

Role of RBI in Promoting Inclusive Education in India: A Macroeconomic Policy Perspective

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ABSTRACT:

The Reserve Bank of India (RBI), as the apex monetary authority and financial sector regulator, has progressively assumed a role that extends beyond macroeconomic stabilisation towards catalysing socio-economic equity. This study examines how RBI can promote inclusive education, including students with disabilities, in India. Employing a qualitative document analysis of publicly available RBI circulars, master directions, and statutory instruments, alongside a thematic review of disability-studies and financial-inclusion literature, this study maps the regulatory instruments deployed by RBI, including Priority Sector Lending (PSL) guidelines, against the imperatives of disability-inclusive tertiary education as mandated by the RPwD Act, 2016, and the NEP 2020. The study indicates that while credit to the education sector has expanded in absolute terms over time, its relative share in both total credit supply and priority sector lending has declined significantly. Therefore, to promote inclusive education in India, the study recommends that the RBI should enhance the availability and affordability of educational credit by reducing interest rates on education loans. Additionally, the PSL targets for educational loans should be enhanced, encouraging banks to allocate a larger share of their credit portfolio toward higher education, vocational training, skill development, and digital learning programs. For students with disability, RBI should introduce dedicated sub-targets within the priority sector lending framework for special and inclusive education. Additionally, RBI can mandate commercial banks to allocate a specific proportion of their educational loan portfolio to students with disabilities and set minimum credit allocation limits for special education institutions.

Keywords: Inclusive Education, Students with Disabilities, Reserve Bank of India, Priority Sector Lending, India.

1. Introduction

The Reserve Bank of India (RBI), established in 1935, stands as the central banking institution of India, wielding a pivotal role in the country's

economic landscape. Its foundation was laid based on the recommendations of the Hilton Young Commission, and its operations officially commenced on April 1, 1935, as stipulated in the Reserve Bank of India Act, 1934. Notably,

India was the first British colony to have its own central bank, and the RBI was initially a privately owned entity, with its share capital divided among private individuals and institutions. However, following nationalization in 1949, it became fully owned by the Government of India, a watershed moment that aligned the institution's mandate more explicitly with national development priorities. The RBI Act was amended to designate price stability as the central objective of monetary policy, with flexible inflation targeting adopted as the nominal anchor for policy formulation. Additionally, a six-member Monetary Policy Committee (MPC) was constituted and entrusted with the responsibility of achieving the prescribed inflation target while supporting economic growth. The inflation target was set at 4 percent CPI, with a tolerance band of ± 2 percent (Patel et al., 2014). As the apex bank and a member of the International Monetary Fund (IMF), the RBI plays a crucial role in India's economic development, financial stability, and the smooth functioning of the banking sector. Its core objectives, as outlined in the governing legislation, include formulating and implementing the country's monetary policies, maintaining price stability across all sectors with an orientation toward growth, protecting the interests of investors, facilitating external trade, and overseeing the Foreign Exchange Management Act, 1999. In terms of functional responsibilities, the RBI formulates and implements monetary policy. As the backbone of the country's financial system, the RBI has been entrusted by both the government and the public with the responsibility of regulating, supervising, and facilitating the flow of money within the economy. In addition, the RBI plays an active role in economic planning and developmental initiatives to ensure financial stability and sustainable economic growth. Its developmental and supervisory roles have been particularly consequential for India's socio-economic progress: by channeling credit toward priority sectors such as agriculture, small-scale industries, and rural development, the RBI has served not merely as a regulator but as an active

agent of structural transformation. Cumulatively, the Reserve Bank of India represents an institution whose mandate transcends conventional monetary oversight; through decades of policy innovation and institutional stewardship, it has remained central to India's ambitions of achieving inclusive, stable, and sustainable economic growth.

