



**FINANCIAL INCLUSION IN INDIA: NAVIGATING THE CONTRADICTIONS
BETWEEN INCLUSIVE GOVERNANCE AND NEO-LIBERALISM**

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ABSTRACT:

This research paper aims to explore the paradoxical nature of the policy of financial inclusion in India within the context of inclusive governance. It investigates the social and political contradictions implicit in the implementation of financial inclusion initiatives in the country. The paper argues that while the policy of financial inclusion was initially framed as a means to achieve socio-economic inclusion and promote social welfare, it has now transformed into a tool for accommodating socially-inclusive development within the neo-liberal paradigm. The study employs qualitative research methods and analyzes secondary literature, newspaper reports, and government documents to examine the evolution of financial inclusion policies in India. It also evaluates the effectiveness of these policies in achieving their developmental objectives and explores the implications for well-being and individual entrepreneurship. Keywords: Financial inclusion, inclusive governance, neo-liberalism, socio-economic development, India.

KEYWORDS: Financial inclusion, International development, Public policy, Unbanked sections, Credit access, Vulnerable groups, Affordable cost, Poverty reduction, Socio-economic development, Market mechanisms, Global policy discourse, Neo-liberal programs, Microfinance industry, Financial sector reform, Village cooperatives, Cooperative credit network, Regional Rural Banks, SHG-Bank linkage program, Social banking, Development banking, Deregulation, Microfinance model, Index of Financial Inclusion, Priority Sector Lending, Internal accountability.

1. INTRODUCTION:

Financial inclusion, aimed at resolving socio-economic exclusion through market mechanisms, has gained significant attention in recent times. This paper focuses on the policy of Financial Inclusion in India, examining the social and political contradictions inherent in the idea of inclusive finance within the Indian context. The hypothesis of the paper is that the current approach to achieving socio-economic inclusion through the formal financial system serves as an instrument for accommodating socially-inclusive development within the neoliberal paradigm, undermining the very essence of development.

1.1. Background and Significance: The concept of financial inclusion has become a consolidated discourse in India, driven by the rise of the semi-formal sector and microfinance initiatives led by NGOs and the private sector. While inclusive development through the formal financial system was initially aligned with the imperative of social