

INITIATIVES OF KERALA TOWARDS FINANCIAL INCLUSION

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ABSTRACT

Kerala has a top position in the financial inclusion graph of India. It is due to various banking and welfare measures adopted by the Kerala government in the past few years. Among them FI@School programme and Kudumbashree is worth mentioning. Kerala is the state having the largest social security pensioners. Old age pension scheme, agricultural labourer pension scheme etc. of Kerala government is benefitting thousands of people. Through all these measures Kerala has attained a top position in the financial inclusion map of the country. But it is not 100% as claimed by the Kerala government.

Keywords: Financial Inclusion, Kerala government, Kudumbashree,

INTRODUCTION:

Kerala, the top ranking state in literacy is having a top position in the financial inclusion graph of India. The government of Kerala has been keen in imparting various measures for increasing the financial inclusion in the state. The government has introduced FI@School, Kudumbashree etc for increasing the financial inclusion level of the people. Kerala has been a role model for India and the whole world since its economy is a wonder in the sense that here the industrial production is low but the standard of living is similar to many developed nations. Similar is the case with financial inclusion too.

REVIEW OF LITERATURE:

Manoj (2015) conducted a study using secondary data to analyse the role of RRB's and Kerala Gramin Banks in particular for financial inclusion. He found that RRB's are of great help in promoting financial inclusion as they focus for rural development and upliftment of agriculture, MSMEs and SC/STs. RRBs performance and also KGBs' for the time sake is improving year by year. But they have to make focus on reducing NPA and also in adopting ICT techniques. They should also focus on the marketing of their products.

Krishnan (2014) study related to financial inclusion among tribal people in wayanad district came with many valuable findings. The study found that there exists difference among tribal communities in the matter of financial literacy and inclusion. Kurichya people are having higher financial literacy and inclusion than that of other categories. Most tribes have recently associated with financial services. NREG Programme has a greater influence in the sense that most of the tribals have opened accounts to receive the remuneration of the scheme. But tribes donot compare the financial services and many are not sure about the suitability of the financial services.

Shabnamol (2014) conducted a study on the extent of financial inclusion among rural households in Kerala with a special focus on Malappuram district. The study revealed that most of the people access formal savings and credit and 99% have access to formal banking services. But the people here do not save regularly and save mainly for children education, uncertainty related to health, household needs and investing in business. She also found a positive relation between savings and income.

Kumar (2013) conducted a study to know the role of co-operative banks in financial inclusion of Kerala. The study revealed that non availability of modern services like ATM, E-banking etc. along with bad attitude of staff are responsible for low financial inclusion. The study also suggested that to make financial inclusion more effective financial services must be accessible and affordable

Prathap (2011) conducted a study to analyse the financial inclusion level of fisher households in Kerala and also to analyse the impact of micro finance on their financial inclusion level. The study found that financial inclusion level of artisanal fishing households is least. The study also revealed that not only having a bank account but its usage should be used as an indicator of financial inclusion. The study also found a relationship between asset class, education and financial inclusion. Micro finance role is also revealed in the study. Though micro finance increases financial inclusion, it doesn't promote growth beyond a particular level.

SCOPE AND SIGNIFICANCE OF THE STUDY:

The study covers only the people of Kerala. Study is intended to analyse the level of financial inclusion of the Kerala state and also to identify the initiatives of Kerala government in the promotion of financial inclusion. Financial inclusion is important because of the under mentioned reasons.

1. Financial inclusion is required to make available the necessities to the people.
2. Financial inclusion is helpful in raising the standard of living of the people.
3. Financial inclusion is required for the overall development of the economy.

The study is significant as it is intended to analyse the financial inclusion promoting measures adopted by the Kerala state.

OBJECTIVES OF THE STUDY:

1. To find out the general measures adopted in Kerala by the Government of Kerala to increase the financial inclusion level of the people.
2. To identify the major insurance and pension schemes adopted by the Kerala government for the welfare of the people.

RESEARCH METHODOLOGY:

The study depends on secondary data and is exploratory. The study tries to explain the reasons behind the high financial inclusion of Kerala state by focusing on various financial inclusion measures adopted by the Kerala government. The study also explains the major insurance and pension plans introduced by the government in Kerala for the welfare of the people.

General Measures Adopted for Financial Inclusion:

Kerala state is having a well-organized formal banking system with 52 bank and 6500 branches with NEFT facility. In 2014 Kerala was declared as the state with every household having atleast one bank account. It is also the state having largest social security pensioners in the country. All these because of some measures adopted by the governments of Kerala. Some of the major ones in this direction are given below.

