

FINANCIAL INCLUSION: ISSUES AND CHALLENGES IN DIGITAL INDIA

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Abstract

A Financial System is fundamental for a country as it increases effectiveness and welfare by providing extension to verify and safe sparing practices and by encouraging a wide scope of improved financial services. Financial inclusion is the place where people and organizations approach valuable and reasonable financial products and services that addresses their issues that are conveyed in a responsible and sustainable way. Digital India is a step by the government to inspire and connect Indian Economy to such an information wise world to techno information sagacious world . Digital India is a program which will improve the quality of life of the citizen of nation, it is very essential for the national economy. The program propelled on 1st July 2015 by Prime Minister Narendra Modi to make Government services accessible to individuals digitally and appreciate the advantage of the most up to date data and technological advancements. There are various problems within the technique of its triple-crown implementation like digital illiteracy, poor infrastructure, low net speed, lack of coordination among numerous divisions, issue relating taxation etc. These moves ought to be tended to so as to realize the full potential of this programme. This paper will assess diverse pattern and difficulties for digital transformation. Henceforth, an endeavor has been made in this paper to understand the worldwide as well as domestic challenges that may thwart the fruitful execution of the program and suggest some feasible remedies to deal with the same.

Keywords – Financial System, Financial Inclusion, National Economy, Digital India, Digital Transformation, Technological Advancements.

INTRODUCTION

The term financial inclusion is characterized as the way toward guaranteeing timely access to financial administrations. In short, financial inclusion isn't just about cash and investment funds however about legitimately killing the condition of social rejection existing in the economy. Digital India is a step by the government to rouse and secure Indian Economy to an information astute existence where all the information can be acquired with in no time. It will give all services

electronically and endorse digital literacy. The program focuses to make Government services accessible to individuals carefully and have the advantage of the technological innovations and mechanical developments. It tries to change India into a carefully engaged society and information economy through infrastructural changes, for example, high-speed internet in all gram panchayats, deep rooted computerized recognizable proof for residents, mobile banking for all, simple access to Common Service Centers (CSC), shareable private spaces on an effectively available open Cloud and digital security. Digital India pulled in more than 4 lakh crore speculation and created in excess of eighteen lakh job opportunists at its launch. "The Digital India program is a leader program of the administration of India with a dream to change India into a carefully enabled society and information economy."

REVIEW OF LITERATURE

Review of Literature provides the information of research work already done by the researchers relating to the topic of study. The work related to the examination may support or conflict with present outcomes. A number of research papers and articles provide a detailed insight about the role of digital India and its implications of the project in India. The findings from the literature are presented below:

- Rani Suman (2016) presumed that the Digital India venture gives a gigantic chance to utilize the most recent innovation to rethink India the ideal models of administration industry. It additionally called attention to that numerous activities may require some transformational procedure, reengineering, refinements to accomplish the ideal assistance level targets.
- Jani and Tere (2015), has contemplated the various administrations and administration on request by the residents of India. They additionally talked about the foundation required to each resident to benefit the administrations gave under Digital India. They additionally discussed about the new meaning of IT that IT (Indian ability) +IT (data innovation) =IT (India tomorrow)
- Gupta and Arora (2015) contemplated the effect of Digital India venture on India's provincial part. The study found that numerous plans have been propelled in Digital India to help farming segment and business enterprise advancement in rural areas. Digital India program has likewise made way for strengthening of Rural Indian Women.
- Tamilarasu (2014) examined the role of banking segment in Financial Inclusion improvement in India. He inspected that with the progression of time the number of inhabitants in officials per office is diminishing. He additionally examined the quantity of business banks in India in the years between (2008-2013), and the quantity of banks demonstrated an expanding pattern.
- Sharma and Kukreja (2013) analyzed the study report given by World bank and contrasted the India's money related incorporation and the remainder of world. As per the correlation India needs to go long approach to arrive at the center poor. The country wise comparison of banking segment was likewise in their study.

OBJECTIVES

- To analyse the digital India programme.
- To assess the significance of digital India programme.
- To find out the issues and challenges confronted in financial inclusion.
- To trace out practical solutions and innovative ideas to accomplish the vision of a digital India-a reality.
- To identify how the technologies and connectivity together can make an impact on all aspects of governance and improve the quality of life of citizens.

RESEARCH METHODOLOGY

As the examination paper is of reasonable and review nature, the researcher has applied exploratory research configuration by utilizing fluctuated optional information profited from the secondary data sources. Based on the data available, the researcher has provided details regarding different developing patterns issues and difficulties in Digital India. Research report, journal and news paper articles from prominent scholars has been looked into.

