Augmentation of Financial Inclusion : A Structured Review from the Indian Perspective

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Abstract

Purpose : This research study placed more stress on the underbanked rather than the unbanked, as the accessibility and availability are almost achieved, but the goal of utilization and standard quality of financial services still needed to be accomplished, which accounts for a huge percentage of financial inclusion. There are still areas where improvements need to be made.

Methodology : We divided the review articles into pertinent themes using a systematized thematic literature review methodology.

Findings : We found that after India's demonetization in 2016, a substantial body of research on the subject surfaced. India achieved its cashless society goal with the Unified Payment Interface's implementation, which further enhanced digital financial inclusion. Despite efforts to promote a cashless society, physical currency circulation continued to rise as people preferred to keep cash for emergencies post-COVID-19. The review report ended with a few recommendations for further investigation.

Practical Implications : It is recommended to increase the percentage of quality parameters in the financial inclusion index in order to have proper management of financial inclusion. The government must focus on retaining account holders and improving service quality. Although our research has limitations, it provides room for future additional research.

Originality/Value : A thematic evaluation of the literature on financial inclusion in India is provided in this study, outlining the primary methodology and authors' perspectives and highlighting key areas for further research.

Keywords : **financial inclusion, financial institutions, thematic review, India, sustainable development goals, unified payment interface**

JEL Classification Codes : G14, G21,G32, G41,G180, I380

Paper Submission Date : September 10, 2024 ; Paper sent back for Revision : March 12, 2025 ; Paper Acceptance Date : April 10, 2025 ; Paper Published Online : May 15, 2025

The United Nations acknowledged that financial inclusion involves many goals of the 17 Sustainable Development Goals (SDGs). It is understood as a comprehensive system with various interconnected components. Achieving complete financial inclusion necessitates the attainment of other interrelated goals. Five of the United Nations' 17 SDGs 1, 2, 5, 8, and 9 boldly champion financial inclusion (Pandey et al., 2022). Financial inclusion is vital for advancing several other SDGs, including 3 (good health), 4 (quality education), 10 (reducing inequalities), 11 (sustainable cities), 16 (peace and justice), and 17 (collaboration).

The importance of India's economic development depends on the financial inclusiveness of all Indian citizens.

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DOI : https://doi.org/10.17010/ijf/2025/v19i5/175044

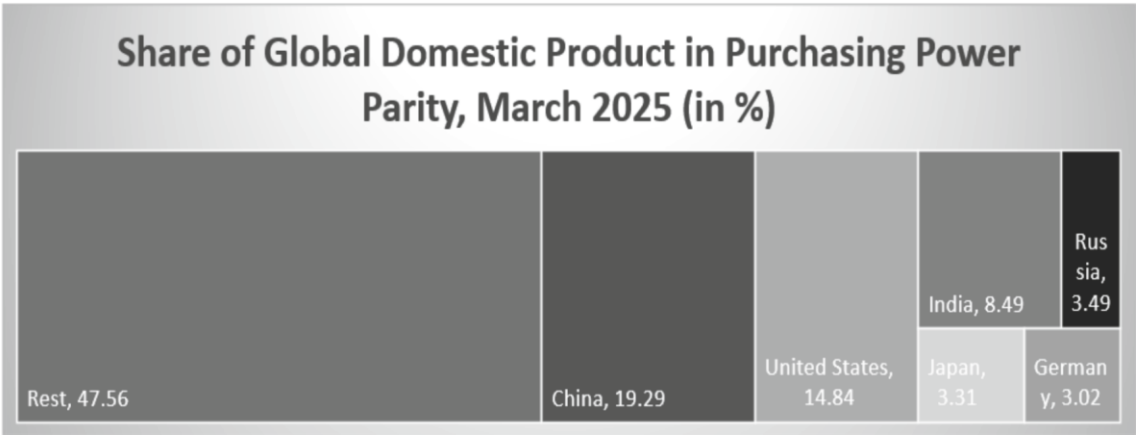
The nationalization of life insurance in 1956 and the nationalization of Indian banks in 1969 and 1980 paved the way for extensive government initiatives through flagship schemes to include people from all backgrounds in the system of finance. Dr. K.C. Chakraborty, Chairperson of the Indian Bank, first coined the term "financial inclusion" in 2005. Since then, the promotion of inclusive finance has been done. The growth of India's rural market is essential for the country's economic progress, which, in turn, depends on the availability of quality financial services in rural areas. Especially after the rise of the COVID-19 outbreak, it is more vital than ever to accomplish greater financial inclusion. India bounced back from the pandemic-induced gross domestic product (GDP) contraction in 2022 and then registered an estimated growth of 6.7%. As one of the fastest-growing economies, India is poised for continued success with its commitment to financial inclusion, thus securing its position as the fifth-largest in terms of economies in the world (World Bank Group, 2023).

Glimpse of the Status of Indian Financial Inclusion

The thought-provoking nature of the trending locution — 'financial inclusion' or 'inclusive finance' — can be understood through the advancement of the digital payment revolution, which has enabled India to move ahead of many other countries globally. India has established a solid hold on the digital payment infrastructure over the last 20 years, which has contributed roughly 20% of the GDP to the nation. Despite the uncertainties (the world's financial crisis and recent wars), the resiliency power of India continues to grow as the third-largest economy in terms of purchasing power parity (PPP), as shown in Figure 1. The rise of consumer-oriented businesses and consumer spending has led to a surge in Unified Payment Interface (UPI) transactions, reaching billions of dollars. This highlights the potential and strength of India's economy.

