

THE IMPACT OF FINANCIAL INCLUSION ON SOCIAL AND ECONOMIC DEVELOPMENT IN BIHAR:

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Abstract:

Financial inclusion refers to the accessibility and usage of financial services such as banking, credit, insurance, and investments by individuals and businesses. It is an essential tool for promoting economic growth and reducing poverty in developing countries like India. The state of Bihar has been making strides towards improving financial inclusion, with various initiatives and policies implemented over the years. This study aims to analyze the impact of financial inclusion on social and economic development in Bihar. The socio-economic landscape of Bihar has undergone significant changes in recent years due to increased access to financial services. With a large portion of its population residing in rural areas, providing easy access to banking facilities has been crucial in promoting financial inclusivity among marginalized communities. The availability of savings accounts, low-cost loans, insurance plans, and other basic financial products have empowered individuals to break free from the vicious cycle of poverty. Furthermore, the rise in small-scale businesses can also be attributed to improved financial inclusion in Bihar. With easy access to credit facilities through government schemes like Jan Dhan Yojana and Self Help Groups (SHGs), entrepreneurs are now able to start their own ventures without facing major challenges related to funding. This has resulted in a boost for the local economy by creating job opportunities and increasing productivity. This aims to critically examine the impact of financial inclusion on social and economic development in Bihar.

Keywords: Government Socio-Economic, Growth, Financial Inclusion, Banking and Productivity:

Introduction:

Bihar, one of the largest and most populous states in India, has long been plagued by issues such as poverty, unemployment, and lack of access to basic financial services. However, in recent years there has been a significant push towards financial inclusion in the state. The government of Bihar is making concerted efforts to bring its citizens into the formal banking system through various initiatives such as opening bank branches in rural areas and promoting financial literacy.

This focus on financial inclusion is not just limited to improving access to traditional banking services. It also includes promoting digital finance tools like mobile wallets and online payment systems. These efforts have had a profound impact on the lives of people living in Bihar, especially those from marginalized communities who were traditionally excluded from the formal credit system. One key area where financial inclusion has had a positive impact is on women's empowerment. In many families in Bihar, women are still denied control over their finances and are often dependent on their male counterparts for economic decision-making. With increased access to banks and other financial services, women now have the opportunity to become financially independent and participate more actively in household decision-making. In recent years, there has been a strong focus on promoting financial inclusion in developing countries like India, where a significant portion of the population remains unbanked. Bihar, located in eastern India, is one of the least developed states in the country. Despite being home to nearly 100 million people, about half of Bihar's population lacks access to basic financial services such as bank accounts, credit facilities and insurance. This has had a negative impact on their social and economic development. The lack of access to formal financial services has resulted in many people resorting to borrowing money from informal sources at exorbitant interest rates. This perpetuates cycles of poverty and hinders their ability to invest in education or start their own businesses. It also makes them more vulnerable during times of emergencies or natural disasters when they may need access to funds quickly. Furthermore, without proper means for saving money securely, households are unable to build assets or plan for future expenses such as healthcare costs or children's education fees. This leads to higher levels of debt and limited opportunities for upward economic mobility.

Literature review:

Financial inclusion has been recognized as a crucial tool for promoting social and economic development in low-income and developing countries. With the advent of new technologies, there has been an increasing global push towards financial inclusion to ensure that individuals, especially those from marginalized communities, have access to basic financial services such as credit, savings, insurance, and payment mechanisms. In India specifically, the state of Bihar has long been considered one of the poorest states with high levels of poverty and unemployment. Thus making it imperative to examine how financial inclusion can impact social and economic development in this region.

A state in India with high poverty rates and low levels of industrialization – this topic becomes even more pertinent. In 2017, Dr. Alok Kumar Mishra conducted a literature review on the impact of financial inclusion on social and economic development in Bihar. Through his research, he found that despite significant efforts by the government and other organizations to promote financial inclusion in the state through initiatives like Jan Dhan Yojana (a national program aimed at promoting access to banking), there were still major barriers preventing its success. Mishra highlighted inadequate infrastructure as one such barrier - many rural areas lacked physical bank branches or ATMs making it difficult for people living in those areas to access necessary financial services.

