

Manuscript ID:
IJEBAMPSR-2025- 0201041

Volume: 2

Issue: 1

Month: February

Year: 2025

E-ISSN: 3065-9140

Impact of Financial Inclusion and Industrial Development in India: Skill, Unemployment and Poverty

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Submitted: 17-Dec-2024

Revised: 09-Jan-2025

Accepted: 25-Feb-2025

Published: 28-Feb-2025

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DOI: 10.5281/zenodo.15432097

DOI Link:
<https://doi.org/10.5281/zenodo.15432097>



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How to Cite this Article:

Bhagwat, A. B. (2025). Impact of Financial Inclusion and Industrial Development in India: Skill, Unemployment and Poverty. International Journal of Economics, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research (IJEBAMPSR), 2(1), 214–219. <https://doi.org/10.5281/zenodo.15432097>

Abstract

Financial inclusion involves initiatives aimed at ensuring that individuals and businesses regardless of their income level, location, or size have access to affordable and essential financial products and services. These services typically include savings accounts, credit, insurance, payment systems, and investment options. In a country like India, a large portion of the population, especially in rural and economically weaker sections, remains excluded from formal financial systems. Many individuals are still deprived of access to basic banking services and digital financial tools. The objective of financial inclusion is to integrate these marginalized groups into the formal banking sector and connect them with modern financial technologies. This not only provides them with the ability to conduct secure financial transactions but also helps in managing personal finances, accessing credit for entrepreneurship, and building financial resilience. The broader goal of financial inclusion is to foster inclusive economic growth by enabling equal opportunities and reducing income disparities. It contributes to poverty reduction, empowers communities, and strengthens the overall economic fabric of the nation. Economic development forms the backbone of any country's progress, and a robust financial system is key to achieving it. Additionally, industrial development plays a vital role in accelerating economic growth. It involves expanding a nation's industrial base, infrastructure, and production capacity. This growth leads to urbanization, job creation, technological advancement, and social transformation. However, without strong financial infrastructure and inclusive policies, even the best industrial efforts may fall short. Therefore, financial inclusion and industrial development must go hand-in-hand to ensure sustainable and equitable progress.

Keywords: Financial Inclusion, Development, bank transactions, Services, technology, Industry, Skill, Unemployment, Poverty, system etc.

Introduction

Financial inclusion broadly refers to providing universal access to a wide range of financial services at an affordable cost. This encompasses not only basic banking services but also insurance, equity, and credit facilities. By promoting savings, encouraging entrepreneurship, and facilitating investments, financial inclusion supports economic growth, enhances consumer spending, and stimulates job creation and productivity. It involves delivering accessible and affordable financial products—such as payments, savings, credit, and insurance—to individuals and businesses in a responsible and sustainable manner. Financial inclusion also helps expand the economic system's resource base by fostering a culture of saving, particularly among rural populations,

thereby contributing to overall economic development.

The primary aim is to ensure that every member of society, regardless of income level, has access to essential financial services. It emphasizes fair and inclusive treatment, especially for economically disadvantaged and vulnerable groups, by offering timely and adequate financial support tailored to their needs.

Problems of the Study:

The banking sector plays a crucial role in today's economy. As the main source of credit, it enables individuals to finance major purchases such as homes and vehicles, while also supporting businesses in acquiring equipment, expanding operations, and managing payroll. In the context of financial inclusion, the banking sector outlines the vision and core objectives of India's financial inclusion strategy. This approach aims to drive and sustain financial inclusion nationwide by fostering coordinated efforts among all stakeholders within the financial ecosystem. In industrial development, government aid, research subsidies, and cooperation are given to enhance the innovation system of the country. Industrial development led to mass production of goods, saving labor and time.

Objectives of the Study:

In the present scenario, in developing and mixed economy democratic nations like India, the factors of skill unemployment poverty are affecting the workforce in industrial development to prevent economic progress. But it is the need of the hour to make every effort to improve the economic condition of the employees in industrial development through financial inclusion and bring them into the flow of economic development of the country. To study the impact of financial inclusion on industrial development and skill unemployment poverty as well as chronic poverty low-income group people unbanked people. The main objective of this research is to study the effect of financial inclusion and industrial development, and some specific objectives are given by the researcher related to industrial development as follows.