India's central bank, the RBI, takes on the role of implementing monetary policy as per the different needs of the country (Brahmachary, 2019). According to the RBI (1934), "Monetary Policy refers to the use of monetary instruments under the control of the central bank to regulate magnitudes such as interest rates, money supply, and availability of credit to achieve the ultimate objective of economic policy to maintain price stability while considering economic growth". Through control of policy interest rates, liquidity, and money supply, the RBI shapes borrowing costs, credit conditions, and overall macroeconomic stability, which are foundational for inclusive development. Monetary policy plays an indirect but significant role in promoting inclusive education in India by influencing the availability, affordability, and accessibility of financial resources for educational development. Through various channels, monetary policy supports this objective. An accommodative monetary policy characterized by lower interest rates reduces the cost of borrowing for households and students (Brahmachary, 2019). Lower lending rates encourage banks to provide education loans at affordable rates, enabling students from economically weaker sections to pursue higher education without facing severe financial constraints. Increased access to educational credit enhances enrolment rates and educational attainment. Monetary policy can facilitate credit flow to sectors that support educational infrastructure. Improved access to finance enables investments in schools, colleges, vocational training centres, digital learning platforms, and educational technologies, particularly in rural and backward regions. Such investments help bridge educational disparities

across regions and social groups. It is at this intersection, financial exclusion and educational exclusion, that the RBI's macroeconomic and financial inclusion mandate becomes critically relevant. The RBI possesses a vast toolkit of monetary, regulatory, and developmental instruments. Through its financial inclusion policies, RBI directly influences the availability, affordability, and accessibility of credit and banking services for vulnerable populations, including persons with disabilities. Yet, the relationship between RBI's financial inclusion architecture and the promotion of inclusive higher education has received remarkably little scholarly and policy attention. Central to this mission, there are two principal transmission mechanisms: the credit and the interest rate channel, both of which operate through an intricate institutional framework to shape investment, consumption, employment, and welfare outcomes at scale (Khundrakpam, 2017; Dua, 2020). The interest rate channel complements this credit-directed approach by governing the cost and availability of money across the economy. The interest channel operates when a rise in interest rate increases financing costs and thus slows down investment in the economy, while the credit channel works through intermediaries such as banks, where entities that heavily depend on bank credit are affected the most. Priority Sector Lending (PSL) has been a cornerstone of the RBI's strategy to direct institutional credit toward sectors deemed vital for socio-economic development. The PSL was introduced in 1967 by Shri Morarji Desai. Consequently, PSL pertains to extending loans to those sections of the economy that are prioritized, have credibility, and potential to contribute to the nation's development, but have inadequate finance at subsidized rates (Uppal, 2009; Bano & Sharma, 2020). The primary objective of PSL was to direct financial assistance toward socially desirable sectors and vulnerable segments (Vittas & Cho, 1995). According to the revised guidelines on PSL, issued by RBI on 24 March 2025 (updated as on 19 January 2026), priority sectors include micro, small & medium enterprises, agriculture, social