Key Components Of Digital Financial Inclusion

“Digital Financial Inclusion” can be characterized comprehensively as digital access to and utilization of formal financial services by barred and underserved populations. Such administrations ought to be fit to customers’ needs, and conveyed capably, at a cost both reasonable to customers and economical for suppliers. There are three key parts of any such advanced financial services: a computerized value-based stage, retail operators, and use by customers and agents of a device – most regularly a smart phone – to transact via the platform.

- A digital transactional platform empowers a customer to utilize a gadget to make or receive payments and moves and to store value electronically with a bank or non bank permitted to store electronic worth.
- Retail agents furnished with a digital gadget connected to interchange framework to transmit and get exchange subtleties empower clients to change over money into electronically stored value and to transform stored value back into cash. Contingent upon material guideline and the course of action with the principal financial institution, operators may likewise perform different functions.
- The customer gadget can be digital (e.g., mobile phone) that is a methods for transmitting information and data or an instrument (e.g., payment card) that associates with a computerized gadget (e.g., POS terminal).

DIGITAL FINANCIAL INCLUSION

At present, inventive advanced money related administrations by means of cell phones and comparable gadgets have been propelled in at any rate 80 nations (GSMA, 2014), to empower a great many poor clients to solely utilize computerized monetary administrations instead of money based exchanges.

The procedure of computerized budgetary incorporation starts with the presumption that the avoided and additionally underserved population have a type of formal ledgers and need advanced access to empower them to do fundamental money related exchanges remotely. On the off chance that the avoided and underserved population comprehend and can be convinced about the planned advantages of digital financial inclusion related consideration, a successful computerized budgetary incorporation program ought to be fit to address issues of the prohibited and underserved population and ought to be conveyed mindfully at a cost that is supportable to suppliers and reasonable to customers.

Digital money related incorporation vows to assist saves money with bringing down expenses by reducing lines in banking corridors, diminish manual administrative work and documentation and to keep up less bank offices. With digital financial inclusion consideration, huge number of contributors can without much of a stretch switch banks within minutes; driving banks to give quality administrations or hazard losing investors to rival banks.

For financial and money related framework controllers, computerized monetary incorporation likewise decreases the measure of physical money available for use and is instrumental in diminishing high swelling levels in creating and poor nations. Digital financial inclusion can improve the welfare of people and organizations that have a solid advanced stage with which to get to assets in their bank accounts to complete money related transactions. The normal advantages of digital financial inclusion can be completely acknowledged whether the expense of acquiring a computerized value-based stage by poor people is unimportant or low, where an advanced value-based stage alludes to cell phones, PCs and related gadgets.

MEASURES TAKEN BY THE GOVERNMENT

India's financial inclusion policy, **PradhanMantri Jan-DhanYojana** has demonstrated subjective outcomes. The record opening drive arrived at 221 million records, as on April 2016. The arrangement likewise conceives access to protection, credit and annuity offices and diverting of all governments benefits straightforwardly into the recipients' bank accounts.

The RBI has fortified the **Unified Payment Interface (UPI)** so as to encourage advanced money transfers. In accordance with the digital strategy, the government has granted permission to couple of payment banks, thereby kick-starting the initiative. Along these lines digital India and financial inclusion are firmly associated. Policy-makers are taking a gander at the UPI as a basic budgetary consideration device which can go far in giving a driving force to exchanges under different plans, for example, the PradhanMantri Jan DhanYojana and direct advantage move plans. Being a problematic budgetary apparatus which will empower enormous scale money related incorporation and promote the cashless exchange model, UPI can possibly lift administration conveyance standards to the next level.

The government has launched an infrastructural project under the Digital India initiative - **The National Optical Fibre Network (NOFN)** or **Bharat Net**, The project is an ambitious initiative to

trigger a broadband revolution in rural areas. It intends to make organize foundation available on a non-oppressive premise by laying a scalable optical fibre network. It focuses to reach over 2.5 lakh gram panchayats with hotspots and give 100 Mbps availability to them. It additionally plans to furnish families with an affordable broadband network of 2 Mbps to 20 Mbps.

The government likewise plans to launch **DigiGaon**, an activity which will give telemedicine, training and abilities through digital technology, along these lines satisfying all objectives of Digital India. The Aadhar-Enabled Payment System (AEPS), permits online inter-operable financial transaction at retail locations (MicroATM) through the business reporter of any bank using 'Aadhar' confirmation or authentication.

Thus Digital platforms are probably going to deliver financial services to both the unbanked and the under banked population, particularly in rural/remote locales, requiring little to no effort, and in this manner increment advanced financial access to the tremendous uncover the nation's population. The utilization of advanced channels can cut down the transaction costs in a better way.

ACTIVITIES AND PRODUCTS OF DIGITAL INDIA

- MyGov.in as an online stage to connect with citizens in government through a "Discuss, Do and Disseminate" approach.
- E-Sign structure to enable residents to carefully sign documents digitally using Aadhaar.
- Digital storage framework to limit use of physical reports and empower their e-sharing by means of registered vaults.
- Bharat Net programme as a rapid computerized interstate to associate every one of the 250,000 gram panchayats of nation - the world's biggest country broadband task utilizing optical fiber.
- National Center for Flexible Electronics to advance research and development in the rising territory of adaptable gadgets.