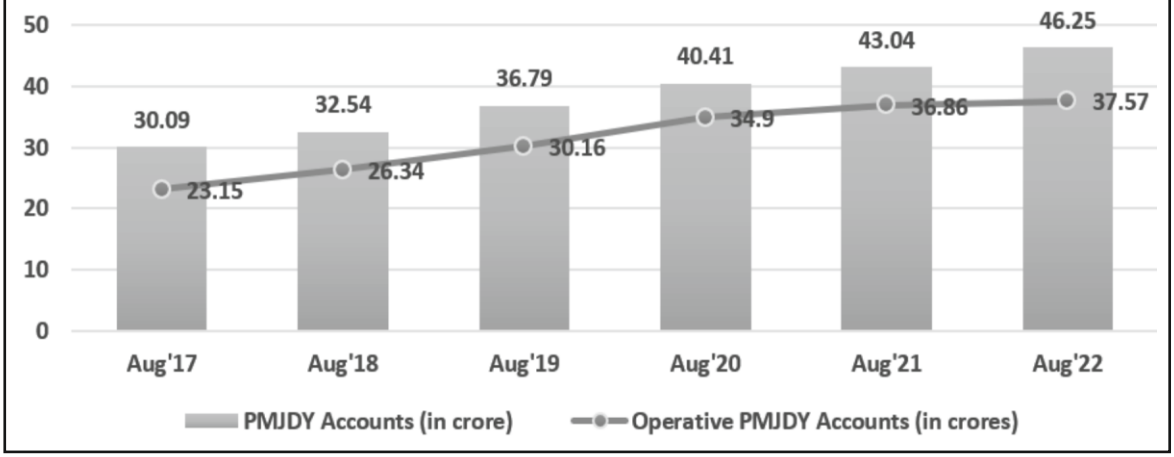
The Immediate Payment Service (IMPS) has been upgraded to a more advanced UPI linked with other countries' payment interfaces like Singapore, France, Oman, Nepal, Bhutan, and the UAE. Despite the introduction of this advanced payment technology, cash usage is still widespread in India. This indicates a missing link in Indian financial inclusion that affects the usage and quality of digital payments like UPI. A renowned organization, that is, the Securities Exchange Board of India (SEBI), reported that although the underprivileged sections of society are not financially illiterate, they lack basic financial literacy (only 27% of Indians are financially literate). Additionally, a similar report was cited by the National Centre for Financial Education

Figure 1. ***The Share of Global Gross Domestic Product in Purchasing Power Parity, Till March 2025 (in %)***



Source : International Monetary Fund (IMF).

Figure 2. ***Pradhan Mantri Jan Dhan Yojana Accounts (PMJDY) in Crores from August 2017–2022***



(NCFE) of India, indicating that over 73% of the adult population fails to understand basic financial concepts (Pandey, 2023).

By guidelines from India's central bank, that is, the Reserve Bank of India, Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts are declared inoperative if no customer-initiated transactions are done for over two years. As of August 2022, out of 46.25 crore PMJDY accounts, only 37.57 crore (81.2%) were operational (in Figure 2), leaving approximately 7 crore accounts inactive in 2020. This inattention to inactive accounts negatively impacts financial inclusivity in India. Unfortunately, no mechanisms exist to track these accounts, which hampers efforts to promote financial inclusion (Almost every fifth Jan Dhan account 'inoperative,' 2020).

The analysis done by Ozili (2020b) revealed that the level of savings and the number of individuals actively engaged in owning formal accounts are correlated with each other, which was consistent with the business cycle swings. Women and those from underprivileged backgrounds typically see a decline in their savings as well as formal ownership of accounts during economic recession periods. By prioritizing and implementing effective governance practices, businesses and policymakers can foster more inclusive financial systems and promote sustainable growth in the countries of the Middle East and Asia in terms of the economy (Ozili, 2023a). The same author (Ozili, 2023b) found that greater stability in the banking sector can be achieved through the lending of FinTech and BigTech, which poses an increased number of risky non-performing loans.

RBI has recently published a report highlighting a more than double increase in the cash circulation in India since the year 2016, which was the year of demonetization. This rise in cash flow contributed to the increased rate of the GDP over the last nine years while affecting the cashless society, as depicted in Table 1.

Table 1. ***Currency in Circulation to Gross Domestic Product from 2016 – 2025***

Year	Currency in Circulation (₹ Lakh Cr.)	Cash/ GDP Ratio (%)
2024–2025	36.51	11.26
2023–2024	35.11	11.89
2022–2023	33.78	12.53
2021–2022	31.33	13.35
2020–2021	28.53	14.41

2019–2020	24.47	12.00
2018–2019	21.37	11.24
2017–2018	18.29	10.70
2016–2017	13.35	8.75

Source : RBI.

The need for effective tools to make basic amenities accessible to rural and urban areas and the potential of modern information and communication technology (ICT) was discussed by Bansal (2014) to develop a platform for extending financial services in remote areas to curtail costs, increase reachability to the customers, and thus manage the risk of the business in a better way. Hota (2015) discussed the PMJDY initiative being taken by the Indian government targeting the formal financial system, including the unbanked households. The researchers, Vyas and Jain (2021), in their research, explored the digital economy's role and adoption of technology by proposing a three-dimensional hypothetical model and their correlation. Other authors, Chandani et al. (2014), discussed the connotation of the banking sector on the Indian economic development. Thereby increasing the number of female employees in this sector. Goel and Madan (2019) conducted a similar study on women's entrepreneurship, which is impacted by financial inclusion.

Research Problem

Due to improper management of financial inclusion, there is a rise in inoperative accounts, and the retention of those customer accounts is not taken into account.

Objective

India's current state of inclusive financial management falls short of our expectations. We need to proactively identify the works of literature through an in-depth synthesis of the most valuable articles available.

Methodology of the Research

The type of research used in this article is the narrative analysis of the document. To ensure a comprehensive research study, a meticulous literature review was undertaken using a variety of reliable secondary sources, such as journal articles, websites, review papers, and newspaper articles. The study has been organized around various essential themes, including financial inclusion, its determinants, impediments, and framework. The research covers a significant period from 2010 to 2025 (including three significant papers before 2010), with the latest papers selected randomly, which are relevant to the study, from reputable repositories, such as Scopus, EBSCO HOST, and Web of Science (WOS).