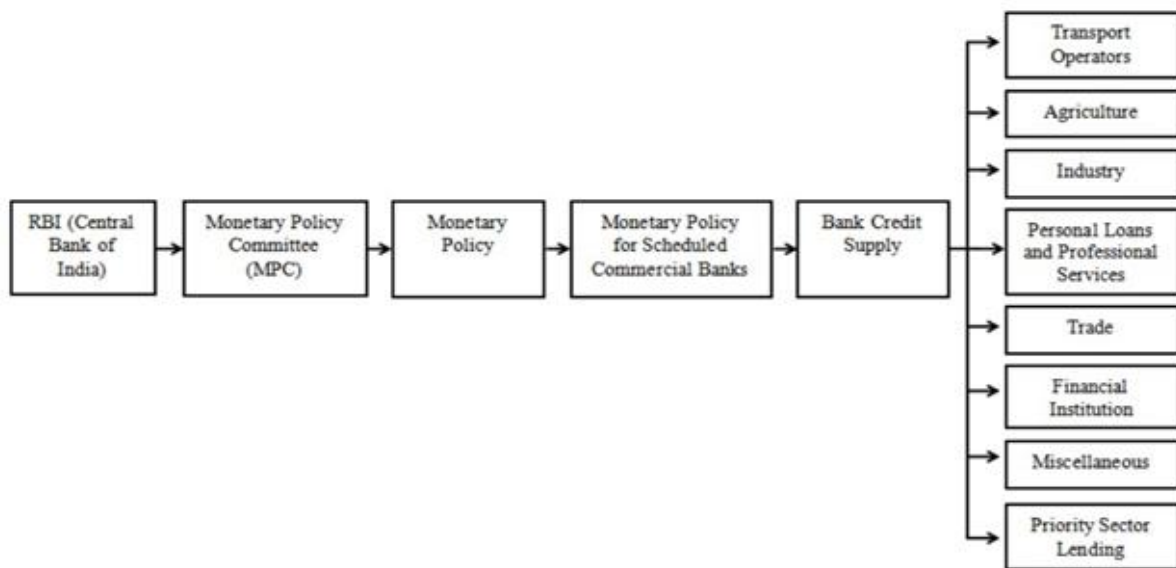
infrastructure, export credit, renewable energy, housing, education, weaker section, and others. Lending to agriculture comprises farm credit and infrastructure & auxiliary activities. Education includes loans to individuals for educational purposes, including vocational courses. Housing includes loans for constructing houses by individuals and credit for the maintenance of damaged houses, etc. The weaker section includes small & marginal farmers, village artisans, & cottage industries, scheduled castes, beneficiaries of government schemes, and scheduled tribes. Currently, Domestic Commercial Banks (excluding RRBs and SFBs) and Foreign Banks with 20 branches and above are required to advance 40 percent of ANBC or Credit Equivalent of Off-Balance Sheet Exposure (CEOBE), whichever is more, to priority sectors. According to the revised RBI guidelines, "loans granted to individuals for educational purposes, including vocational courses, up to a limit of ₹25 lakh", are eligible for PSL classification. Besides, commercial banks have to deposit the amount of shortfall in targets/sub-targets of PSL in the Rural Infrastructure Development Fund (RIDF) managed by NABARD and additional funds with SIDBI/NHB/ NABARD/MUDRA Ltd (RBI, 2026).

By bridging the credit gap, PSL empowers individuals and communities, fostering a more inclusive and equitable society, with the framework explicitly targeting the stimulation of economic growth in underserved regions and the encouragement of entrepreneurship among MSMEs and start-ups. Figure 1 illustrates how bank credit supply in India is influenced by monetary policy decisions. The RBI, through the Monetary Policy Committee (MPC), formulates monetary policy by determining key policy rates and other measures that regulate liquidity and credit conditions in the economy. Once the monetary policy is established, it is transmitted to scheduled commercial banks, which adjust their lending activities according to the policy directives. These banks then provide credit to different sectors of the economy, creating the

overall bank credit supply. The credit supplied by banks is distributed across various sectors, including transport operators, agriculture, industry, personal loans and professional services, trade, financial institutions, miscellaneous activities, and priority sector lending. This flow demonstrates the transmission mechanism of monetary policy,

where decisions made by the RBI ultimately affect the availability of loans and financial resources to businesses, farmers, institutions, and individuals. Through this process, monetary policy plays a crucial role in influencing economic growth, investment, consumption, and sectoral development in India.

Figure 1: Flow Chart of Bank Credit Supply in India



Source: The Authors

Inclusive education, defined as the provision of quality education to all learners irrespective of their physical, cognitive, sensory, or socio-economic circumstances, has emerged as a cornerstone of global educational policy (Haug, 2017). “Inclusive education means creating systems and environments that enable all students to have equal access to education and learning” (World Bank, 2025). Inclusive education is widely recognized as the most effective approach to ensuring that every child has an equal opportunity to access education, acquire knowledge, and develop the skills necessary for personal and social advancement. It promotes the learning of all children together in the same classrooms and schools, regardless of their backgrounds or abilities. Inclusive education creates meaningful learning opportunities for groups that have historically faced exclusion, including children with disabilities, linguistic minorities, and other

marginalized populations, thereby fostering equity, participation, and social inclusion (UNICEF, 2026). An inclusive approach to education ensures that the diverse needs of every learner are recognized and addressed, enabling all students to participate, learn, and succeed together. It is based on the belief that every child is capable of learning and that each learner possesses distinct characteristics, interests, abilities, and educational requirements. Inclusive education places particular emphasis on supporting students who are vulnerable to marginalization, exclusion, or poor academic outcomes, ensuring that they receive equitable opportunities to achieve their full potential (UNESCO, 2026).