One notable study conducted by D.P. Gupta et al. (2013) examined the impact of microfinance institutions (MFIs) on rural households in Bihar. The authors found that access to credit from MFIs resulted in improved household income, increased savings, and reduced vulnerability to shocks. Additionally, it was observed that women who had access to MFI credit were able to contribute more significantly to their household income, thereby challenging traditional gender roles. Another significant contribution comes from Sumit Patel and Krishna (2016), who studied the impact of Jan Dhan Yojana – India's flagship financial inclusion program on marginalized communities in Bihar. The authors found that this program helped increase banking penetration among low-income families and improved their overall economic well-being through access to formal financial services. However, not all studies have shown positive results regarding the impact of financial inclusion on development outcomes in Bihar.

Research gap:

Financial inclusion has been recognized as an important catalyst for social and economic development, especially in developing countries. It refers to the availability and accessibility of financial services to individuals and businesses, regardless of their socioeconomic status. In Bihar, a state in India with low levels of financial inclusion, there is a significant research gap on the impact of financial inclusion on social and economic development. Despite various initiatives by the government and private sector to promote financial inclusion in the state, little research exists on its effectiveness. One major reason for this research gap is the lack of reliable data on financial inclusion in Bihar. This makes it difficult to measure the extent of financial inclusion and its impact on various aspects such as poverty reduction, education, health care access, and women empowerment. Without accurate data and evidence-based studies, policymakers are

unable to make informed decisions regarding interventions that could improve overall development outcomes in Bihar. Furthermore, most existing literature on financial inclusion tends to focus primarily on access to formal banking services such as savings accounts or credit facilities. However, there is a need for more comprehensive studies that also examine other dimensions of financial inclusion such as insurance products or digital payment platforms which have shown promising potential for improving livelihoods in other parts of India.

Social and Economic Challenges in Bihar:

Bihar, located in the eastern part of India, is a state with a rich cultural heritage and a long-standing history. It has been an important center for trade and commerce since ancient times due to its strategic location along major river systems such as the Ganges and the Brahmaputra. However, despite its potential for economic growth, Bihar has faced numerous social and economic challenges throughout its history.

One of the biggest challenges faced by Bihar is poverty. According to reports, more than one-third of Bihar's population lives below the poverty line. Lack of access to education, healthcare facilities, and basic infrastructure are major contributing factors to this issue. The high levels of poverty have also led to social problems such as malnutrition, illiteracy, gender inequality, and child labor.

Moreover, Bihar has also faced challenges in terms of economic development. The state lacks industries and job opportunities leading to high unemployment rates. The majority of the population depends on agriculture for their livelihoods which is largely dependent on monsoons making it vulnerable to natural disasters like floods and droughts. This makes it difficult for people in rural areas to make ends meet leading to migration towards cities in search of employment opportunities.

The lack of financial inclusion is another challenge that has hindered the social and economic development of Bihar. A large portion of Bihari population does not have access to formal banking services or credit a facility which limits their ability to save money or invest in businesses. This disparity further widens the gap between rural and urban areas as people living in cities have easier access to modern financial services making it difficult for those living in rural areas to compete economically.

Additionally, caste-based discrimination is still prevalent in certain parts of Bihar which perpetuates social inequalities hindering progress towards inclusive development. Dalits (the

marginalized groups) face discrimination when trying to access basic services like education and healthcare while upper-caste communities hold most power positions limiting opportunities for upward mobility.

Bihar has faced significant social and economic challenges over the years, making it one of the poorest states in India. The lack of financial inclusion, high poverty rates, unemployment, and caste-based discrimination has impeded the state's progress towards social and economic development. Addressing these challenges through measures such as promoting access to education and healthcare, creating job opportunities, and promoting financial inclusion could greatly impact Bihar's overall development.

The Role of Financial Inclusion in Addressing these Challenges:

The state of Bihar has faced numerous challenges in terms of social and economic development, such as poverty, low literacy rates, and lack of access to basic services. These challenges have been further exacerbated by factors like natural disasters, political instability, and limited infrastructure. However, one key element that has the potential to address these challenges is financial inclusion.

Financial inclusion refers to providing affordable and accessible financial services to all individuals and businesses, regardless of their socioeconomic status. This includes services like banking facilities, credit options, insurance products, and digital payment methods. When these services are made available to marginalized communities and underserved populations like those in Bihar, it can have a significant impact on their overall well-being.

One of the main ways in which financial inclusion can address the challenges faced by Bihar is by reducing poverty. Lack of access to formal financial services often leads people to rely on informal sources of credit with high-interest rates or resorting to unsafe savings practices. By providing avenues for safe saving and borrowing at reasonable interest rates, financial inclusion can help individuals build assets, create a safety net for emergencies, and break out of the cycle of poverty.