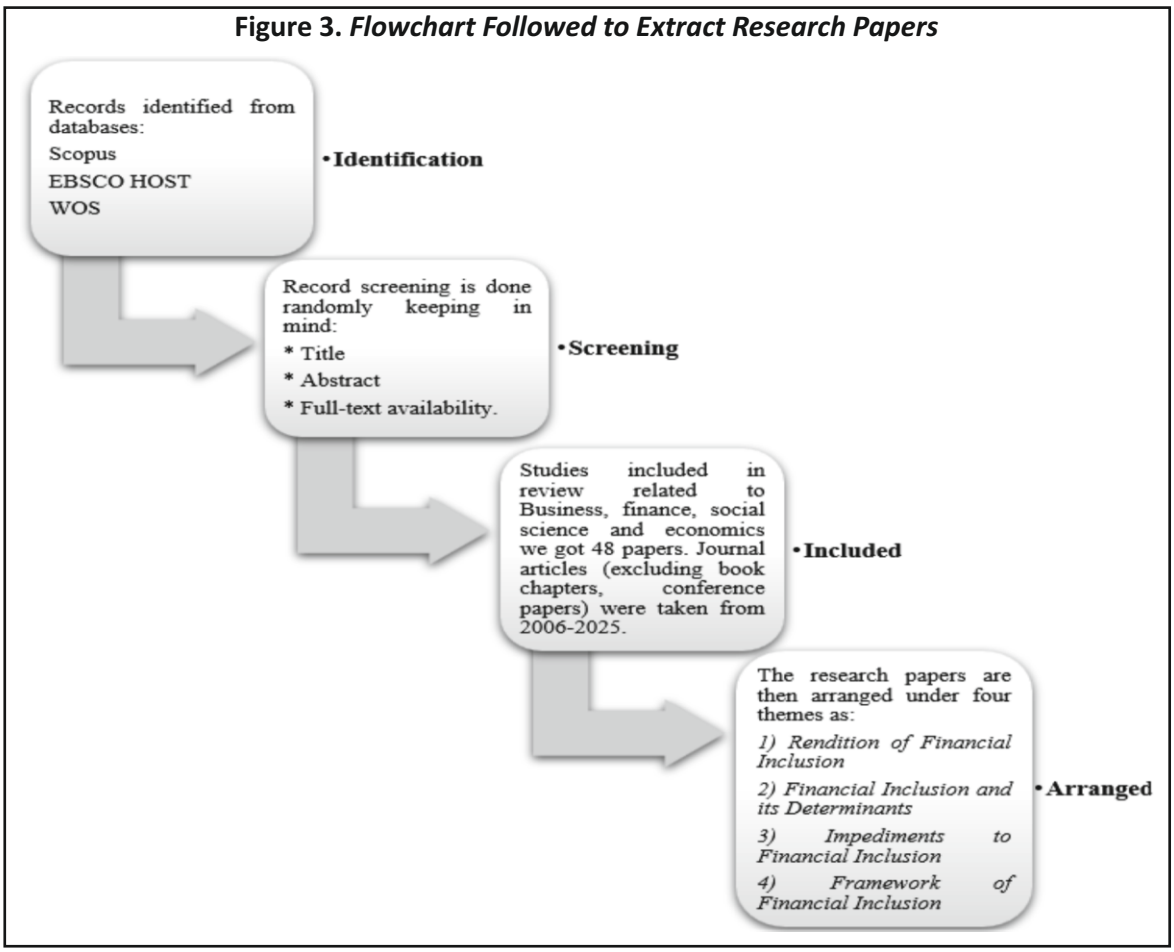
The Structured Review Flowchart

A flowchart has been followed to extract the research papers and analyze the same, as depicted in Figure 3.

The Keywords

The keywords used to search in the TITLE-ABS-KEY for the research articles were related to:

Figure 3. ***Flowchart Followed to Extract Research Papers***



(a) Financial Inclusion OR

(b) Financial Inclusion and its Determinants OR

(c) Financial Inclusion and its barriers OR

(d) "Management of Financial Inclusion" OR

(e) Inclusive Finance OR

(f) Framework of Financial Inclusion OR

(g) Definitions of Financial Inclusion OR Definitions of Inclusive Finance

(h) AND India.

Analysis and Results

This section of the article discusses the search results of the thematic analysis. We summarize the financial inclusion areas segregated year-wise (in Table 2), the main methodology (in Table 3 and Figure 4), and journals (in Figure 5). The bibliometric analysis done by Khongwir and Sharmiladevi (2023) identified various keywords, authors, highly cited publications, and co-citation networks using Biblioshiny through RStudio, thus contributing to financial literacy and financial inclusion.

Table 2. ***Frequency Distribution of Year-Wise Classification of the Articles***

Year → Themes ↓	Before 2010	2010–2015	2016–2020	2021–2025	Total
Rendition of Financial Inclusion	**3**	**2**	**1**	**1**	**7**
Financial Inclusion and its Determinants	**0**	**4**	**8**	**8**	**20**
Impediments to Financial Inclusion	**0**	**1**	**3**	**6**	**10**
Framework of Financial Inclusion	**0**	**1**	**5**	**5**	**11**
Total	**3**	**8**	**16**	**19**	**48**

Table 3. ***Frequency Distribution of the Main Methodological Classification of the Articles***

Themes	Main Methodology	Sources	No. of Articles
Rendition of Financial Inclusion	Quantitative Research (exploratory, descriptive)	Dev (2006)	1
	Report	Mohanty (2015); Rangarajan (2008)	
	Empirical (article using survey data)	Sarma (2008)	1
	Empirical (article using archival data)	–	0
	Qualitative (case study, interview, qualitative analysis)	Chattopadhyay (2011); Kumar & Ahuja (2024)	
	Literature Review	Demirguc-Kunt et al. (2017)	1
Financial Inclusion and its Determinants	Quantitative Research (exploratory, descriptive)	Ali & Ghildiyal (2023); Dar & Ahmed (2021); Lenka & Barik (2018); Mahmood et al. (2022); Memdani & Rajyalakshmi (2013); Murugesan et al. (2022); Nandru & Rentala (2020); Nandru et al. (2021); Sethy et al. (2023); Yadav & Sharma (2018)	10
	Report	–	0
	Empirical (article using survey data)	Laha et al. (2011); Shaikh et al. (2023)	2
	Empirical (article using archival data)	Chithra & Selvam (2013); Goel & Sharma (2017); Kaur & Kapuria (2020); Murshed et al. (2023)	4
	Qualitative (case study, interview, qualitative analysis)	Bhatia & Singh (2019); Tuesta et al. (2015)	2
	Literature Review	Mhlanga (2020); Abel et al. (2018)	2
Impediments to Financial Inclusion	Quantitative Research (exploratory, descriptive)	–	0
	Mixed Research	Agwu (2021)	1
	Empirical (article using survey data)	Singh (2021); Tung (2023)	2
	Empirical (article using archival data)	Ambarkhane et al. (2022); Damodaran (2013); Kaur & Pasricha (2019); Kumar (2019); Ozili (2021a); Ozili (2023c)	1
	Qualitative (case study, interview, qualitative analysis)	Solebello et al. (2015)	6