SWOT ANALYSIS

SWOT represents for strengths, weaknesses, opportunities and threats. SWOT analysis for financial inclusion in digital India highlights the strengths and opportunities of financial inclusion programme in India and provide suggestions and its weakness and threats lying behind financial inclusion implementation.

STRENGTHS

- Strengthened the financial framework: There are numerous banks which faces the issue of NPA(Non-Performing Asset). Yet, going cashless expanded the loaning limit of banks and banks can win better productive chances.
- Financial Inclusion Policies have been developed like PradhanMantri Jan DhanYojana has conceivably expanded financial balances of a larger part of unbanked populations. UPI(Unified Payment Interface) propelled by RBI to empower advanced money transfer.

- India has an enormous financial system with over 1.3 lakh bank offices of open and private area banks, of which 63% branches (according to RBI information) are in rural areas. Thus the presence of these bank offices who as of now manage country individuals can without much of a stretch increment the growth of financial inclusion.

WEAKNESS

- The hassle free and smooth functioning of cashless economy needs supply of 24x7 electricity, but India is still facing huge load shading in has yet not achieved 100% electrification in rural areas.
- Less financial literacy level and lack of awareness about banking services and different financial product among vulnerable people in rural and urban areas.
- Non accessibility of handheld gadgets, cards, arrange entrance and predetermined number of innovation administrations suppliers are the shortcomings of financial inclusion mission.

Opportunities

- The developing innovative pattern permits new participants with the increasing competitiveness which emerges to expands the intensity and efficiency of banks all in all.
- The Indian Post is an immense system that can give financial services and products and items to unserved and underserved country individuals at a moderate expense as they have colossal client information base, and no compelling reason to acquire overwhelming on infrastructural speculations.
- With digitization and adoption of cashless base the whole cash will be operated through bank accounts therefore tax avoidance and duty evasion would not be seen making good tax revenue base for the government.

Threats

- There are some ground level dangers of money related consideration as non-practical hand held machines, savvy cards, organize network, non accessibility of influence and restricted help community for serving gadgets which brought about financial activity coming to end in numerous towns.
- Due to uncertainty and security concerns, a large group of customers would not receive e-banking offices. Break of security prompts direct money related misfortune to people and organizations.
- People at a huge perceives money to be the most convenient and quickest method for transacting, in this way receiving the digital mode can confront obstruction from the general public.

FINDINGS AND ITS IMPACT

Digitization is spreading all over India to computerized partition and make people aware of the advantages of going cashless and make them technology friendly. Government has found a way to debilitate the utilization of money in the economy by propelling UPI (Unified Payment Interface)

which empowers prompt cash moves between account holders of various banks. Yet, rural section put stock in physical methodology of banks. To maintain a strategic distance from these methodologies of provincial individuals legitimate foundation, e-proficiency ought to be drawn nearer in rural areas so they get a simple access to this technology friendly environment.

A. Economic Impact:The Digital India plan could help GDP up to \$1 trillion by 2025. It can assume a key job in full scale financial factors, for example, GDP development, work age, work profitability, development in number of businesses and revenue spillages for the Government.

B. Social Impact:Social divisions, for example, education, healthcare, and banking can't connect with the people because of obstructions and limitations, for example, middlemen, illiteracy, poverty, lack of funds, information and investments. These difficulties have prompted an imbalanced development in the provincial and urban regions with checked contrasts in the economic and social status of people in these areas. The advanced India task will be useful in giving continuous instruction and mostly address the test of lack of teachers in education system through virtual classrooms

C. Environmental Impact:The significant changes in the technology space won't just carry changes to the financial framework however will likewise add to the environmental changes. The cutting edge advances will help in bringing down the carbon impression by diminishing fuel utilization, waste management, greener work environments and along these lines prompting a greener ecosystem. Cloud computing innovation limits carbon emissions by improving versatility and adaptability.

CONCLUSION

Digital India, an ambitious initiative taken by the Government in 2015, generally tries to guarantee that government services are made available seamlessly to citizens, in electronic form, by improving online infrastructure and increasing internet connectivity. The result of Digital India is to give Wi-Fi to individuals, more job opportunities, widespread phone connections, high speed internet, Digital Inclusion, eServices, e Governance, Digitally motivated individuals, National Scholarships Portal, Digital Lockers System, e-training and e-wellbeing making India to be pioneer in IT. Indian advancements are taking up new heights and with improved associations with global neighbours. India has been demonstrating its quality at world stage. To finish up it very well may be said that computerized India will make easy way to fulfill the objective of Financial Inclusion.

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