Improving the saving habits
3. Improving the financial condition of the people
4. Converting the small savings into huge big amount of investment
5. Making the people of familiar to internet banking
6. Indirectly encouraging the E commerce
7. Economy development
8. Improvement of Standard of Living

The scheme run by department of financial Services, Finance Ministry. The announcement day 1.5 Core bank accounts opened and by January 10 it became 11.5 crore accounts. The amount deposited in these accounts are nearly 8698 crores. All these things are done with only because of the initiation taken by the Government of India. We can also open these accounts by zero balance also.

Pradhan Mantri Jan - Dhan Yojana (Accounts Opened As on 12.01.2015)

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs

S.No		No Of Accounts (In Lacs)			No Of Rupay Debit Cards (In Lacs)	Balance In Accounts (In Lacs)	No Of Accounts With Zero Balance (In Lacs)
		Rural	Urban	Total			
1	Public Sector Banks	479.58	405.18	884.76	801.9	687477.33	635.9
2	Regional Rural Banks	167.02	29.56	196.58	111.97	137598.95	147.95
3	Private Banks	18.66	16.42	35.08	26.88	50932.99	23.12
	Total	665.26	451.16	1116.42	940.75	876009.27	806.97

(Source: [http://en.wikipedia.org/wiki/Pradhan Mantri Jan Dhan Yojana](http://en.wikipedia.org/wiki/Pradhan_Mantri_Jan_Dhan_Yojana))

Pradhan Mantri Jan - DhanYojana (Accounts Opened As on 24.01.2015)

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs

S.No		No Of Accounts (In Lacs)			No OfRupay Debit Cards (In Lacs)	No In Of Accounts (In Lacs)	No With Zero Balance (In Lacs)
		Rural	Urban	Total			
1	<u>Public Sector Banks</u>	515.89	436.18	952.08	882.65	794772.48	635.49
2	<u>Regional Rural Banks</u>	179.46	31.96	211.43	145.73	152824.71	155.84
3	<u>Private Banks</u>	31.48	19.36	50.84	43.45	63719.5	30
	Total	726.83	487.50	1214.35	1071.83	1011316.69	821.33

(Source:<http://pmjdy.gov.in/account-statistics-country.aspx>)

The main essence of the scheme is to provide one bank account for one household and also providing the pension and insurance schemes for the weaker sections so that they can improve their financial status and utilize the subsidy schemes introduced time to time by the government of India.

Every rupee of resources must be utilized for the economic growth of the country.

Reserve bank of India in the past taken several steps for financial inclusion. The bank introduced several programs and schemes for development of rural areas and people. Zero balance account is also a good invention in banking for encouraging people for utilizing the banking services. In India the 58.7% of the total households are only covered having bank accounts. It means that 41.3% still not having the bank accounts and not involved in doing bank transaction. If we make comparison between rural and urban the number of bank accounts, the rural areas are backward than urban.

In the year 2011 there is program called “Swabhimaan”. The main objective of the program is to develop the banking facilities in rural and urban areas. This program is not that much successful

The present banking network also not covered the whole India whether it is rural or urban. There are places in India which are to be covered and encouraged for financial services and banking. In India people are once not have a cell phone but now all the people are not having the bank accounts. Previously the plans introduced by Indira Gandhi or Manmohan Sigh on financial inclusion is not so successful. The Modi |Government introduced this program but how it will be in future we have to wait and see. The facilities

or services for the account holders are

1. Debit Card
2. Accident insurance (1,00,000)
3. Life Insurance coverage (30,000)
4. Overdraft facility (5,000)

One thing we can say that there is a remarkable thing happen that

- 15 million bank accounts opened in a day
- 15 million policies opened in a day

1.4 CRITICS

1. In this program the costs incurred for opening and maintenance of bank accounts not calculated.
2. There is a possibility of the accounts which are opened are converted to “DORMENT “accounts.
3. Guarantees are not mentioned for overdraft accounts. There may be chance of default
4. Duplication of Accounts.
5. Vote bank Scheme
6. In one angle corruption may be created.
7. Lack of KYC documents

2. METHODOLOGY

The paper mainly concentrated on the financial inclusion aspects related to the country and Rayalaseema region Andhra Pradesh. The paper mainly collected information from secondary data.