	Literature Review	–	0
Framework of Financial Inclusion	Quantitative Research (exploratory, descriptive)	Arif & Shukla (2022); Mathew & Kurian (2017); (Ozili, 2021b); (Ozili, 2022),	4
	Report	–	0
	Empirical (article using survey data)	Nayak & Kumar (2025)	1
	Empirical (article using archival data)	Ozili et al. (2023); Tripathi et al. (2016)	2
	Qualitative (case study, interview, qualitative analysis)	Reddy (2016); Singh & Singh (2021)	2
	Literature Review	Fernández-Olit et al. (2020); Garg & Agarwal (2014)	2

Figure 4. ***Main Methodological Classification of the Articles in Graphical Form***

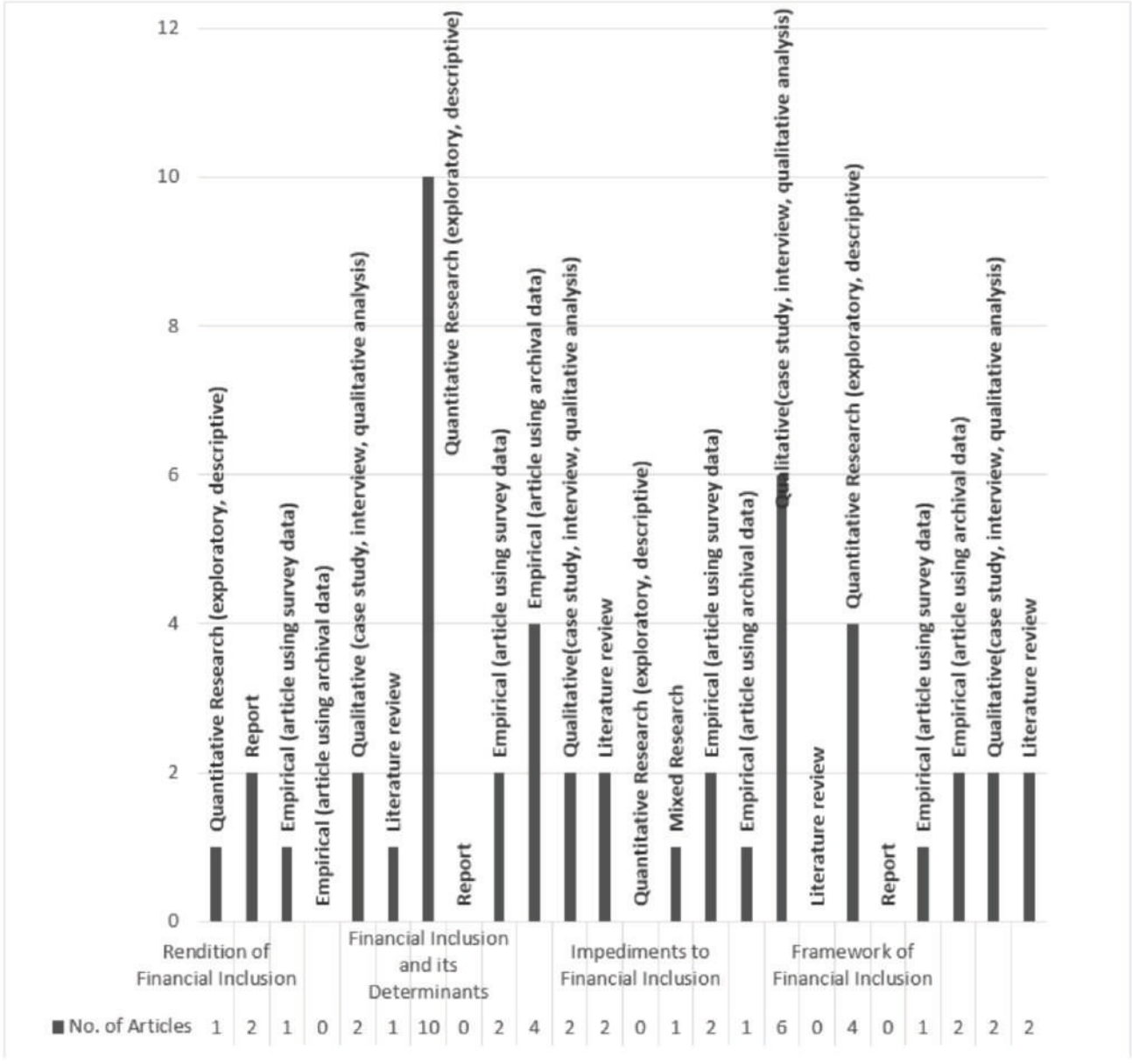
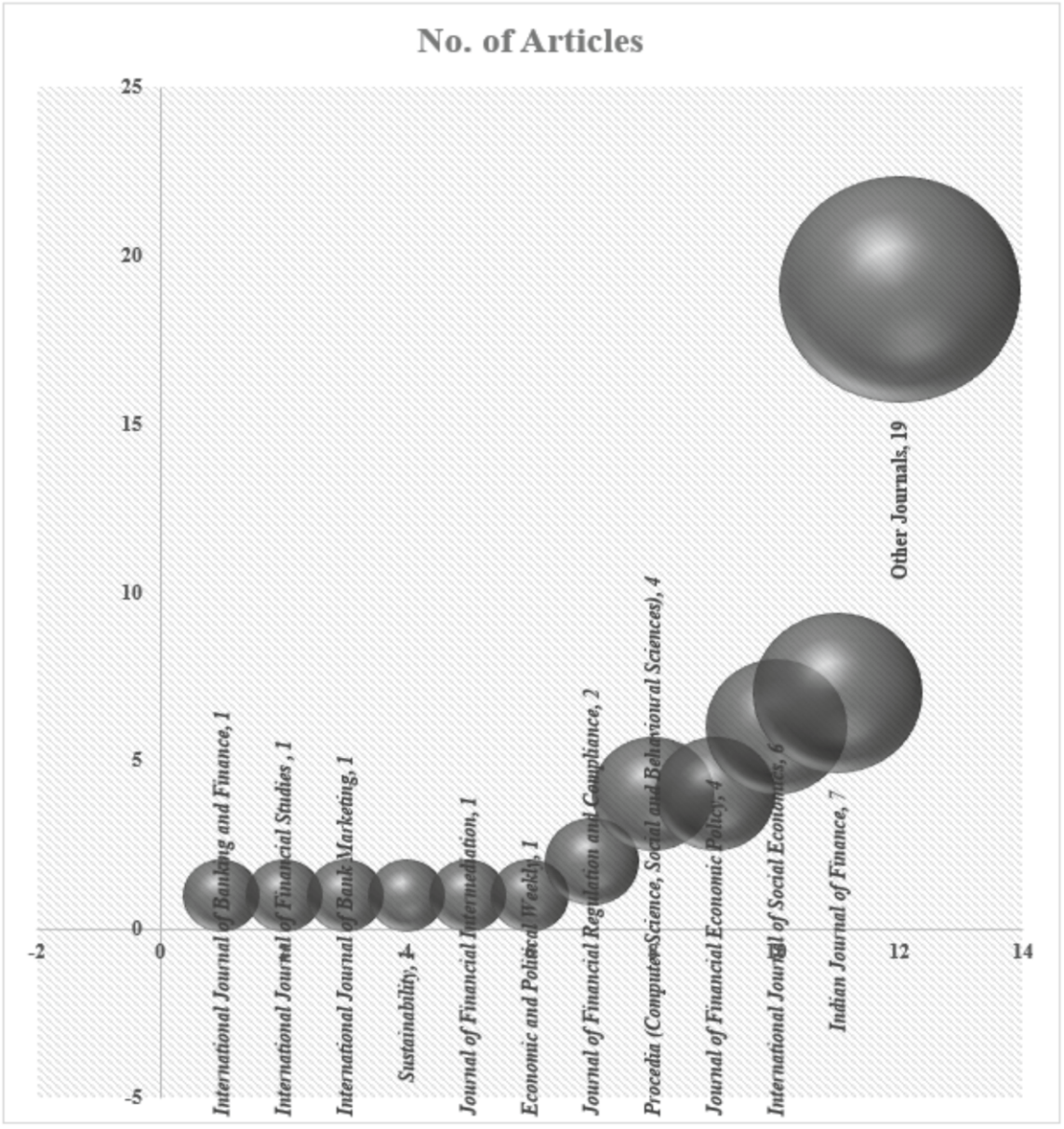