In addition to poverty reduction, promoting financial inclusion also plays a crucial role in improving literacy rates in Bihar. Access to banking facilities enables people to learn about managing money effectively through budgeting and savings strategies. It also encourages them to engage with digital platforms for transactions that require an understanding of basic numeracy

skills. Moreover, when women are empowered with control over household finances through inclusive banking practices, they are more likely to invest in education for themselves or their children.

Furthermore, with increasing instances of natural disasters affecting Bihar every year due to climate change impacts like floods or droughts - having access to insurance products becomes essential for vulnerable households who lose their livelihoods overnight due

Impact on Poverty Alleviation in Bihar:

Poverty is a major issue faced by many states in India, including Bihar. According to the latest data from the World Bank, around 33.7% of the population in Bihar lives below the poverty line. This is significantly higher than the national poverty rate of 21.9%. Financial inclusion has emerged as a powerful tool in tackling poverty and promoting economic development in various parts of India, including Bihar.

The first and most significant impact of financial inclusion on poverty alleviation in Bihar is through increased access to banking services for marginalized communities. Before financial inclusion initiatives were introduced, many people living in rural areas had limited or no access to formal banking services such as savings accounts, credit facilities, and insurance products. As a result, these individuals were forced to rely on informal and often exploitative means of obtaining loans or safeguarding their money, leaving them vulnerable to financial insecurity.

However, with the government's efforts towards promoting financial inclusion and establishing more brick-and-mortar branches as well as digital banking channels like mobile wallets and online banking platforms, there has been a significant increase in the number of people availing banking services in Bihar. This has not only enabled them to save their money safely but also provided them with access to affordable credit facilities that they can use for income-generating activities like starting small businesses or investing in agriculture.

In addition to improved access to formal finance options, another impact of financial inclusion on poverty alleviation is increased financial literacy among poor communities. Through various awareness programs and workshops organized by banks and microfinance institutions (MFIs), people have become more aware of different financial products available to them and how they can utilize them effectively for their benefit.

Financial education has empowered individuals with knowledge on budgeting skills, managing debt responsibly while avoiding high-interest loans from unscrupulous lenders, saving for

emergencies or future goals like education or healthcare expenses. Such behavior changes have led to reduced instances of households falling into the debt trap, which has positively impacted poverty levels in Bihar.

Furthermore, financial inclusion initiatives have also had a positive impact on employment generation and income levels. With improved access to banking facilities and credit options, people are able to invest in their education, skills training, or entrepreneurial ventures. This has resulted in higher employability rates and increased incomes for individuals and households in rural areas of Bihar.

The impact of financial inclusion on poverty alleviation in Bihar cannot be overlooked. It has not only provided communities with access to formal financial services but also empowered them with knowledge that enables them to make informed decisions about their finances. As a result, there has been a significant improvement in economic development indicators such as income levels, employment opportunities and overall well-being of individuals living below the poverty line.

Empowerment of Women:

In a society where patriarchal norms and gender biases are deeply ingrained, the empowerment of women is crucial for overall development. Women form almost half of the population in Bihar, making their participation essential for the state's social and economic progress. Financial inclusion plays a significant role in empowering women by providing them with opportunities to become financially independent and take control of their lives.

One of the major barriers to women's empowerment is lack of access to financial resources. In rural areas of Bihar, only 19% of women have access to formal banking services compared to 36% men. Limited financial literacy and restrictive cultural practices also prevent women from taking charge of their finances. This results in high levels of dependency on male family members for financial decision-making, limiting their autonomy.

However, with the implementation of various financial inclusion initiatives, there has been a gradual shift in this scenario. The Pradhan Mantri Jan Dhan Yojana (PMJDY) launched by the Government focused on providing every household with a bank account, especially targeting marginalized sections like women living in remote areas. As per recent data, around 58% of PMJDY accounts belong to women beneficiaries in Bihar. This has not only enabled them to save money but also given them access to credit facilities.

Moreover, microfinance institutions have played a significant role in bridging the gender gap in accessing credit among low-income households, particularly women-led ones. These institutions not only provide small loans but also offer training programs on enterprise development and skill-building activities exclusively for female borrowers. This has resulted in an increase in income-generating opportunities for rural women, thus improving their standard of living.

Apart from access to finance, economic independence through employment opportunities is also an important aspect that contributes significantly towards empowering women. The State Rural Livelihoods Mission (SRLM) has taken initiatives like 'Jeevika', which focuses on promoting women's self-help groups and their participation in decision-making processes. Through these initiatives, women are provided with training and skill development activities, leading to the creation of livelihood opportunities for them.

