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### Recent Issues and Role of Indian Banking System in Financial Inclusion: An Assessment

Shilpa Sahota and Babli Dhiman

<sup>1\*</sup>Senior Research Scholar, Mittal School of Business, Lovely Professional University, Phagwara-144411, Punjab, India.

E-mail: [shilpaphd99@gmail.com](mailto:shilpaphd99@gmail.com)

<sup>2</sup>Associate Professor, Mittal School of Business, Lovely Professional University, Phagwara-144411, Punjab, India.

**Abstract:** *Background/Objectives:* The banking industry in India has shown wonderful growth in volume of operations. The equal growth has been the prime goal of Indian government since the planning process has undertaken. Financial inclusion mean availability of financial services at reasonable cost to huge section of financially excluded people. The objective of this paper to highlight the eminent scholars efforts related to inclusive growth, discuss various types of schemes, strategies, plans, phases, made by government, recent challenges, issues in achievement of financial inclusion plans, contribution of largest scheduled commercial public (SBI) and private (ICICI) towards equal growth. *Methods/Statistical analysis:* Basically, paper is empirical in nature and reviewed the status includes plans-FIPs, phases, strategies adapted for the improvement of financial inclusion for the period from 2001 to 2015 onwards. Published secondary panel data from the authentic sites, internet sources has obtained, analysed and interpreted as per the paper multiple objectives. *Findings:* The findings of the study describe that the status of financially excluded people has improved over last years through banks. A most grave challenge in coming decades, financing reasonable households, education needs of low income people, rural share-coppers in agriculture sectors, micro and small sector's worker-self-employed. *Conclusion/Improvements:* For comprehensive and sustainable inclusive growth banks considered as important driver. Government of India and Reserve Bank of India-RBI has made concerted efforts during last couple of decades as nationalisation of banks, scheme of lead bank, formation of RRBs-Regional Rural Banks, approach of service area and establishment of self-help groups. As a result of efforts, still vast proportion of population in India under the segment of financial exclusion due to several reasons. Further for the attainment of total financial inclusion dream in India, banks require to design its products, services, models according to rapid structural transformation as well as keep in mind potential consumers' expectations.

**Keywords:** Banking Services, Financial Inclusion, Government of India, Inclusive growth, Structural transformation, Unorganised Sector.

**JEL Classification:** G2, G20, G21.

## 1. INTRODUCTION

The Indian banking sector marked tremendous growth in terms of bulk operations, efficiency and use of ever changing technology to provide financial services and products. In the World, Indian economy is one of the largest and fastest growing economy-but gravest concern about its growth is-uneven mean wider the gap between haves' and haven't. In India, growth at equal level has become policy objective of Union Government at national level. Former honorable Governor of RBI, Dr. Raghuram Rajan has powerful pronounced requirement of diversified growth that strongly helpful in reduction of poverty. Further, he has laid down RBI's development in future based on five pillars-one of the most significant pillar among is financial inclusion aim to expand access of banking services and products to remote, poor, undeserved areas, unorganised sector and Small as well as medium scale enterprises. In simple layman words, financial inclusion define as including the financially lack people into formal financial mainstream. The idea of financial inclusion in India has been prevailing from past four decades. It mean it is not a new concept in India and as old as with the nationalisation of commercial banks in 1969, 1980, establishment of RRBs-regional rural banks in 1975, reforms of banking sector in 1991. Generally, financial inclusion plays crucial role in inclusive growth of the nation and simply optimum condition for sustainable equal growth. It is observed that globally more than two billion population unable to access formal banking financial services and various kind of products which positioned India at third place. The term financial inclusion in India introduced in 2005 by Dr. Chakrabarty (Indian Bank Chairman) and Indian first Village status where all the households accessed with mainstream of banking services name-Manglam Village. The committee chairman of financial inclusion quoted

“the process of ensuring to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections, low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players”.

Moreover, Franklin D. Roosevelt quoted that

“the test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little”.

For financial, economic stability and inclusive growth it is dire need to promote the culture of financial inclusion, remove all regional imbalance of financial infrastructure in India because more than fifty percent of rural population still outside the coverage of organised sector. Financial Inclusion policy comprises the

- (i) No frills account
- (ii) Simplifications of KYC norms
- (iii) Use of Intermediaries
- (iv) introduce GCC-General Credit Card
- (v) Adoption of technology
- (vi) Settlement at one time
- (vii) Financial literacy
- (viii) Preference in use of regional language.