Figure 5. ***Classification of the Articles by Journals***



Theme 1 : Rendition of Financial Inclusion

Dev (2006) explained the non-overstated importance of financial inclusion or inclusive finance. This article focused on the various dimensions of financial inclusion, including availability, accessibility, and usage of finance. Sarma (2008) raised the concern to ensure everyone can participate in the financial world. A comprehensive financial inclusion, including savings accounts, credit insurance, payment, pensions, and Automated Teller Machines (ATMs), was defined in the Committee Report of Rangarajan (2008) with an on-time credit facility at a reasonable cost irrespective of inequality of income in the society.

According to Chattopadhyay (2011), under the shadow of financial intermediaries, financial inclusion must

Table 4. ***Definitions/ Explanations of Financial Inclusion***

Citations	Definitions/ Explanations
Center for Financial Inclusion (2013)	"A state in which all people who can use them have access to a suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients. Financial services are delivered by a range of providers, most of them private, to a financially capable clientele" (p.3).
Dev (2006)	"Financial inclusion can be defined as delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups" (p.4310).
Rangarajan (2008)	"Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost…….. "the objective of 'Comprehensive Financial Inclusion' would be to provide a holistic set of services encompassing all of the above" (p.1).
Sarma (2008)	"Financial inclusion is a process that ensures the ease of access, availability, and usage of the formal financial system for all members of an economy" (p.3).
Chattopadhyay (2011)	"Financial inclusion does not mean merely opening of saving bank account but signifies the creation of awareness about the financial products, education, and advice on money management, offering debt counseling, etc., by banks" (p.3).
Garg & Agarwal (2014)	"Financial inclusion refers to access to a vast range of financial products and services at affordable cost. It includes not only banking products but also other financial services such as loans, equity, and insurance products" (p.54).
Mohanty (2015)	Financial inclusion as "convenient access to a basket of basic formal financial products and services that should include savings, remittance, credit, government-supported insurance, and pension products to small and marginal farmers and low-income households at a reasonable cost with adequate protection progressively supplemented by social cash transfers" (p.12).
Allen et al. (2016)	"Financial inclusion is associated with lower account costs, greater proximity to financial intermediaries, stronger legal rights, and more politically stable environments" (p.5).
Demirguc-Kunt et al. (2017)	"When individuals who are excluded are effectively and efficiently given access to formal financial systems, they can obtain affordable financial services such as credit, insurance, savings, and remittance facilities. This process is known as financial inclusion."

include each and every section of society, putting more stress on rural agriculture, which is itself a broader sector of the Indian economy. The committee's medium-term approach to inclusive finance (financial inclusion) represents the picture of financial inclusion as a handy assortment of basic financial amenities (Mohanty, 2015). Demirguc-Kunt et al. (2017) described inclusive finance or financial inclusion as an effective and efficient way of using financial products and services by society members. A conceptual framework was given by Kumar and Ahuja (2024) to enhance financial inclusion in India. All the definitions of financial inclusion are summarized in Table 4.

Theme 2 : Financial Inclusion and its Determinants

The determinants of inclusive finance (financial inclusion) were well-debated in the aforementioned literature, including Arora (2010), Chattopadhyay (2011), Gupte et al. (2012), Sharma (2016), and so on.

It was shown by Memdani and Rajyalakshmi (2013) that numerous innovations, such as ultra-small branches and banking via mobile, accelerated inclusive finance (financial inclusion) in India. As per Lenka and Barik (2018), there was a momentous expansion in monetary consideration in India from 1991 onwards, but it did not bring about sizeable development of monetary admittance to provincial masses in contrast with metropolitan

masses. Goel and Sharma (2017) considered accessible savings and insurance as the determinants of the Financial Inclusion Index. Kaur and Kapuria (2020) made a comparative study on female-headed households with male-headed households, where female-headed households have a higher probability of accessing non-institutional finance but a lower probability of accessing institutional finance. Yadav and Sharma (2018) decisively explored the factors driving financial inclusion in rural India, focusing on the utilization of bank accounts and institutional credit accessibility. Bhatia and Singh (2019) researched the effect of inclusive finance on women's empowerment in urban slums, showing that women who had access to the Pradhan Mantri Jeevan Jyoti Bima Yojana and the Pradhan Mantri Suraksha Bima Yojana experienced empowerment in social, political, and economic aspects. Moreover, it showed that although women living in urban slums had access to financial institutions, they faced other risks, including (a) financial risks, (b) economic risks, and (c) social risks.