Additionally, disability education in India refers to the provision of equitable and quality educational opportunities for students with disabilities (SWDs). It is based on the principle of inclusive education, which seeks to integrate

students with disabilities into mainstream schools while providing necessary support services, assistive technologies, and learning accommodations. The objective is to ensure that no individual is denied education due to physical, sensory, intellectual, or developmental disabilities (Arora, 2023). India has made significant progress in promoting educational inclusion through constitutional provisions and policy interventions. The United Nations Convention on the Rights of Persons with Disabilities (UNCRPD, 2006), ratified by India in 2007, obligates member states to ensure an inclusive education system at all levels, including higher education. Article 21A of the Constitution enshrines education as a fundamental right, ensuring education for all children between the ages of 6 and 14 years, while the Rights of Persons with Disabilities Act, 2016, mandates inclusive education and prohibits discrimination against persons with disabilities. India's Rights of Persons with Disabilities Act, 2016 (RPwD Act) operationalises this commitment domestically. Section 16 of the Act imposes a positive duty on educational institutions funded or recognised by the government to provide inclusive education, including reasonable accommodation, accessible infrastructure, and individualised support. Section 32 requires all government and government-aided higher educational institutions to reserve at least 5 percent of their seats for persons with benchmark disabilities. The Act further recognises twenty-one specified disability categories, substantially expanding the constituency of students entitled to inclusive provision. More recently, the National Education Policy 2020 (NEP, 2020) emphasizes inclusive and equitable quality education for all learners, including children with disabilities. It advocates barrier-free access, assistive technologies, teacher training, flexible curricula, and individualized learning approaches. India's NEP 2020 reinforced the commitment to equitable and inclusive education across all stages, and the goal of an inclusive knowledge economy is central to the national developmental vision of Viksit Bharat by 2047.

Similarly, the Samagra Shiksha scheme supports the education of SWDs through resource teachers, learning materials, transportation assistance, and infrastructural improvements (Taneja-Johansson et al., 2023). However, access to higher education for students with disabilities in India remains significantly constrained-not only by infrastructural and attitudinal barriers, but, critically, by financial barriers. Disability and poverty are deeply correlated in the Indian context. The financial cost of pursuing higher education, including tuition fees, accommodation, assistive technology, and specialised support services, renders higher education inaccessible for many students with disabilities, particularly those from marginalised households.

2. Conceptual Framework

This research paper is anchored in two complementary theoretical frameworks: the Capability Approach and the Financial Inclusion-Human Development Nexus.

2.1 The Capability Approach

Amartya Sen's Capability Approach (1999) posits that human well-being and freedom should be understood not merely in terms of income or resources, but in terms of individuals' actual capabilities-what they can do and be. Applied to disability and education, the Capability Approach highlights that students with disabilities may possess the intrinsic potential for higher learning but lack the external capabilities-financial resources, assistive technologies, accessible infrastructure-required to realise that potential. The role of public policy, including financial policy, is therefore to expand capabilities, not merely provide formal access.

Within this framework, RBI's financial inclusion policies are conceptualised as capability-expanding instruments. When education loans are accessible, affordable, and disability-sensitive, they expand the financial capability of SWDs to participate meaningfully in higher education. Conversely, when financial instruments are designed without consideration

of disability-related needs, such as assistive technology costs or the reduced earning potential of caregiving households, they perpetuate capability deprivation and compound social exclusion.

2.2 The Financial Inclusion-Human Development Nexus

A substantial body of literature establishes that financial inclusion is not merely an economic goal but a human development imperative (Demirguc-Kunt & Klapper, 2013; Arun & Kamath, 2015). Access to formal financial services-savings, insurance, credit, and payments-enables households to invest in education, manage health shocks, and escape inter-generational poverty traps. For households with members with disabilities, access to financial services is particularly crucial given the higher household expenditures on healthcare, assistive support, and specialised services.