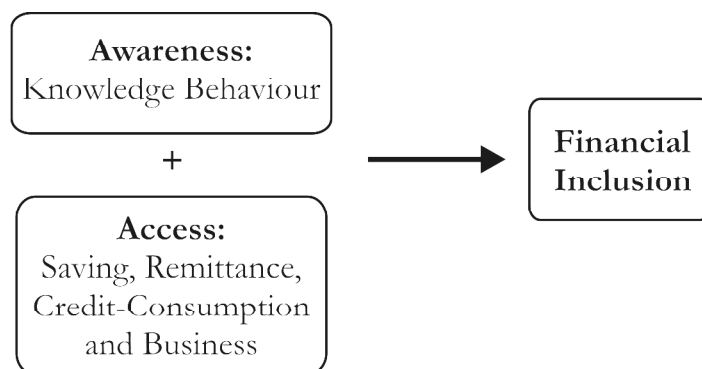


Figure 1: Integrated Approach

Numerous studies have been made on financial inclusion's level of awareness, policy interventions, concept explanation, reviewed on its initiatives as well as degree of financial inclusion status with Asian peer group. This comprehensive study on financial inclusion has undertaken to fill the glaring gap related to recent issues, challenges, determinants, strategies adopted for full-coverage of unbanked areas and contribution of largest scheduled commercial bank-State Bank of India (public sector), ICICI (private sector) in achievement of inclusive growth in India. The study is basically empirical in nature and viewed the status includes plans-FIPs, phases, strategies adapted for the improvement of financial inclusion for the period from 2001 to 2015 onwards. The structure of paper is organised as part 1 deals with introduction, part 2 reviewed the academic literature part 3 and 4 demonstrate the discussion/banking system in financial inclusion and finding of study and part 5 summarised the result positively, while part 6 describe the references. The next section of this paper elaborate the detail study on the financial inclusion concept from recent 2016 to 2006.

## 2. REVIEW OF LITERATURE

Recently, Sundaram and Sriram (2016) highlighted the awareness level related to financial inclusion in India and suggested that for proper financial assistance in this decade government should encouraged scheduled commercial banks to adopt full inclusion at reasonable cost. Ghosh and Vinod (2016) described the policy interventions and observed on an average females heads are less inclined to access formal financial access. Allen *et. al.* (2015) found that less cost of account associated with greater financial inclusion and stronger legal rights leads to leverage financial intermediaries and more stable political environments. Mehta *et. al.* (2015) understand the concept, extent of financial inclusion and summarised that for the improvement in progress of financial inclusion it is necessary to set up financial literacy centres credit counselling in this direction. Shah and Dubhashi (2015) reviewed the academic literature on solid initiatives has taken by Indian Government and Reserve Bank of India on inclusive growth. In the same year Jain also highlighted the achievement of banking sector in this direction. Mehrotra and Yetman (2015) discussed special features for the implications of financial inclusion plans for central banks included

- (i) have easier access to households for saving and borrowing
- (ii) for monetary transmission increase the importance of interest rate.

Hastak and Gaikwad (2015) described the significance and necessity of formal easy access to financial services for society and economy development of India with studied the current scenarios as well as future plans of Reserve Bank of India. Sarma (2015) measured inclusive growth at different point of time, levels

of economic aggregate and used distance based approach, measured inclusiveness of financial system, proposed index of financial inclusion that further incorporates information in single no. between 0 to 1. Kaur and Singh (2015) analysed the strategies require for full-coverage of underprivileged and unbanked areas with strong political will, positive bureaucratic support and persuasion by RBI. Kumar (2014) evaluated the initiatives undertaken for the progress of financial inclusion in terms of branch, credit penetration, financial literacy programs, and diffusion of financial services to create demand and observed that India placed at lowest position in terms of providing formal financial services to large proportion of people. In the year (2013) Shankar analysed barriers in way of inclusive growth as methods of operations and extent of their outreach. Dixit and Ghosh (2013) focused on understanding phenomenon, instrument to attain inclusive growth with special reference to States of India. In Same year, Dangi and Kumar assessed that financial inclusion marked positive and valuable changes due to solid technology and summarised that appropriate provision should be impart in business model, skillful training to banks' staff, managers and business correspondence. Paramasivan and Ganeshkumar (2013) overviewed the financial inclusion status in India and investigated that density of bank branches marked important effect on inclusive growth.