Objectives of the study

1. Examining the Financial Inclusion in Rayalaseema Region, Andhra Pradesh, India.
2. Identifying the challenges and Opportunities in the study area.
3. Conclusion and suggestions in the study area.

3. LITERATURE REVIEW

1. World Economic form says that around 2 billion people still do not have banking facilities₂
2. Lastly, the survey found that banked households tended to be better-off (measured by PPI) than unbanked households₃

3.1 Statement of the Problem

Financial inclusion in Rayalaseema region, and bifurcated Andhra Pradesh still under construction. Rural Banking facilities in these areas still under introductory stage. The

KYC documents and digitalization is also under developing stage. The major lives of the people under pathetic conditions despite of several programs introduced by the governments. Transparency, transformation, accountability, quantitative and qualitative aspect must be focused. on financial exclusion

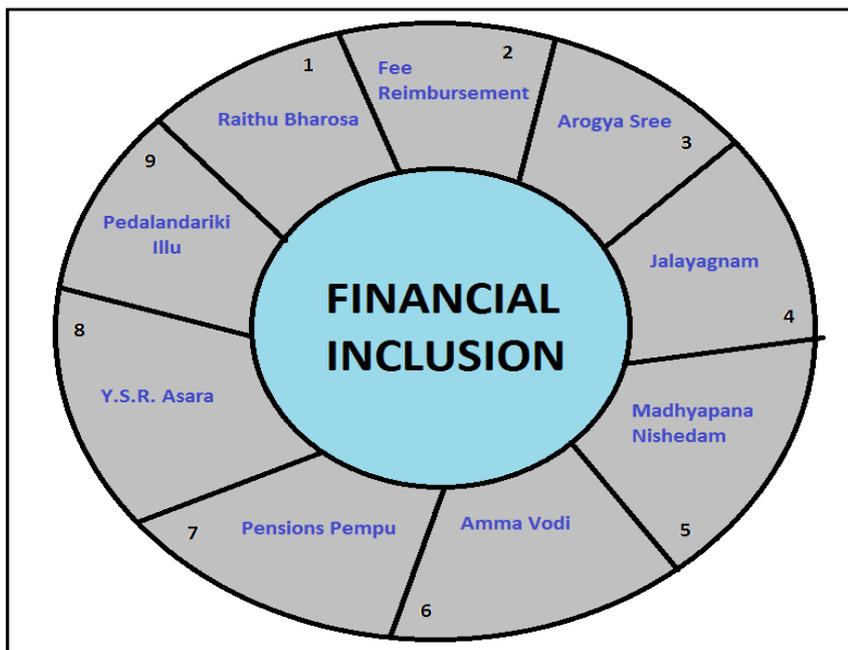
The articles presently examining the latest secondary data available. It is also collecting data from the books and journals. The article pure based on secondary data.

3.2 Financial Inclusion Andhra Pradesh

The bifurcated Andhra Pradesh is now gearing up with the newly elected chief minister Sri Jagan Mohan Reddy. The state of Andhra Pradesh now facing severe problems like lack of income and a high deficit in the budgets. Recently the state government introduced a financial inclusion program called “NAVARATNALU”. We will briefly understand what are the key points in it.