1. To study the impact of financial inclusion on industrial development.
2. To study the factors influencing industrial development in India.
3. To Study the Skill Unemployment and Poverty in India.

Significance of the Study:

Industrial development leads to economic development and international competition increases. For industrial development, production processes are improved. Industrial development is the creation of industries using new technologies. Jobs are easy, better, and intense with industrial development. Industrial development increases the productivity and profits of businesses. The Government of India has issued industrial policies from time to time to promote the development of Indian industry. Under the National Industrial Corridor Development Program, new industrial cities are being built in India.

Scope of the Study:

Financial inclusion means that financial products and services are affordable and easily available to all people and businesses. These services include transactions, payments, savings, loans, and insurance. Another characteristic of industrialization is that it emphasizes cheap and large-scale overproduction, it emphasizes cheap and large-scale production at a fast pace. Industrialization is a major measure to bring about change in the economic and social structure of a nation. Industrial development is the result of the combined efforts of four key elements: business, technology, government, and labor. The success of industrial projects depends on strong collaboration and mutual understanding among these stakeholders.

Limitation of the Study:

The objective of financial inclusion is to help people join the financial sector and improve their lives. Also referred to as inclusive finance, financial inclusion ensures that individuals and businesses can access affordable and appropriate financial products and services—such as payments, savings, credit, and insurance—delivered in a responsible and sustainable way. It emphasizes meeting the diverse financial needs of all segments of society, promoting accessibility, affordability, and long-term economic empowerment.

Period of the Study:

The researcher has conducted this research based on the information of 2024 to study the workers working in business and their exploitation as well as unskilled persons unemployment poverty.

Research Methodology:

While studying the impact of financial inclusion on Indian industrial development and skill unemployment poverty and low-income group the researcher has used various types of secondary resources. This secondary resource uses many resources like research papers articles journals newspapers audio videos reference books serial books annual reports books magazines annual issues etc.

Research Method:

Financial inclusion and industrial development are closely related in developing nations like India. Because if there is a difference between the workers working in the industry and the wages received by the workers, it is necessary to check the factors of skill unemployment poverty and try to increase their economic income. While doing this research, the researcher has done this research using descriptive analysis method from the point of view of developing the factors of financial inclusion on industrial development and skill unemployment and poverty.

Results and Discussion:

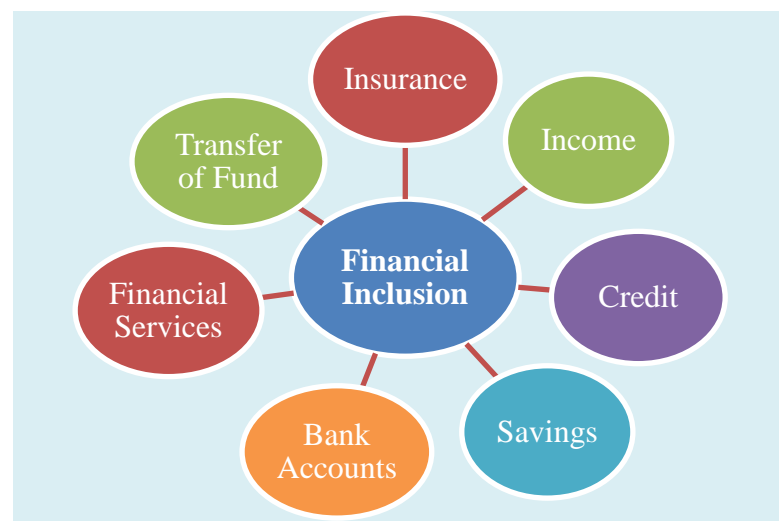
Financial inclusion, also known as inclusive finance, aims to eliminate the obstacles that hinder individuals from accessing and utilizing financial services, thereby enabling them to enhance their quality of life. The strength of the

Financial Inclusion Fund is to give high priority to the goal of financial inclusion by widening the scope of various financial literacy activities and capacity building efforts through various banks and institutions. Financial inclusion is a key driver of sustainable and balanced economic growth. Banking and financial matters directly affect the life of common man, they are language by limiting it to special people, their promotion and dissemination among the general public will not be possible and their benefit will not be possible.