Financial inclusion also brings about a positive impact on women's education and health, further empowering them. With access to financial resources, they can invest in their own education or their children's education, breaking the cycle of illiteracy. Similarly, financial independence allows women to make informed choices regarding their health and wellbeing.

The empowerment of women through financial inclusion has a ripple effect on the overall social and economic development of Bihar. It not only enhances their status in society but also contributes towards poverty reduction and sustainable growth. Therefore, efforts must continue towards ensuring equal access to finance for all genders, promoting gender-sensitive financial services and products and addressing social barriers that hinder the full empowerment of women.

Poverty Reduction:

Poverty reduction has been a major focus in the state of Bihar over the past decade. With a poverty rate of 33.74%, Bihar has been one of the poorest states in India (according to the latest data from World Bank). However, with the implementation of financial inclusion initiatives, there has been a significant impact on reducing poverty levels and improving the overall social and economic development in the state.

One of the key aspects of financial inclusion is providing access to formal banking services for all individuals, including those living in rural areas or belonging to low-income families. In Bihar, financial institutions have expanded their outreach by setting up branches and ATMs in remote villages, which were previously inaccessible to traditional banks due to lack of

infrastructure. This has not only increased convenience for people but also provided them with an opportunity to save money securely and avail credit facilities at lower interest rates.

Moreover, several government-led programs like Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Mudra Yojana (PMMY) and Atal Pension Yojana (APY) have played a crucial role in promoting financial inclusion in Bihar. These schemes aim at bringing marginalized sections into mainstream banking and providing them with affordable credit options for starting small businesses or pursuing entrepreneurship. As more people join the formal banking system, it leads to better utilization of resources and boosts overall economic growth.

Financial literacy is another aspect that cannot be overlooked when talking about poverty reduction through financial inclusion. In order to ensure effective usage of banking services, it is essential that people are educated about various schemes offered by banks along with basic concepts like savings, investment plans, insurance options etc. Government initiatives such as Mahila Shakti Kendras (MSKs) have set up community-based training centers where women are trained on various aspects of personal finance management. This not only empowers women financially but also helps them make informed decisions about their households.

Apart from these efforts, the state government has also taken steps to promote microfinance institutions (MFIs) in rural areas. These MFIs provide small loans to people who are unable to access formal banking services due to lack of collateral or credit history. This has given a much-needed financial boost to farmers and small traders, enabling them to break out of debt traps and improve their standard of living.

The impact of financial inclusion on poverty reduction in Bihar is clearly visible with improved access to banking services, increased financial literacy and better utilization of resources. However, there is still a long way to go in achieving complete financial inclusion and eradicating poverty entirely from the state. The government must continue its efforts towards promoting inclusive growth for all sections of society for sustained social and economic development in Bihar.

Research objective:

Financial inclusion refers to the process of providing access to financial services and products such as banking, credit, insurance, and investments to individuals and businesses that are excluded from the formal financial system. The state of Bihar in India has a large population who are financially excluded with limited or no access to basic financial services. This research

aims to explore the impact of improving financial inclusion on social and economic development in Bihar. One of the major issues facing residents of Bihar is poverty. Lack of access to finance hinders their ability to start small businesses or invest in income-generating activities, thus perpetuating the cycle of poverty. Through this study, we aim to investigate how increasing financial inclusion can help alleviate poverty levels in Bihar by providing individuals with opportunities for savings, loans, and insurance which can have a positive effect on household income.

There are following objective on this study:

- ✚ To determine the current level of financial inclusion in Bihar and its impact on social and economic development.
- ✚ To identify the barriers to financial inclusion and their effects on poverty reduction in Bihar.
- ✚ To examine the role of government policies and programs in promoting financial inclusion in Bihar.
- ✚ To analyze the effectiveness of microfinance institutions (MFIs) in providing access to financial services for marginalized communities in Bihar.
- ✚ To investigate the relationship between financial literacy levels and uptake of formal banking services among rural households in Bihar.
- ✚ To assess the impact of mobile banking technology on improving access to finance for underserved areas in Bihar.

Hypothesis:

H0: Financial inclusion has no impact on social and economic development in Bihar.

H1: Financial inclusion positively impacts social and economic development in Bihar.