Introduced in 2021, the RBI's Financial Inclusion Index (FI-Index) serves as a comprehensive measure of financial inclusion by evaluating performance across three dimensions: access, usage, and quality of financial services. This paper argues that inclusive higher education represents a fourth, implicit dimension-the developmental outcome of financial inclusion that the current measurement and policy architecture does not sufficiently address. A deliberate policy bridge between the RBI's financial inclusion mandate and the Ministry of Education's inclusive education mandate is both necessary and feasible within the existing constitutional and statutory framework of India.

3. Literature Review

The literature on financial inclusion and disability in India and globally occupies a niche but growing space. UNESCO's Salamanca Statement (1994), though primarily addressing school-level inclusive education, established the normative principle that inclusive education requires systemic reform across all institutions, including financial institutions. Applied to higher education, this principle suggests that

central banks and financial regulators bear a co-responsibility alongside ministries of education in realising inclusive education goals. This normative claim, however, has not been operationalised in the Indian policy context, nor has it received sustained academic attention in the intersection of monetary policy and special education research. From the disability-studies tradition, Oliver's (1996) social model of disability reframes disability as a product of disabling social and institutional arrangements rather than individual impairment, while Linton (1998) foregrounds disability identity and the politics of language. Applied to the present inquiry, the social model implies that inaccessible and disability-blind financial systems are themselves disabling structures. Getzel & Wehman (2005) and Wehman (2013) established that the transition of students with disabilities into and through post-secondary education depends not only on academic readiness and institutional accommodation but on the material and financial resources available to sustain enrolment to completion. Their work demonstrates that financial precarity is a principal cause of non-completion among post-secondary students with disabilities. On the RBI and financial inclusion front, Thorat (2007) provided an early account of RBI's evolving developmental mandate, tracing the shift from its traditional monetary policy role towards an active financial inclusion agenda following the nationalisation of commercial banks. Gorski (2008), writing in the global context, cautioned against a 'culture of poverty' narrative that attributes educational exclusion to individual deficits rather than systemic financial and institutional barriers, an insight that is particularly relevant to the situation of students with disabilities in India's higher education system. This body of scholarship establishes that financing is not peripheral but central to inclusive higher education; yet it has not engaged with the specific regulatory levers held by financial regulators such as the RBI. The Rangarajan Committee Report (2008) on financial inclusion laid the groundwork for RBI's contemporary policy architecture, emphasising

the need to bring excluded populations, including those with disabilities, into the formal financial system through both supply-side and demand-side interventions. Ghosh (2012) and Kumar (2013) have examined the determinants and consequences of financial inclusion in India, with both noting that social identity variables-including disability status- significantly mediate financial inclusion outcomes even after controlling for income levels and geographic location. However, neither study translates these findings into education policy implications, representing a gap that the present paper seeks to systematically address. Mitra et al. (2013), in their landmark cross-country study on disability and poverty in developing countries, demonstrated that persons with disabilities experience higher rates of multidimensional poverty, with restricted access to credit and financial services constituting a primary driver of educational exclusion. The Mor Committee Report (2014) further advanced this agenda, calling for differentiated banking licences and technology-driven delivery mechanisms to reach the last mile of financial exclusion. Burgstahler's (2015) work on universal design extends this logic, arguing that systems, including financial and informational systems, should be designed for the full range of human variation from the outset. In the Indian context, Bhaskaran et al. (2018) documented the near-total absence of disability-specific financial products in the mainstream banking sector, noting that even schemes ostensibly targeting weaker sections rarely include explicit provisions for persons with disabilities in their product design or delivery mechanisms. Similarly, the World Bank (2019) reported that persons with disabilities in South Asia are 30-40% less likely to complete tertiary education compared to non-disabled peers, with financial barriers consistently identified as a top constraint in household surveys. Srivastava and Bhatt (2019) argued that financial inclusion programmes in India adopt a predominantly income-based lens, systematically ignoring the additional and distinct financial vulnerabilities faced by persons with disabilities, including higher costs of living, irregular income