Thamotharan and Prabakaran (2013) explored that technology and information offer chance for private as well other commercial banks to improve financial services in under and unbanked areas. Gaikwad (2012) evaluated the SBI efforts in achievement of financial inclusion in India and found that SBI has already reached out to more than 1 lakh unbanked villages in Andhra Pradesh under the programme of financial inclusion programme of RBI. Gupte (2012) measured determinants, extent and computational index of financial inclusion that captured effect of Indian multidimensional variables. Chakrabarty (2012) highlighted major barriers in way of formal financial system are attitude, lack of reach, high transaction cost and time-consuming services.

Dangi (2012) compared the degree of financial inclusion status with Asian peer group and identified commercial banks play significant role in reduction of financial exclusion in India. Mathur (2012) focused on comprehensive efforts by ICICI bank for promoting inclusive growth and found that bank has undertaken all necessary initiatives for nation's social and economic development. Srinivasan (2007) suggested that banks must be innovative in designing problem response process, and with help of traditional lenders practices and experiences in lending to unorganised sector. Dev (2006) identified scheduled commercial banks play significant role in reduction of financial exclusion in India and for coverage of formal financial services in unorganised sector it is dire need for new regulatory procedures, depoliticisation of the financial system, used services of non-government organisations, and civil society as intermediaries.

### **3. DISCUSSION**

Now a day's, the removal of poverty and equal growth among citizen in every nation has become buzzword for government's intent. Prime Minister of India Modi has declared that wants to vanish 'Financial Untouchability' with coverage of households in formal banking services and various kind of products by opening bank account with zero balance in matter of months. Action Plan of Pradhan Mantri Yojana envisages coverage of all excluded households at comprehensive level in the country in two phases:

#### **Phase-I Cover 15-8-2014 to 14-8-2015 Proposes**

- (i) Facilitates banking services access universally
- (ii) Provide overdraft facility of upto Rs. 5000/- on basic banking account

- (iii) Accident insurance cover of Rs. 11 lakh on RuPay debit card
- (iv) Programmes on financial literacy.

**Phase-II Cover 15-8-2015 to 14-8-2018 Proposes**

- (i) For overdraft account defaulters create credit guarantee fund
- (ii) Insurance at Micro level
- (iii) Pension scheme for unorganised sector like Swavlamban
- (iv) Coverage of households in different areas, hilly and tribal
- (v) Coverage of remaining adults in students and households.

**Table 1**  
**Households Position (Banking Services)**

<i>Census (Data on Households-Rural and Urban)</i>						
<i>Type of Households</i>	<i>As on 2001</i>			<i>As on 2011</i>		
	<i>Households (Total no.)</i>	<i>No. of households (availing services of banks)</i>	<i>Percent</i>	<i>No. of households (availing services of banks)</i>	<i>No. out of Total</i>	<i>Percent</i>
Rural	138271559	41639949	30.0	167826730	91369805	55
Urban	53692376	26590693	50.00	78865937	53444983	68
Households Total	191963935	6823642	36.0	246692667	144814788	59

*Source:* financialservices.gov.in

Indian Government and Reserve Bank of India have made different kind of concerted efforts to include large proportion of unbanked people in formal banking system such as-In 1992 introduce model of self-help group, 1998 KCC-Kisan Credit Card, 2004 no frills account, 2006 BC-Business Correspondence, 2009 BF- Business Facilitator, 2011 Institutional Mechanism. The SLBC-State Level Bankers constituted to deal with inclusion at State Level and further LDM-Lead District Level are appointed. An integrated approach has adopted by Reserve Bank of India towards financial inclusion and financial literacy go hand in hand. Besides, for addressing problems of rural people at last mile and seeks to leverage on technology scheduled commercial banks adopted banks led business correspondence model which allow to do ‘Cash in-Cash out’ transactions much closer to rural people. Creating large network of small branches in geographically dispersed areas, advocate unique combination of Brick and Mortar structure with Click and Mouse technology and also used services of intermediaries (BCs-Business Correspondence). Greater reach and penetration of financial services and products in far flung areas of the nation, commercial banks has encouraged to leverage on technology at minimum possible cost with maximum benefit. Table 2 below describe the Financial Inclusion Plan at Glance.