1. YsrRaituBharosa:- it is a great opportunity to the farmers of Andhra Pradesh. The state government promised to pay 50000 to every former. This is also an additional benefit to the existing benefits to the farmers.
2. Fee Reimbursement: Great gift to the student community. The government promised for full fee reimbursement. It is trying to control the fees of educational institutions. It is also announced by the government the only gift we can give to students is education.
3. Arogyasri:- above 1000 medical bills of the people who are poverty line beard by the state government.
4. Jalayagnam: This regarding irrigation projects. It will provide water to the people and agriculture.
5. Ban on Alcohol:- The government promised to ban the alcohol the liquor which provides major income to the government.
6. Amma void: It is also a program provided to the school going children. Money transfer of 15 000 to mothers account.
7. YSR Asara:- It a women empowerment program. All the SC, ST, BC women given with a loan waiver who are aged above 45 years. It is called as YSR cheyuta.
8. PedalandarikiIllu:- It is Home construction program. Which provides houses to all the people who are under poverty line.
9. Pension Pempu:-Increase of pension and decrease of age eligibility 65 to 60.

It is the first time the state of Andhra Pradesh concentrating on the above programs. All the above programs come under financial inclusions. Which will have great impact on the financial conditions of the people of Andhra Pradesh.



Number of Ration cards and online, off line shops in Andhra Pradesh

Total Shops	29783
Online shops	29492
Off line shops	291
Total Cards	14724762 ₅

The above table shows the numerical data of off line online shops in Andhra Pradesh and total ration cards. Increase of ration cards indicates increase of poverty in the state. Governments must try to decrease the number of white ration cards issued. Issue of ration cards the political parties are making it as vote bank and issuing more and more. It will lead to misappropriation of funds and mismanagement. The governments must introduce training centers in villages and train the villages people in developing the skills and woman empowerment. Recently the governments introduced adoption of villages.

3. SHG GROUPS (DWAKRA)

In the year 1980 the government of India started the Self Helped Groups Development of women and children in rural areas. The total groups in Andhra Pradesh are 6,52,541 and consists of 69,25,963 members.⁴ The group’s members are 10, 15. There are groups with 5 members also. The government provides financial assistance to the groups. There are women groups. These Self helped groups are motivated and run by group leaders. They motivate and create awareness to the people. The Group leaders generally selected who are having the minimum education and financial literacy and aware of banking activities. Villages → → → People → → → Self Helped Groups (Men and Woman) → → → Financial Inclusion

The main focus of self-help groups are to enhance confidence and capabilities of the people in groups. To encourage the saving habits of the people to develop the collective decision and team spirits. To encourage women to take up social responsibilities.

4.1 Financial Inclusion in Rayalaseema Region

Rayalaseema region consists four districts Kadapa, Kurnool, Anantapur and Chittoor districts. The major occupation of the Rayalaseema people is agriculture. Most of the people in villages are lack of education and financial literacy. It is fortunate that most of the chief minister who ruled Andhra Pradesh from Rayalaseema region only. For example, Nara Chandra Babu Naidu, Jagan Mohan Reddy, Kiran Kumar Reddy, Y S Raja Sekhar Reddy are from Rayalaseema only. Even though most of the people are from Rayalaseema but the area is not yet fully developed and backward in several aspects.

Water scarcity is the major problem of Rayalaseema region. The ground level water, ponds, tanks also very less compared with other areas of coastal Andhra Pradesh. The rain falls

4.2 Challenges of Financial Inclusion in India

The biggest challenge for financial inclusion is misuse of money, corruption and wide population under poverty line, political system in India. Missing of Accountability and transparency

4.3 Findings & Suggestions

1. Introduction Token based benefit system instead of distribution of cash to the people below poverty line.
2. Aadhaar linked identification of the beneficiaries and distribution of household items and cash disbursements.
3. Involvement of social groups, village youth, self-help groups in coordinating the government officials for distribution of benefits to the poor people.
4. Involvement of engineering students and NCC cadets and NSS volunteers in village level activities
5. Introduction of Grama volunteer's system, Grama warrior system for facilitating the government programs and policies.
6. Small savings leads to big investment and it will have converted into investment and economic development of the country.
7. It is suggested to improve the basic education and financial literacy to the people who lives in villages.
8. Ban on alcohol or liquor is suggested as the people of misusing the amounts dropped by government of India, state and central governments.
9. Governments must focus on wealth creation, employment creation. It will eradicate the poverty of the country.
10. Governments must concentrate on the skill development in villages. It must develop training centers to improve the skills of the people in villages.