streams of caregivers, and lack of collateral. The study by Arora (2023) revealed that although the enrolment of SWDs in higher education has grown at an annual rate of 5.89%, their overall participation remains extremely low, accounting for only about 0.24% of total enrolment and significantly below the 5% reservation mandated under the RPwD Act, 2016. The study identifies several challenges faced by SWDs, including inaccessible infrastructure, inadequate transportation facilities, lack of academic support resources such as Braille materials and assistive technologies, financial constraints, and negative attitudes from faculty and peers. These barriers not only restrict access but also adversely affect academic performance. The study argues that despite progressive legislative measures such as the RPwD Act, 2016, and the National Education Policy (NEP), 2020, implementation gaps continue to hinder meaningful inclusion. Taneja-Johansson et al. (2023) examined the status of inclusive education for children with disabilities in rural government schools in Haryana, India. The findings revealed that teachers generally recognized the importance of education for children with disabilities and acknowledged their right to participate in mainstream schooling. However, their understanding of disability was largely shaped by deficit-oriented perspectives, resulting in low academic expectations and limited engagement with these students. The study further identified major barriers to effective inclusion, including inadequate teacher training, insufficient pedagogical skills, lack of professional support, poor infrastructure, and a severe shortage of special educators. The study concluded that while policy reforms have improved school access for children with disabilities, meaningful inclusion remains a significant challenge in rural India.

Regarding inclusive education financing in India, the literature has largely focused on government budget allocations under Sarva Shiksha Abhiyan (now SAMAGRA SHIKSHA) and scholarship schemes under the Ministry of Social Justice and Empowerment. The role of credit institutions

and the central bank's regulatory framework in financing inclusive higher education has been largely overlooked. Critically, the special-education literature on higher-education access for students with disabilities, the disciplinary home of this paper's intended readership, has developed largely in parallel to, and disconnected from, the financial-inclusion literature. The literature thus reveals a clear and significant gap. The financial-inclusion literature documents RBI's evolving developmental mandate but does not connect it to educational outcomes for students with disabilities. The special-education literature establishes the centrality of financing to inclusive higher education but does not engage with central-bank regulation or credit policy.

4. Methodology

The present study adopts a theoretical and descriptive research design to examine the role of RBI in promoting inclusive education in

India. The analysis is qualitative and descriptive in nature, focusing on the review and synthesis of existing literature, policy frameworks, and statistical evidence. The corpus of primary policy documents analysed comprises publicly available instruments in three categories: (i) RBI regulatory instrument the Master Direction on Priority Sector Lending (2026) (ii) financial-education and inclusion-strategy documents- the reports of the Rangarajan (2008) and Mor (2014) Committees; and (iii) statutory and education-policy instruments bearing on disability and higher education- the RPwD Act, 2016, and NEP 2020. These were supplemented by peer-reviewed literature from both the financial-inclusion and special-education fields, identified through targeted searches of Scopus and Google Scholar using combinations of the term's financial inclusion, disability, higher education, education loan, and inclusive education. The study is primarily based on secondary data collected from RBI.

5. Data, Findings and Discussion

5.1 Educational Credit Expansion in India

Table 1: Credit Supply to Education Sector from 2008-09 to 2024-25 in India

Year	Total Credit Supply (in crores)	Credit Supply to Education Sector under Personal Loan (in crores)	Percentage of Credit Supply to Education Sector under Personal Loan of Total Credit Supply	Total Advances to Priority Sectors (in crores)	Credit Supply to Education Sector under PSL (in crores)	Percentage of Credit Supply to Education Sector under PSL of Total Advances to Priority Sectors
2008-09	2847713	24848	0.87	719767	26926	3.74
2009-10	3345169	38380	1.15	864953.8	35292	4.08
2010-11	4075647	46990	1.15	1028616	41344	4.02
2011-12	4803267	52005	1.08	1130200	46800	4.14
2012-13	5525317	55044	1.00	1694907	52766	3.11
2013-14	6282082	54110	0.86	2175636	57176	2.63
2014-15	6878473	63202	0.92	2377784	59407	2.50
2015-16	7522645	68493	0.91	2757730	61853	2.24
2016-17	7917869	72468	0.92	2930172	62854	2.15