Financial inclusion in West Bengal was influenced by several socioeconomic factors, as outlined in the study by Laha et al. (2011). Understanding these factors was essential for creating effective policies to improve financial inclusion in the region. Hypothetical relations were drawn by Nandru and Rentala (2020), having distinct viewpoints by gathering input from primitive Indian tribal groups utilizing a demand-side methodology. It was determined that there were eight legitimate and trustworthy underlying constructs (accessibility, affordability, availability, ease of use, physical proximity, awareness and knowledge, financial literacy, and financial empowerment) of financial inclusion that empowered the blue-collar migrant workers financially (Murugesan et al., 2022).

Artificial intelligence (AI) can overcome the issue raised by the asymmetry of information, as discussed by Mhlanga (2020). Through AI technology, the support of customers was achieved via banks such as help desks, relationship managers, and financial advisors, who had a greater effect on productivity and cut down on customer service expenses. Dar and Ahmed (2021) examined the factors that influenced five distinct financial inclusion metrics. Some financial inclusion factors were significantly impacted by the socioeconomic indicators defined by Findex in 2017. It has been discovered that wealth and education improve financial inclusion. Nonetheless, it was discovered that one significant impediment to India's financial inclusion is gender. A small number of socioeconomic factors, such as age (elderly), influenced certain barriers, like distance and family members who already have accounts. Nandru et al. (2021) studied accessibility, availability, usage, and affordability as the significant factors that influenced financial inclusion. The financial literacy component, however, was determined to be statistically negligible. The findings also supported the notion that there was a positive outcome regarding marginalized street vendors due to financial inclusion. Mahmood et al. (2022) identified four key factors (access, availability, cost, and usage) affecting financial inclusion, where usage was the strongest predictor, followed by availability, access, and cost consecutively.

Socioeconomic profiles of people who utilized digital financial services, including gender, education, age, occupation, and income, were mostly correlated with their financial behavior, according to Ali and Ghildiyal (2023). The ownership of mobile progressed the digital financial inclusion. The marginal effect suggested that the ownership of mobiles, banking practices regarding savings and borrowing, and socioeconomic factors have all had an influential impact on India's digital financial inclusion.

The likelihood of an individual possessing distinct demographic attributes and the step-by-step levels of inclusive finance (financial inclusion) were analyzed by Sethy et al. (2023). The likelihood of financial inclusion is lower for women than for men. The gender gap was influenced by age, education, the use of financial institutions, and being close to financial service providers. In selected South Asian countries, internal disputes, economic expansion, information and communication technologies, institutional quality, and remittance inflows —all influenced financial inclusion, as shown by Murshed et al. (2023).

Shaikh et al. (2023) demonstrated that the mobile money agent's trustworthiness and the caliber of their services had a major impact on customer engagement and continuous usage. The features of mobile money agents

were discovered, which serve as stimuli, the organism as the mobile money customer, while the organism's response to the stimuli was a consistent use of mobile money services, which eventually resulted in financial inclusion. Also, customer empowerment was typically stimulated by agent credibility and service quality. The research conducted by Chithra and Selvam (2013) on the interstate dataset was used for the composition of the index of composite financial inclusion, which measured variations in financial access, identifying the socioeconomic factors, population, income, literacy, deposit, and credit penetration. The factors considered by Tuesta et al. (2015) were supply-side factors, individual factors (a person's level of education, income, and age),

Table 5. ***The Demand Side and Supply Side Determinants or Factors of Financial Inclusion***

Citations	Supply Side	Citations	Demand Side
Arora (2010); Lenka & Barik (2018)	Financial access	Abel et al. (2018)	Proximity, age, education, financial literacy, income level, documentation, and internet or web connectivity
Gupte et al. (2012)	Outreach (penetration and accessibility)	Bhatia & Singh (2019)	Women's empowerment (social, political, and economic)
Memdani & Rajyalakshmi (2013)	Mobile banking, ultra-small bank branches	Murugesan et al. (2022); Nandru & Rentala (2020); Nandru et al. (2021)	Availability, ease of access, affordability, physical proximity, and usage
Chithra & Selvam (2013); Laha et al. (2011)	Socioeconomic factors, income, literacy, population, deposit, and credit penetration	Murugesan et al. (2022)	Financial literacy (awareness, knowledge, and financial empowerment)
Tuesta et al. (2015)	Supply-side factors, individual factors (level of education, income, and age), and factors affecting perception	Mhlanga (2020)	Artificial Intelligence's inherent risks, regulation, and the firm's culture
Goel & Sharma (2017)	Access to savings and access to insurance	Dar & Ahmed (2021)	Being rich and educated, women, age, and family members have an account
Kaur & Kapuria (2020)	Product services and attitudinal factors (lack of skills or confidence, patriarchal structure, law or custom, cultural constraints)	Nandru et al. (2021)	Financial literacy, well-being
		Mahmood et al. (2022)	Access, availability, cost, disposable income, and usage
		Ali & Ghildiyal (2023)	Digital financial services
		Sethy et al. (2023)	Gender, age, marital status, education, and religion
		Murshed et al. (2023)	Internal conflicts, growth of the economy, information and communications technology, institutional quality, and remittances inflows
		Shaikh et al. (2023)	Credibility of mobile money agents and quality of service
		Gupte et al. (2012); Yadav & Sharma (2018)	Usage, ease, and transaction cost

and the factors impacting perception. In the research of Abel et al. (2018), inclusive finance drivers were shown as age, education, income, documentation, financial literacy, distance, and internet connectivity. Table 5 represents the demand and supply side determinants or factors of financial inclusion.

Theme 3 : Impediments to Financial Inclusion

Ambarkhane et al. (2022), in their paper, depicted that the states with higher levels of illiteracy rate had successfully adopted the PMJDY scheme. Singh (2021) suggested that the target of financial inclusion will be accomplished not merely with access but also with the usage of bank account ownership. The identification of latent barriers that govern the application and approval of financial services has been shown in this paper. Tung (2023) found the impediments to rural financial inclusion where a negative correlation was shown between age and the high cost of living while giving the example of Mayurbhanj, Odisha. Whereas, Agwu (2021) showed that the institutional as well as individual-level factors together served in the exclusivity of financial services for rural dwellers in Nigeria. Also, the adoption of technology was recommended to connect the financial institutions to their rural area customers.