5. CONCLUSIONS: -

We can conclude that instead of money transfer it is better to go for “Token system” and providing the houses, education, food and other amenities to the needy people. Sometimes money also transferred for encouraging self-employment and small business houses. Agriculture and tiny sector in villages must be encouraged. Rural India developed then only the whole India will develop. Every rupee spent by the government must have accountability, transparency and utility. Involvement of rural youth, women and engineering students, National Cadet Corps and volunteers of National Service Scheme must be encouraged. Accountability and transparency in financial aspects of financial inclusions and successive rate must be observed.

6. REFERENCES: -

- [1] Source: <http://knowledge.wharton.upenn.edu/article/financial-inclusion-india-aims-move-beyond-bank-accounts/>
- [2] <https://www.intelligenthq.com/5-challenges-to-financial-inclusion/>
- [3] <https://ifmrlead.org/access-to-finance-in-andhra-pradesh/>
- [4] https://www.google.com/search?sxsrf=ALeKk02QvC9GCkbfyZuvJB4N-yONo-65DQ%3A1589031046212&ei=hrC2XuDFDIKa4-EPt_SwaA&q=self+help+groups+in+andhra+pradesh
- [5] <https://epdsap.ap.gov.in/epdsAP/epds>
- [6] International Journal of Applied Business and Economic Research (ISSN : 0972-7302) available at <http://www.serialsjournal.com> ,, Serials Publications Pvt. Ltd. Volume 15 • Number 15 • 2017 Article written by Dr. K. V. V. Raaju and team page no 148.
- [7] Adinarayana P, Kishore Babu B, (2019) Modern techniques of promoting the banking financial services and insurance (Bsfi), International Journal of Innovative Technology and Exploring Engineering) Volume-8 Issue-10, August 2019.pp.1715-1719
- [8] Adinarayana P, Kishore Babu B, (2019) Modern techniques of promoting the banking financial services and insurance (Bsfi), International Journal of Innovative Technology and Exploring Engineering) Volume-8
- [9] Dr. B.Kishore Babu and M.V.A.L. Narasimha Rao, A Study on Civil Engineering Students Perception towards Demonetization in Guntur District, Andhra Pradesh, International Journal of Civil Engineering and Technology, 8(12),2017, pp. 160–174
- [10] 10. Dr. B. Kishore Babu, Vanama Sri Harshini and A. Madhavi. A Study on Engineering Faculty Perception Towards Investment Avenues in Godavari Districts of Andhra Pradesh. International Journal of Civil Engineering and Technology, 8(12), 2017, pp.
- [11] Pradeep Kumar Patnaik R., Balaji C., Narayana M.S. (2019), ‘Technological relationship between capital structure and financial efficiency in ACC Ltd’, International Journal of Innovative Technology and Exploring Engineering, 8(11), PP.2009-2013.
- [12] Narasimha Rao MKishore Babu B, Pradeep Kumar Patnaik R (2019) Engineering students' and faculty perception towards packaged water for drinking, Guntur, International Journal of Innovative Technology and Exploring Engineering (2019) Volume-8 Issue-12, October 2019, pp.2921-2924

- [13] Dr. B. Kishore Babu, A.Tulsi Ram Naveen and Sampath, Perception of the Engineering Students towards 7ps of Organized Retail Stores and Unorganized Retail Stores, Vijayawada- A Comparative Study, International Journal of mechanical Engineering and technology
- [14] AdinarayanaP, Kishore Babu B, A Semiotic Study on Decoding Visuals: Contemporary Advertising Messages, Jour of Adv Research in Dynamical & Control Systems-Special Issue(2018) 10(8 Special Issue) 402-406