Above table stated that renowned endeavours have undertaken by scheduled commercial banks to ensure basic bouquet of financial services and products as progress of financial inclusion from 2010-2013 has improved manifold as intermediaries services in banking outlets, deposits in basic bank account, overdraft

**Table 2**  
**Financial Inclusion Plan-Progress at Glance**

<i>Sr. No.</i>	<i>Particulars</i>	<i>31<sup>st</sup> March, 2010</i>	<i>31<sup>st</sup> March, 2011</i>	<i>31<sup>st</sup> March, 2012</i>	<i>31<sup>st</sup> March, 2013</i>	<i>Progress, April, 2010-March 2013</i>
1.	Banking Outlets (branches in Villages)	33378	34811	37471	40837	7459
2.	Banking Outlets (Business Correspondence-BCs in Villages)	34174	80802	141136	221341	187167
3.	Banking outlets (other Modes)	142	595	3146	6276	6134
4.	Banking Outlets (total in Villages)	67694	116208	181753	268454	200760
5.	Business Correspondence (in Urban Locations)	447	3771	5891	27143	26696
6.	BSBDA-Basic Savings Bank Deposit A/C (branches) (amount in millions)	60.2	73.1	81.2	101.0	40.6
7.	BSBDA-Basic Savings Bank Deposit A/C (branches) (amount in billions)	44.3	57.9	110.0	165.0	120.4
8.	BSBDA-Basic Savings Bank Deposit A/C (Business Correspondence) (amount in millions)	13.3	32.0	57.30	81.3	68.00
9.	Basic Savings Bank Deposit A/C (Business Correspondence) (amount in billions)	11.00	18.23	11.0	18.22	8.0
10.	BSBDA (total in millions)	73.5	105	139.0	182.1	109.0
11.	BSBDA (total amount in billions)	55.02	76.12	120.41	183.0	128.0
12.	Overdraft (OD) facility in BSBDA-Basic Saving Bank Deposit A/C (no. in millions)	0.2	0.61	3.0	4.00	4.1
13.	OD facility in Basic Saving Bank Deposit A/C (amount in billions)	0.10	0.30	1.1	1.6	1.5
14.	KCCs-Kisan Credit Facility (no. of millions)	24.1	27.1	30.2	34.00	9.50
15.	KCCs-Kisan Credit Card (amount in billions)	1240.1	1600.1	2068.4	2623	1384
16.	GCCs-Generalised Credit Card (no. of millions)	1.40	1.70	2.11	3.7	2.24
17.	GCCs- Generalised Credit Card (no. of billions)	35.11	35.1	42.00	76.34	41.23
18.	ICT A/Cs-transaction of business correspondence (no. in millions)	27.00	84.2	156.0	250.50	490.50
19.	ICT A/Cs-transaction of business correspondence (no. in billions)	7.0	58.00	97.1	234.00	389.00

Source: Reserve Bank of India-Website [www.rbi.org](http://www.rbi.org)

account, pure saving account, and credit products-KCCs and GCCs. At international level, the status of financial inclusion as The World Bank database (Global Findex) focus on set of indicators that access how adults save, make payment, borrow and also way manage risk in effective manner. Another namely IMF-International Monetary Fund comprise (FAS) financial access services is only source of supply side data that compare the basic indicators of financial usage and access.

As Table 3 financial indicators for different countries describe comparison of India in terms of branches and ATM (1000 km, per 0.1 million) and bank deposits, credits as percentage of GDP with other

developing nations. India is far behind as compared to China in providing bank branches and ATM (per 1000 km), showed second position from the bottom in the perspective providing bank facility per branches (per 0.1 million) and lowest in term of ATM facility (per 0.1 million). However, India positioned it first place in percentage of bank deposits in Gross Domestic Products (68.4) and marked second highest in term bank credits of GDP in percentage (51.75). It can be summarised that scheduled commercial banks have to improve its presence branch-wise and ATM facility wise (per 1000 kilometer as well as per 0.1 million).