Financial Services:

Stability of financial markets refers to a situation in which there are no major disruptions in market transactions, and no significant deviations in the prices of financial assets from economic fundamentals, so that financial agents can raise and manage funds with confidence. Financial stability refers to the financial system's ability to support and strengthen economic activities, effectively manage risks, and withstand external shocks. It is a dynamic concept, influenced by various financial elements and their interactions over time. As a key indicator of a company's financial health, financial stability reflects the organization's capacity to meet short-term operational obligations. A decline in current assets signals potential financial strain, indicating the need for the company to explore alternative funding sources to sustain its activities.

Chart No. 1 Financial Inclusion



Industrial Development:

As industrial workers experience rising incomes, the demand for consumer goods and services increases, leading to expanded markets that, in turn, drive further industrial investment and spur economic growth. Additionally, industrial

development often brings about social changes, such as shifts in family structures—where extended families increasingly choose to live separately rather than under one roof or in the same location. Industrial progress is the result of coordinated efforts among four key contributors: business,

technology, government, and labor. The success of industrial projects relies heavily on strong

collaboration and mutual understanding among these stakeholders.

Table No.1 Industrial Growth of India

Year	Growth Rate (%)
2017-18	6.3
2018-19	4.9
2019-20	0.9
2020-21	0.4
2021-22	12.2
2022-23	2.1
2023-24	9.5

Source: Economic Survey, 2024

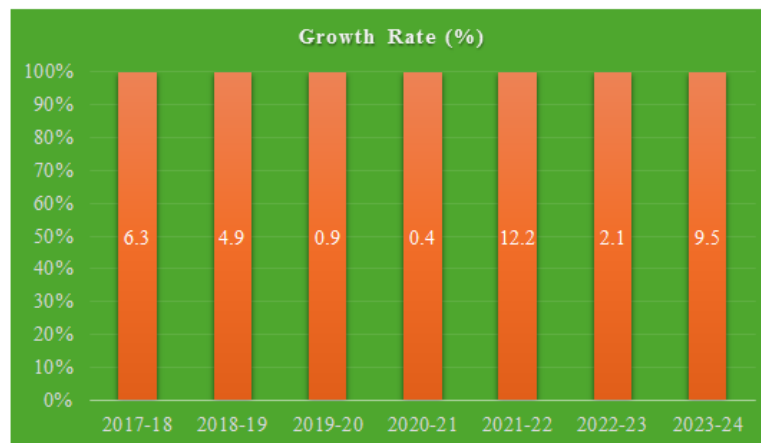


Table No. 1 shows industrial growth in India from 2017-18 to 2023-24. The growth rate is given in percentage and in this the growth in the industrial sector in 2021-22 is 12.2. The growth in the industrial sector in 2023-24 is 9.5% and the growth in 2019-20 is 0.9%. According to the researcher, the growth in the current situation is less compared to other years and it is the need of the hour to make quality products available in large quantities.⁹⁸⁷

Skill Development:

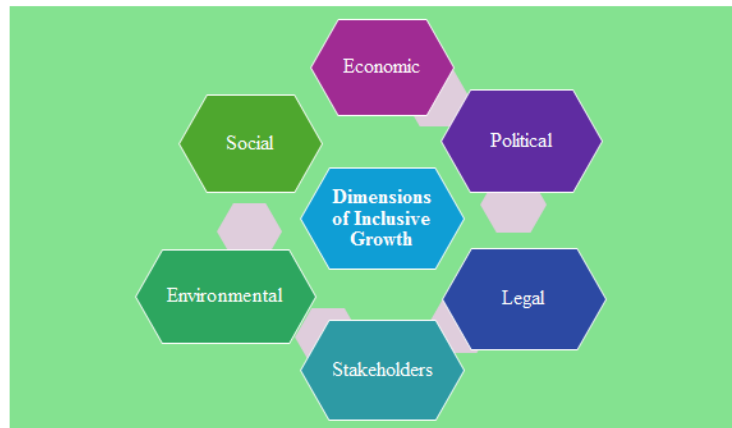
According to the dictionary definition of skill, this word means the ability to use one's knowledge for performance. The primary goal of skill development is to equip students with marketable skills, enabling them to build core competencies that enhance their employability in the job market. The Skill Development Initiative, aimed at achieving this objective, is implemented by the Directorate General of Employment and Training under the Ministry of Labour and Employment. The objective of the Pradhan Mantri Kaushal Vikas Yojana is to organize the youth of the country to improve their skills and provide

employment according to their aptitude. Government of Maharashtra has launched Mahaswayam Portal to integrate employment opportunities and promote self-employment. Skill Development, Employment and Entrepreneurship Guidance Center guides the youth about their interests and inclinations.

Unemployment:

Unemployment means that a person is fit and available to work, but he is neither able to get a job in a company nor to start his own business. Unemployment is the percentage of unemployed people in the total working population of any country, state or region. Unemployment is considered as a measure of the health of the economy. Lower unemployment reduces government debt and boosts economic growth. There are many reasons for unemployment in India, such as overpopulation, low skill levels, failure in planning, flawed penal system, slow economic growth, and lack of capital. The rate of unemployment among educated people in India is high. Unemployment is the condition of a person fit and available for work, in which he is neither employed with a company nor in his own business.

Chart No. 2 Dimensions of Inclusive Growth



Poverty:

Poverty means not having enough money or resources to live a decent standard of living. This includes lack of access to facilities such as health care, education, water, and sanitation. There is also controversy regarding the statistics related to poverty. According to official data, 37 % of India's population is below the poverty line, while according to some estimates, this figure may be as high as 77 %. Poverty is the condition of lack of money for means of living. "Poverty is the lack of an adequate supply of those things which are necessary to maintain the health and well-being of the individual and his family. lack of access to sufficient wealth or resources to enjoy a decent standard of living; Be it lack access to health services, punishment or access to water and sanitation facilities etc.

Conclusion:

In India, the Planning Commission has focused on measuring poverty or destitution based on calories per day. While social inclusion is a key factor, it seeks to bring the poor and low-income groups into the stream of economic sustainable development by providing opportunities for advancement to the disadvantaged sections of the growing population. Financial inclusion has a major impact on industrial development. In it, while the industrial development elements are working on low income, they have to face family problems. Therefore, during the industrial development, the workers face financial problems due to lack of proper remuneration and also failure due to lack of proper treatment at workplace. But in the developing nations of India, every person has equal rights, so it is necessary to get proper justice

from economic as well as social point of view. It is a subject of research that the employees or laborers who contribute to the industrial development are not treated properly by the owner class because they are not treated properly by the owner class in the industry.

Acknowledgment

I am Dr. Arjun Bhanudas Bhagwat, Head, Department of Commerce and Management, Rayat Shikshan Sanstha's Shri Sadguru Gangageer Maharaj Science, Gautam Arts and Sanjivani Commerce College, Kopargaon, thankful to my Hon. Principal, Dr. Madhav Tukaram Sarode for granting permission to carry out the work. I would like to express my sincere gratitude to all those who contributed to the successful completion of this research paper. I am also thankful to my college for providing a conducive environment and access to valuable research resources. Special thanks to my colleagues and peers that shared their knowledge and provided constructive feedback which greatly in reach the quality of this work. Lastly, I am thankful to all authors, researchers and scholars whose work has provided the foundation for my study. Without their contributions to this field this research would not have been possible.

Financial support and sponsorship

Nil.

Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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