2017-18	8766973	77013	0.88	3220030	61773	1.92
2018-19	9897595	78544	0.79	3739954	62456	1.67
2019-20	10518812	83089	0.79	3969922	61802	1.56
2020-21	11078050	80883	0.73	4411603	61213	1.39
2021-22	12258748	85892	0.70	4866481	60562	1.24
2022-23	14198006	101064	0.71	5435903	60027	1.10
2023-24	16913694	120099	0.71	6431589	62509	0.97
2024-25	18786865	139241	0.74	6969094	63666	0.91

Source: Reserve Bank of India (2026) Note: Financial Year 2008-09 is from April to March

The RBI has played a structurally significant role in stimulating inclusive education development in India, principally through the orchestrated deployment of the credit and the interest rate transmission mechanism. As the central bank and financial sector regulator, the RBI has played a crucial role in spearheading financial inclusion efforts in India, recognising financial inclusion as a critical enabler for inclusive economic growth, poverty reduction, and overall societal development. One of the most direct instruments through which the RBI has operationalised its inclusive education mandate is the PSL framework. Table 1 reveals that while total credit supply in the economy has grown substantially from 2008-09 to 2024-25, the share of credit allocated to the education sector has declined in relative terms. Total bank credit supply increased substantially from Rs. 28.48 lakh crore in 2008-09 to Rs. 187.87 lakh crore in 2024-25, representing more than a six-fold increase over the study period. Credit extended to the education sector under personal loans also increased from Rs. 24,848 crore in 2008-09 to Rs. 1,39,241 crore in 2024-25. In absolute terms, educational lending through personal loans grew steadily, reflecting rising demand for higher education, professional courses, and skill development programs. However, as a proportion of total credit supply, education loans under personal lending remained relatively small. The share increased from 0.87 percent in 2008-09 to a peak of 1.15 percent during 2009-10 and 2010-11, but subsequently declined and stabilized around 0.70-0.74 percent during the

later years. This indicates that although educational loans expanded in value, their growth was slower than the overall expansion of bank credit. A similar pattern is observed in Priority Sector Lending. Total advances to priority sectors increased sharply from Rs. 7.20 lakh crore in 2008-09 to Rs. 69.69 lakh crore in 2024-25, reflecting the growing importance of priority-sector financing in India's banking system. Credit supplied to education under PSL rose from Rs. 26,926 crore in 2008-09 to Rs. 63,666 crore in 2024-25. However, the share of education within total PSL advances witnessed a persistent decline throughout the period. Educational credit accounted for 3.74 percent of total PSL advances in 2008-09 and reached its highest level of 4.14 percent in 2011-12. Thereafter, the share continuously declined to only 0.91 percent in 2024-25. This indicates that education financing has not kept pace with overall credit expansion. The persistent decline, particularly after 2011-12, may be attributed to rising non-performing assets in education loans, increased risk aversion among banks, and a shift in lending focus toward other priority sectors. Overall, the data indicate that while credit to the education sector has expanded in absolute terms over time, its relative share in both total credit supply and priority sector lending has declined significantly. This trend raises concerns regarding the adequacy of institutional financing for education and highlights the need for policy measures to enhance credit flow to the education sector. In this context, monetary policy plays a crucial role in improving credit

flow to the education sector. By reducing policy interest rates, ensuring adequate liquidity in the banking system, and promoting credit-enhancing measures, monetary authorities can lower the cost of borrowing and incentivize banks to expand lending to relatively underserved sectors like education. Additionally, supportive regulatory policies, refinancing facilities, and targeted credit schemes can further strengthen the transmission of monetary policy to education financing. Thus, an accommodative and well-calibrated monetary policy framework can help address the declining share of education credit and promote inclusive education growth through enhanced investment in human capital.