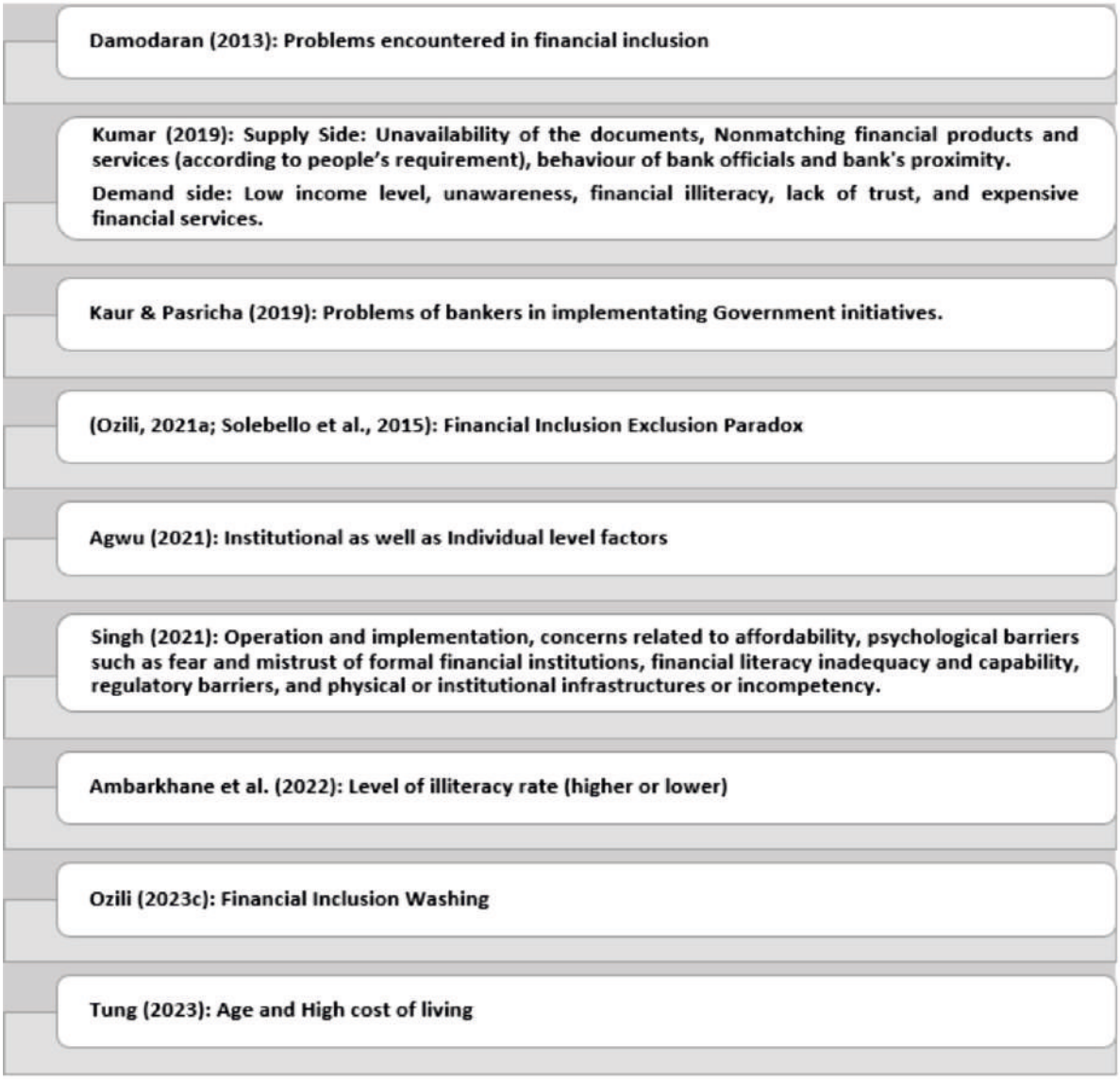
Ozili (2023c) highlighted "financial inclusion" washing as an impediment—referring to the use of misdirecting data given by a substance to misrepresent the element's responsibility toward the expanded monetary consideration, which was going about as a prevention in the way of genuine objectives of monetary incorporation of comprehensive inclusion of financial amenities. Kumar (2019) attempted to understand various obstacles to financial inclusion from both the supply and demand sides. Another hindrance was the financial inclusion-exclusion paradox studied by Ozili (2021a) and Solebello et al. (2015), who showed how the affected customers or adult bankers decided whether to discontinue the services or exit from the sector of formal financial institutions. This is because of the negative marginal benefit of the customers arising from the inefficient service quality of the financial institutions, thereby leading to financial exclusion. Many issues and challenges were raised by Damodaran (2013), putting stress on the financial inclusion's role in the economy and different stakeholders' role in enhancing the whole financial inclusion initiatives. Kaur and Pasricha (2019) investigated the elements associated with the challenges bankers encountered while putting into practice the programs that the government had identified as predictors of financial inclusion. All the impediments or barriers have been summarized in Figure 6.

Theme 4 : Framework of Indian Financial Inclusion

Fernández-Olit et al. (2020) highlighted the dearth of academic research on the influence of the digital economy on financial exclusion (which combines vulnerable groups) and access to certain financial amenities. Also, focus was laid on varying theoretical frameworks used to interpret the literature across North America (UK), Europe (US), and Asia-Pacific (China).

Ozili (2020a) portrayed the negligible influence of Economic Policy Uncertainty (EPU) on financial inclusion. Not a single indicator among the nine financial inclusion indicators had a direct correlation with EPU. Ozili (2021b) clearly explained the higher risk associated with higher non-performing assets and high-cost inefficiency associated with higher ownership of accounts in three financial sector economies (developed, advanced, and transition). Mutual efforts made by the researchers emphasized financial inclusion's effect on the growth of the economy, which differs from various religious and secular countries to other countries (Ozili et al., 2023). Mathew and Kurian (2017) provided an overview of the various Government policy initiatives to comprehensively describe inclusive finance in India. They examined the policies' influence on households and the challenges that still exist in achieving full financial inclusion.

Figure 6. ***Impediments/Barriers to Financial Inclusion***



The RBI's initiative of the Banking Ombudsman Scheme in 1995 was a high-level grievance redressal mechanism. Findings from a 10-year study about the effectiveness of the trend analysis indicated that the scheme worked well for urban and metropolitan customers but lacked effectiveness for rural and semi-urban clients. Foreign banks have been noted for high customer satisfaction, with predominantly retail customers utilizing the scheme to resolve issues (Singh & Singh, 2021). Nayak and Kumar (2025) examined how bank employees use and perceive the Central Bank Digital Currency (CBDC), focusing on their level of awareness and satisfaction. It evaluated various aspects, including accessibility, transparency, security, and efficiency, to analyze the perceptions of bank employees regarding the digital currency ecosystem.