**Table 3**  
**Financial Indicators for Financial Inclusion in Different Countries (2011)**

<i>Sr. No.</i>	<i>Country</i>	<i>Bank Branches (in number)</i>	<i>Automated Teller Machine (no.)</i>	<i>No. of Bank Branches</i>	<i>ATMs(no.)</i>	<i>Deposits (in banks)</i>	<i>Credits (in banks)</i>
		<i>Per 1000 kilometers</i>		<i>Per 0.1 million</i>		<i>As percentage of GDP</i>	
1.	India	30.4	25.4	11.0	9.0	68.43	51.8
2.	China	1429.0	2975.1	24.0	50.0	434.0	287.90
3.	Brazil	8.0	20.6	46.2	120.0	53.3	40.3
4.	Indonesia	8.2	16.0	9.1	16.5	43.4	34.3
5.	South Africa	3.1	17.3	11.0	60.01	46.0	74.5

*Source:* Financial Access Survey.

### 3.1 Strategies adopted for Financial Inclusion

For capture the banking services in India over 50 percent populations mean more than one billion people advised to all scheduled commercial banks to

- (i) Open Basic Saving Bank Deposit (BSBDA) with zero balance,
- (ii) Upto Rs. 50000 for small account and upto Rs. 100000 for aggregate credit in accounts relaxed and simplified Know Your Customer norms,
- (iii) Allowed domestic scheduled commercial banks to freely establish its branches in area of less than one lakh population for equal spread of bank branches,
- (iv) Directed banks that out of total number of branches at least 25 percent compulsorily establish in unbanked villages (Tier 5 and Tier 6 rural center),
- (v) For proper documentation, effective cash management, close supervision of business correspondence, safe cash retention for operating heavy customer transactions, their grievances redressal open intermediate low cost brick and mortar structure,
- (vi) Onwards April, 2010 both private and public scheduled commercial banks instructed to submit board approved three years Financial Inclusion Plans (FIPs),
- (vii) For ensure involvement of stakeholders in FIPs (Financial Inclusion Plans), FIPs must be in disaggregate and percolated down up to branch level,

- (viii) For scale-up the efforts of financial literacy once a month at least conduct outdoor camps on financial literacy, facilitate inclusive growth with two essentials provision 'financial literacy' and 'easy financial access'. Furthermore, proposed integrated national level mission mode project to facilitate insurance, pension, all banking products and services to the beneficiaries together.

#### **4. FINDINGS**

The foremost challenge in way of banking system related to achievement of financial inclusion plan-efficiency in allocating and reaching out financial services and products to every individual effectively. Highlights on Issues: Issues are

- (i) Business Correspondence-BCs are unable to earn sufficient return due to catering of banking services and products to low income consumers with low volume transactions. Moreover, usefulness as dependent on type of support provided by branches of banks,
- (ii) Fulfill the requirement of poor villagers at affordable rates design suitable innovative products,
- (iii) Enhance ATMs networks unbanked and rural areas to cater poor people with adequate care regarding security in recent times,
- (iv) Banks have to initiate training programme for staff, managers and business correspondence for deal with poor villagers in way they expect,
- (v) Adequate and update infrastructure (physical connectivity, digitalization, uninterrupted power supply) are pre-requisite for up-scale financial inclusion.

Now to Flag Some Issue the result of "Financial Inclusion Indicators" surveyed by World Bank (2012) Findex identified that more than 75 percent of Indian population lack of formal access to financial services, only 2% of adults use a formal account to receive remittances from relatives and 4% use an account to receive government payments. These are 2011 figures and further ground has been covered but the challenges still remain. Finally, to achieve the financial inclusion plan and decisive transformational change in Indian banking system, it is require active involvement of all stakeholders like RBI-Reserve Bank of India, financial regulators, government, banks, civil societies and NGOs-non government organisations.

Result of Survey NSSO 59<sup>th</sup> Round as more than 50 percent of farmers' households are financially excluded from both formal/informal sources and overall approximately more than 70 percent farmers' households' lack of formal sources of credit. CRISIL has identified three basic critical parameters of banking services index namely-deposit, credit and branch penetration.

Result of World Bank "Financial Access Survey" In India, financial exclusion accessed in terms of bank branch density, bank credit and deposit to GDPs-Gross Domestic Products, density of ATMs are quite low as compared with world's most developing nations.