At present, educational loans are covered under the broader education category of PSL; however, there is no dedicated lending target for students with disabilities, special education institutions, assistive learning technologies, or inclusive educational infrastructure. Establishing a specific sub-target would ensure that a predetermined share of educational credit is directed toward these underserved segments. Such a policy could encourage banks to provide affordable financing for special schools, inclusive classrooms, rehabilitation and vocational training centers, and the purchase of assistive devices. Furthermore, dedicated credit targets would improve financial access for students with special needs, reduce educational disparities, and support the objectives of equitable and inclusive human capital development. Lending to special education plays a vital role in promoting inclusive education and social development in India by ensuring that students with disabilities and special learning needs have access to quality educational opportunities. Adequate credit support enables educational institutions to develop inclusive infrastructure, procure assistive technologies, establish resource centers, and provide specialized teaching services that cater to diverse learning requirements. Financial assistance also helps families meet the costs associated with special education, vocational training, and skill

development programs, thereby reducing economic barriers to educational access. By expanding educational opportunities for differently-abled individuals, special education lending enhances human capital formation, improves employability, and promotes economic participation. Furthermore, inclusive education fosters social integration, reduces discrimination, and strengthens social cohesion by creating an environment where all individuals can contribute productively to society. Therefore, targeted lending to special education serves as an important instrument for achieving educational equity, social justice, and sustainable socio-economic development in India.

6. Conclusion and Policy Recommendations

The present study has demonstrated that the Reserve Bank of India, as India's apex financial authority, occupies a unique and critically underutilised position in the architecture of inclusive education. Through its credit allocation and PSL framework, RBI already possesses the policy tools necessary to materially advance the financial access of SWDs to education in India. What is required is not new legislation or entirely new institutions, but a deliberate and conscious reorientation of existing instruments to make them disability-responsive, education-inclusive, and mutually reinforcing. The policy recommendations advanced are practical, implementable within the existing mandate of the RBI, and calibrated to create measurable, monitorable change. As India aspires toward *Viksit Bharat* by 2047, the inclusion of its approximately 2.21% population with disabilities in the knowledge economy is not just a matter of social justice; it is an economic and developmental imperative. The Reserve Bank of India, by deliberately aligning its financial inclusion policies with the goals of inclusive education, can make a decisive and distinctive macroeconomic contribution to this national aspiration.

To promote inclusive education in India through enhanced credit supply, the RBI should adopt a comprehensive and equitable financing framework that ensures access to educational

loans for all sections of society, including students with disabilities and those from marginalized backgrounds. A key policy measure to promote inclusive education in India is to enhance the availability and affordability of educational credit by reducing interest rates on education loans, particularly for students from economically weaker sections, rural areas, and marginalized communities. Further, the RBI should strengthen the flow of educational credit through both personal education loans and the Priority Sector Lending (PSL) framework. Banks should expand access to low-interest education loans for underserved students by simplifying documentation requirements and reducing collateral obligations. Additionally, the PSL targets for educational loans should be enhanced, encouraging banks to allocate a larger share of their credit portfolio toward higher education, vocational training, skill development, and digital learning programs. Moreover, the RBI should introduce interest subsidies, credit guarantees, and flexible repayment options linked to employment outcomes to reduce the financial burden on students. Also, financial literacy and awareness campaigns should be conducted in underserved regions to improve knowledge about available educational financing schemes.

For students with disabilities, financial support should be extended to institutions providing inclusive and special education. Banks may offer concessional credit to schools, colleges, and training centers for developing accessible infrastructure, including ramps, assistive learning technologies, Braille resources, sign-language

facilities, and specialized teaching equipment. RBI should introduce dedicated sub-targets within the priority sector lending framework for special and inclusive education. The government and the RBI can mandate commercial banks to allocate a specific proportion of their educational loan portfolio to students with disabilities, economically disadvantaged groups, tribal communities, and learners requiring special educational support. Setting minimum credit allocation limits for special education institutions, assistive technology, vocational training programs, and inclusive infrastructure development would ensure adequate financial resources reach underserved segments. Banks may also be encouraged to offer concessional interest rates, flexible repayment schedules, and credit guarantee support for borrowers in these categories. Regular monitoring of lending targets, coupled with performance-based incentives for financial institutions achieving inclusive education credit goals, can improve accountability and outreach. Such targeted credit policies would enhance access to quality education, reduce educational inequalities, and contribute to achieving the objectives of inclusive growth and sustainable human capital development in India.

Declarations

The authors declare no conflict of interest in relation to this research. This research paper is a conceptual and policy analysis study. It involve secondary data drawn from RBI publications and therefore did not require institutional ethical clearance.

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