The analysis done by Tripathi et al. (2016) revealed that the policy implementation increased credit disbursement and bank deposits. However, the rise in PMJDY's zero-balance accounts and the bank's lack of efforts to promote financial literacy are challenges to the enhancement of Indian financial inclusion. Arif and

Table 6. ***Financial Inclusion Index Value (2020–2024)***

Financial Year	Financial Inclusion Index Value
2020–2021	53.9
2021–2022	56.4
2022–2023	60.1
2023–2024	64.2

Source : RBI.

Shukla (2022) evaluated the effectiveness of PMJDY, noting that by 2019, 37.55 crore accounts were opened, with a total deposit of ₹ 107,172.54 crore. Out of these, the public sector banks opened 79.60% of accounts, holding 79.01% of all deposits. Key contributors to PMJDY's progress included Uttar Pradesh, West Bengal, Rajasthan, Bihar, and Madhya Pradesh. The findings assisted policymakers, banks, and financial institutions in assessing PMJDY's role in India's financial inclusion.

Many approaches to Indian financial inclusion have been given (owned by the government), which, in a way, were using the following strategies to advance financial inclusion: initiatives, product-based approaches, bank-led approaches, regulatory approaches, technology-based approaches, and knowledge-based approaches. RBI crafted policies that were realistic, significant, and dependable (Garg & Agarwal, 2014). A total of 12 pillars framework evaluated the effectiveness of resources promoting financial inclusion, including bank branches, business correspondents, basic savings accounts with overdraft facilities, financial literacy programs, credit counseling, microinsurance, unorganized sector pension schemes, payment banks, post offices, and initiatives like PMJDY and MUDRA Yojana. The findings indicated that significant gaps remain, which must be addressed to improve financial inclusion for the underserved rural population (Reddy, 2016).

To ensure that India reaches a new level of success, the National Strategy for Financial Education (2020–2025) and the National Strategy for Financial Inclusion (2019–2024) shook hands with each other. Financial literacy is higher in privileged classes while lower in disadvantaged communities. RBI publishes the Financial Inclusion Index (having three parameters: Access 35%, Usage 45%, and Quality 20% of the financial inclusion index), which shows consistent growth but at a decreasing rate, as shown in Table 6. Focusing on the targeted strategies is required to ensure that the momentum of financial inclusion continues to build rather than plateau.

Research Gap

- The concept of the inclusion–exclusion paradox and financial inclusion washing is unexplored in the Indian context.
- The management of Indian financial inclusion (Government schemes and initiatives) to retain customers for long-term inclusion is missing in the literature.

Theoretical Implications

The framework and management of financial inclusion can yield various unexplored theories for future contributions. Various theories have various implications in their field. The Public Good Theory emphasizes the government and financial institutions' role in ensuring universal access to financial amenities. The dissatisfaction theory prompts reforms in financial services provided by financial institutions (whose efforts are often driven by public dissatisfaction) to be more inclusive. Another theory given by Ozili (2020a), that is, the vulnerable group theory, focuses on the requirement to provide financial amenities to marginalized and vulnerable groups, thereby

highlighting financial inclusion's social aspect. In financial inclusion's institutional theory, the financial institutions' role is to shape financial inclusion, suggesting that only trust can influence access to financial services (Ozili, 2023d). The market failure theory addresses the credit markets' limitations in providing basic amenities of financial services, especially to the poor, and underscores the need for inclusive banking practices to overcome these market failures (Kulkarni & Joshi, 2021). To effectively address the complex dynamics of financial inclusion, it is crucial to develop tailored theories that resonate with diverse populations. The success of these theories varies by region, culture, and economic context, highlighting the need for customized financial inclusion strategies. Moreover, continuous research and adaptation are essential to tackle emerging challenges and opportunities in the financial system.

Conclusion

The majority of research efforts have focused on examining the accessibility of financial inclusion, while some have explored its underlying factors and obstacles. Only a handful of studies give insightful thoughts on the utilization and standard of financial inclusion or its management. Effectively implementing financial literacy programs and utilizing existing bank branches will significantly enhance financial inclusion. Incentive-based initiatives play a crucial role in this effort (Sathiyan & Panda, 2016). The Indian government needs to address unexpected barriers to financial inclusion, such as financial inclusion washing and the inclusion–exclusion paradox, to fill the existing crevice in the country's financial inclusion system. While the Indian government has devised a strategy for promoting financial inclusion, there is a noticeable absence of literature discussing how to effectively manage and achieve the goal of comprehensive financial inclusion in India.

Practical Recommendations and Scope for Further Research

The research is done to spotlight the significance of financial inclusion. Numerous initiatives and policies are being made to enhance the pace of involving or engaging the population in the financial sector in India. It is high time that the government must concentrate on retaining the account holders and providing them with quality facilities. Certain underlying factors are impeding the progress of financial inclusion. While we discuss the idea of a cashless and digital society, the amount of physical currency in circulation continues to increase. To gain more control over the Indian financial system and move toward a sustainable ecosystem, Indian financial inclusion needs to be managed appropriately and within a structured framework. The Indian Government is still focusing on improving access to financial inclusion, but there is still much work required regarding usage and quality aspects that can be standardized. The percentage of quality parameters (currently 20%) in the financial inclusion index must be raised to smooth the working of the financial inclusion system.

Limitations of the Study

This study is limited to only three databases, missing the research reviews from conferences, qualitative reviews, theses, and so on. Due to the inaccessibility, some of the papers were not included, which could have contributed to this article. Further, a distinct recommendation and emergent themes need to be outlined for research diversification and expanding intellectual boundaries.

Authors' Contribution

All authors made substantial contributions to the work done in the manuscript. The idea for the article, drafting,

literature search, and analysis was done by Rituparna Choudhury, and the manuscript was critically revised by Prof. (Dr.) Sumeet Gupta.

Conflict of Interest

Declaration of no conflict of interest is proudly made by the author(s) related to the subject matter of this manuscript, research, authorship, and/or publication.

Data Availability

The supported findings of the data for this review article are included within this manuscript.

Funding Acknowledgment

Declaration of no financial assistance received is made by the author(s) for this research article.

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