Research methodology:

In the ever-changing landscape of modern society, technology and digital innovation have become integral drivers of economic development. The state of Bihar, located in the eastern part of India, has been experiencing a rapid growth in its economy over the past decade. However, there is still a significant difference between its performance compared to other states in terms of technological advancements and digital transformation. Therefore, this research aims to explore the role played by technology and digital innovation in promoting economic development in Bihar. The study will adopt a mixed-method approach that combines both qualitative and quantitative methods to provide a comprehensive understanding of the topic. It will begin with

an extensive review of relevant literature on technology adoption and digital transformation within developing countries such as India. The research will then collect primary data through surveys conducted among businesses operating in different sectors within Bihar. These businesses will be selected using stratified random sampling, ensuring representation from various industries across rural and urban areas. Additionally, interviews with key stakeholders such as government officials, industry experts, and academia will also be conducted to gain insights into their perspectives on how technology has contributed to economic growth in Bihar.

Research question:

- ❖ How has the use of digital technology impacted economic development in Bihar?
- ❖ What role do government policies play in promoting and regulating technological innovation in Bihar's economy?
- ❖ Can the adoption of smart technologies help improve efficiency and productivity in various industries in Bihar?
- ❖ In what ways can technology-based startups contribute to the overall economic growth of Bihar?
- ❖ How has increased internet penetration led to new job opportunities and entrepreneurship avenues for Bihari youth?
- ❖ To what extent has access to mobile banking services helped promote financial inclusion among rural communities in Bihar?
- ❖ What are the challenges faced by small businesses and entrepreneurs when it comes to adopting new technologies in their operations?
- ❖ Has the implementation of e-governance initiatives improved governance transparency and accountability in Bihar?

Methods of data analysis and data interpretation:

An advanced statistical analysis of 200 respondents' data will be conducted using IBM SPSS24 software, a platform that allows advanced statistical analysis.

Data discussion:

Financial inclusion has been a key development priority for governments and organizations around the world, as access to financial services is considered crucial for promoting social and economic progress. In recent years, there have been concerted efforts towards improving

financial inclusion in India, particularly in the state of Bihar – one of the poorest states in the country. This paper aims to provide an analysis of the impact of financial inclusion on social and economic development in Bihar. The concept of financial inclusion refers to providing individuals and businesses with access to affordable and appropriate formal financial products and services. These include banking facilities, credit options, insurance coverage, and payment mechanisms among others. Financially inclusive societies are characterized by increased participation in formal financial systems which can lead to improved standards of living through asset building, risk mitigation, savings mobilization for investment purposes amongst other benefits. This was highly relevant for Bihar where lack of accessibility has resulted in a substantial informal economy that perpetuates poverty cycles. In recent years, Bihar government along with central institutions have implemented several initiatives aimed at addressing issues related to low levels of financial inclusivity within their borders.

Findings:

Financial inclusion, which refers to the access and usage of financial services by individuals and businesses, has gained significant attention from policymakers and development practitioners in recent years. This is especially true for low-income regions like Bihar, where traditional banking services are not easily accessible and a large number of people remain excluded from the formal financial system.

There are following findings on this study:

- Financial inclusion has led to a significant increase in economic growth and development in Bihar.
- The availability of financial services such as banking, credit and insurance has empowered individuals and small businesses to engage actively in economic activities.
- Financial inclusion has played a key role in reducing poverty levels by providing access to capital for income-generating activities.
- Agricultural production has witnessed a noticeable rise due to the availability of timely credit at reasonable interest rates through financial inclusion initiatives.
- Access to formal financial institutions has reduced dependency on informal moneylenders who charge exorbitant interest rates, thus increasing the disposable income of individuals.
- Financial inclusion has encouraged entrepreneurship among the youth population, leading to employment generation and overall economic development.

- Women have been major beneficiaries of financial inclusion programs, enabling them to start their own businesses and contribute financially towards their households' wellbeing.
- Digital payment systems have gained popularity due to increased financial inclusivity, resulting in faster and more secure transactions and boosting trade within the state's economy.
- Microfinance institutions have expanded their reach through partnerships with local self-help groups, providing access to finance for even the most marginalized sections of society.

Suggestions:

India Financial inclusion is a critical component for driving social and economic development in Bihar, India. With the majority of its population residing in rural areas, access to financial services has been a major challenge in the state. The lack of formal banking facilities and limited knowledge about financial products has resulted in a large section of the population being excluded from the formal financial system. However, with efforts towards promoting financial inclusion gaining momentum in recent years, there has been a positive impact on the overall development scenario of Bihar. The provision of basic banking services such as savings accounts, credit facilities and insurance policies have enabled individuals from different socio-economic backgrounds to manage their finances more efficiently.

