

**FINANCIAL SECTOR REFORMS AND RURAL FINANCIAL
MARKETS IN INDIA**

ANAND BANSAL

Punjabi University, Campus Talwandi Sabo, Associate Professor Department of
Commerce GKC

email: preetmillie@yahoo.com

Abstract

The major motive of introducing measures in financial markets in early 1990s was the transformation of banks and other financial institutions into productive and operationally efficient service industry; which was essential to make their reach throughout the country by working in the flexible and autonomous environment. In spite of all the efforts and reforms made in the Indian financial sector, still the financial markets are lacking a lot especially in rural areas. Rural financial markets are the pre requisites for the growth and development of the rural areas. The issue of development of rural financial system deserves more importance for countries like India as more than 70% people are living in rural areas and they are living their life based upon agriculture and related activities. The development of rural financial markets is indispensable to fulfil the India's dream of financial inclusion. There are still large numbers of intrinsic shortcoming in rural financial sector although reform process is going on since last two decades. In this context, this paper provides an assessment of various dynamics related to reforms and organisational setup of India's rural financial sector and its effectiveness to ensure financial inclusion.

Keywords: financial sector, reforms, rural financial sector

JEL Classification: G10