Financial Inclusion for Inclusive Development: A Study on Bangladesh and India

Research Representative： Professor BARAI Munim Kumar, APU

Summary of Research

Just before the onset of Covid-19 in early 2020, Bangladesh and India had been able to bring down the poverty of their mass population and improve socio-economic conditions so that the development is considered to have become more inclusive. The facts reflect that the BPLP in Bangladesh fell to 39 million in 2016 from nearly 63 million in 2000, reaching 24.3%. Likewise, 271 million moved out of poverty between 2005-06 and 2015-16 in India. During this period, India's poverty rate nearly halved, falling from 55% to 28%. Not only that, the bottom of the pyramid population in both Bangladesh and India made progress in various socio-economic indicators like income and consumption, income inequality, employment, household vulnerability, women empowerment, social productivity, etc. Interestingly, we find that a huge expansion of financial inclusion efforts in both countries during this time. These happened through the introduction of various financial products and methods of banking by various banks, other financial institutions, and governments. In Bangladesh, the standout FI programs are microcredit, mobile banking, whereas, in India, the *Jan Dhan Yojana* (Public Wealth Scheme) initiative aimed to increase the ownership of bank accounts of the poor people for various financial transactions under the welfare schemes of the government. All these measures in Bangladesh and India to include the marginalized people in the financial streams, seem to have played an essential role in reducing their poverty and progress in the socio-economic variables. In that way, both countries' economic and social development has become more inclusive. The proposed research aims to make an in-depth study to address how efforts of inclusive finance in both countries have impacted the economic and social development becoming more inclusive. This analytical research wants to estimate the actual causality between their FI and poverty alleviation and socio-economic development by proposing a new Poverty Index reflecting FI in a comparative setting. To do that, various FI measures deployed by various institutions in both countries, the similarities and differences in the FI approaches, and their impact on inclusive development, will be explored. The expected findings that how FI in India and Bangladesh made development inclusive could be highly relevant to developing and developed countries, including Japan.