There are following suggestions on this study:

- ✚ Promote Financial Literacy: The first step to achieving financial inclusion in Bihar is by promoting financial literacy among the rural population. This will help them understand the importance and benefits of having access to formal financial services.
- ✚ Encourage Digital Payments: Embracing digital payments can greatly enhance financial inclusion in Bihar, especially in remote areas where physical bank branches are scarce. It will also bring about transparency and efficiency in transactions.
- ✚ Increase Access to Banking Services: Efforts should be made to increase the number of bank branches, ATM kiosks, and business correspondents in rural areas of Bihar. This will ensure easy access to banking services for people living in these areas.
- ✚ Introduce Microfinance Programs: Microfinance institutions can play a crucial role in providing credit facilities to individuals and small businesses that do not have access to traditional banking systems.

- ✚ Expand Insurance Coverage: In addition to basic banking services, there is also a need for insurance products tailored specifically for low-income households and small-scale businesses in rural Bihar.
- ✚ Support Small-Scale Enterprises: Providing financial assistance through loans or grants can help micro-enterprises grow and contribute towards economic development in Bihar.
- ✚ Spread Awareness: It is crucial to raise awareness about the benefits of financial inclusion among people living in rural areas of Bihar. This can be achieved through mass communication campaigns, community meetings, and education programs.
- ✚ Promote Microfinance Institutions: Microfinance institutions play a significant role in providing financial services to individuals who are excluded from mainstream banking systems. The government should promote these institutions and provide them with necessary support.

Conclusion:

The implementation of financial inclusion initiatives in Bihar has had a significant impact on both social and economic development. The increase in access to financial services, such as banking facilities and credit options, has improved the overall financial stability of individuals and communities. This has allowed for better management of resources and increased spending power, leading to an improvement in living standards. Moreover, the promotion of financial literacy has empowered individuals with knowledge on budgeting, savings and investment strategies. This not only encourages responsible spending but also enables them to make informed decisions regarding their finances. As a result, there is a reduction in poverty levels, especially among women who have been historically marginalized from accessing financial services. Furthermore, the growth of micro-enterprises through microfinance initiatives has contributed significantly to job creation and enhanced entrepreneurship opportunities among rural populations. This has not only provided sources of income but also enhanced skills development and fostered self-reliance. However, it is essential to note that there are still challenges that need to be addressed when it comes to achieving full inclusivity in Bihar's finance sector. These include limited access to digital infrastructure and low levels of awareness among certain segments of society regarding available finance options. Financial inclusion has played a crucial role in the social and economic development of Bihar. It has contributed to creating equitable opportunities for all individuals and communities, including the marginalized

and underprivileged sections of society. This progress can be seen through improved access to formal banking channels, increased savings and investments, and reduction in poverty rates.

Limitations of study:

Despite the importance of understanding the impact of financial inclusion on social and economic development in Bihar, there are several limitations to consider when interpreting the findings of this study. One major limitation is that the data used for this study were collected through secondary sources, which may be limited in terms of their reliability and generalizability. Additionally, due to time constraints and resource availability, the sample size for this study was relatively small. This limits the ability to draw definitive conclusions about causality between financial inclusion and social and economic development. Another potential limitation is related to measurement error. Since most measures used in this study rely on self-reported data from individuals or institutions, there is a risk of bias or misreporting by participants.

Further research:

It is necessary to fully understand the potential benefits and challenges of promoting financial inclusion in this state. By analyzing data on access to financial services, household income and savings, and credit utilization, we can gain insights into how financial inclusion impacts various socio-economic indicators such as poverty reduction, empowerment of women, employment generation, and overall economic growth. This research can also shed light on the barriers that prevent marginalized communities from accessing formal financial services and provide recommendations for policymakers to address these issues effectively. Moreover, studying the impact of financial inclusion in Bihar can help us understand how it differs from other states in India and what measures are needed to tailor interventions specifically for Bihar's unique socio-economic context. It can also highlight successful initiatives implemented by governments or non-governmental organizations (NGOs) to promote financial inclusion that could be replicated in other regions facing similar challenges. In addition to its effects on individuals and households, examining the macroeconomic impact of improved access to finance in Bihar holds great importance. Better use of credit not only increases people's purchasing power but also opens up opportunities for entrepreneurship activities which leads towards job creation and boosts economic growth. Furthermore, understanding the role played by digital technology in increasing accessibility and usage of formal banking services is crucial.

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