FI@School:

This is a scheme introduced to promote financial literacy among school children. This initiative was made by Kerala Gramin Bank (KGB) and Canara Bank in partnership with ‘Child & Youth Finance International’, an international agency. Under these classes, competitions and account opening drives are conducted in schools. ‘Little KGB’, an android app has also been launched for this.

State Level Bankers’ Committee (SLBC):

Canara Bank has been appointed as the convenor of SLBC. Canara Bank in coordination with other banks in Kerala is making plans and implementing the same for the overall development of banking in Kerala. The bank even coordinates with the state government for implementing various schemes connected with rural development, priority lending, financial inclusion etc.

Kudumbashree:

Although introduced under State Poverty Eradication Mission (SPEM) in 1998 for eradicating poverty, the scheme emerged as a novel scheme of the government in the direction of financial inclusion. ‘Kudumbashree’, the largest women empowerment programme sponsored by the Kerala government is covering 50% households and having 37 lakh members who are linked to banks through the scheme.

Kerala Self Employment Scheme for the Registered Unemployed (KESRU):

The scheme which was started in the year 1999 aims at providing self-employment for the people in the age group of 21-50 years. Under this scheme loan upto Rs.100000 is provided for starting self-employment ventures and also 20% subsidy for the loan amount is provided by the Employment Department. But there is a condition that the persons’ annual family income should be below Rs.40000.

Multi- Purpose Service Centres/ Job Clubs (MPSC/JC):

This scheme aims at providing financial supports to ventures organized by two to five members. A loan amount of Rs.1000000 will be provided and a 25% of the amount or Rs.200000 whichever is higher will be provided as subsidy by the Employment Department.

Self-Employment Scheme for the Destitute Women (Saranya):

Under the scheme women will be provided interest free loan up to Rs.50000 for starting ventures either individually or jointly and a subsidy of 50% or Rs.25000 whichever is higher will be given. This scheme has also the facility of providing loan above Rs.50000. But for that an interest of 3% and 10% beneficiary contribution should be made by the party for the amount in excess of Rs.50000.

PENSION SCHEMES BY THE KERALA GOVERNMENT:

1. Old Age Pension Scheme:

Under this scheme monthly pension will be provided for people above 60 years of age. The person who are getting pension under any other scheme will be excluded under this scheme.

2. Agricultural Labour Pension:

This scheme is under the supervision of local bodies. Under this scheme also a monthly assistance of Rs.1100 will be provided for agricultural labourer. The eligibility condition is that the agricultural labourer should be above 60 years of age and should not be covered under any other pension plans.

3. Widow Pension Scheme:

Destitute women are given pension under this scheme by the government of Kerala. Women who are financially not strong are covered under this scheme.

4. Unmarried Women Pension Scheme:

This scheme is available to women who are unmarried and above 50 years of age. Such women will get pension under this scheme.

MAJOR INSURANCE INITIATIVES:

Comprehensive Health Insurance Agency of Kerala (CHIAK):

CHIAK is a nodal agency to implement the RSBYCHIS health insurance scheme of the central government in Kerala. Labour and Rehabilitation Department in collaboration with Health & Family Welfare Department and Local Self Government Department is implementing the scheme in Kerala.

Savalambam (Insurance Scheme for Disabled People in Kerala):

This is a nodal insurance scheme introduced by the government of Kerala for the disabled people. This scheme covers person with 40% or more disability.

New Health Insurance Scheme for Employees:

Under the new scheme, employees will have to remit Rs.300 every month to the insurance scheme. Rs.300 monthly given to pensioners as medical allowance will be stopped and the amount will be deposited as the premium under the new plan. The government expect a relief on its treasury and benefit to 9.50 lakh employees and pensioners through this new scheme.

CONCLUSION:

Though the Kerala government is claiming 100% financial inclusion, it is not true. The claim is only by considering the number of savings account per household. The number of accounts can only be used as an indicator of financial inclusion; it is not a guarantee for full financial inclusion. It is true that Kerala is having a top position in the financial inclusion graph of India. The studies conducted by CRISIL have also proved the same. The government of Kerala has undertaken many measures like Kudumbashree, FI@School, KESRU etc. It has also implemented many welfare schemes like old age pension, widow pension, savalambam etc. So in near future it may happen that Kerala will be a 100% financially included state.

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