#### **4.1 Contribution of Scheduled Commercial Banks**

On January, 2010, the Reserve Bank of India directed all the scheduled public and private sector banks to submit a Board-Approved three year financial inclusion plan-FIPs from April, 2010. RBI-Reserve Bank of India has set-up comprehensive committee under the chairmanship of Nachiket Mor for low income



households and small business financial services. Table 4 below explained that at every region (rural, semi-urban, urban, and metropolitan) from 30 Sep, 2009 to 30<sup>th</sup> Sep, 2013 Scheduled commercial banks expanded its branches positively – Rural from 31,476 to 37953, Semi-Urban from 19126 to 27219, Urban from 15273 to 19327, Metropolitan from 14325 to 17844. Similarly, Bank branches expansion from the year 1969 that was 8,826, in 1990 59,762 and in 2013 1,02,343.

**Table 4**  
**Number of Branches Scheduled Commercial Banks (Functioning last years)**

<i>(a) Branches of Scheduled Commercial banks functioning (last years)</i>					
<i>As on</i>	<i>Rural</i>	<i>Semi-Urban</i>	<i>Urban</i>	<i>Metropolitan</i>	<i>Total</i>
March 31, 2009	31476	19126	15273	14,325	80,200
March 31, 2010	32493	20855	16686	15446	85480
March 31, 2011	33905	23114	17599	16419	91037
March 31, 2012	36356	25797	18781	17396	98330
March 31, 2013	37953	27219	19327	17844	102343
<i>(b) No. of Villages and average population per branch (APPB)</i>					
No. of Villages (in India) according to 2001 Census					600000 (approx.)
Average Population (per branch of banks) (APBB) as on March 31 <sup>st</sup> 2013					12100
<i>(c) Branches of Banks (over the years)</i>					
Scheduled Commercial bank branches (no.) on 31-12-1969					8826
Scheduled Commercial bank branches (no.) on 31-3-1990					59762
Scheduled Commercial bank branches (no.) on 31-3-2013					102343

*Source:* <http://financialservices.gov.in/banking/overviewofefforts.pdf>

Below the table 5 showed that Public sector banks in India contributed most among its fellow banks in the rural as well as metropolitan cities and same in case of no. of automated teller machine in rural, metropolitan, semi-urban and urban public banks positioned top among old, new private banks and foreign banks in India as on 31-3-2013. Total no. (metropolitan, rural, semi-urban and urban) all SCBs (Public, private, foreign and regional rural banks) in form of branches and ATMs has increased from 37,953 to 1,02,343 and 69,652 to 1,14,014.

Moreover, above table data stated that the expansion of bank branches sector-wise has increased manifold as public sector banks has total no. of branches 70421 (in all semi-urban, urban, metropolitan and rural), private sector 14584 (in all type of regions), foreign sector banks in all locations 331 and RRBs-Regional Rural Banks has total of 17007. As from the perspective of Automated Teller Machine number in India as on March 31<sup>st</sup>, 2013 has increased its total from 11564 to 114014, public sector banks has total ATMs (69652), Old Private Sector (7566), New private sector banks (35535), foreign banks (1261). It can be concluded that scheduled commercial banks have made productive efforts in obtain the status of financial inclusion at full coverage in all locations of Indian regions.

Despite geographical and functional reach of commercial banks, large numbers of people-Small and marginal farmers, workers of unorganised sector, women, artisans, self-employed, unemployed, pensioners

**Table 5**  
**Bank Branches and ATM Net-work**

<i>(a) Sector-Wise Bank branches (no.) on 31.03.2013</i>					
<i>Bank Group</i>	<i>Rural</i>	<i>Semi-Urban</i>	<i>Urban</i>	<i>Metropolitan</i>	<i>Total</i>
Public Sector Banks	23286	18855	14650	13633	70421
Private Sectors Banks	1937	5128	3722	3797	14584
Foreign Banks	8	9	65	249	331
Regional Rural Banks	12722	3228	891	166	17007
<b>Total</b>	<b>37953</b>	<b>27219</b>	<b>19327</b>	<b>17844</b>	<b>102343</b>

<i>(b) ATMs (no.) in the Country on 31-3- 2013</i>					
<i>Bank Group</i>	<i>Rural</i>	<i>Semi-Urban</i>	<i>Urban</i>	<i>Metropolitan</i>	<i>Total</i>
Banks (Public Sector)	8553	18445	22518	20137	69652
Banks (Old Private Sector)	767	2760	2355	1684	7566
Banks (New Private Sector)	2214	6484	10995	15842	35535
Banks (Foreign Sector)	30	21	244	966	1261
<b>Total</b>	<b>11564</b>	<b>27710</b>	<b>36111</b>	<b>38629</b>	<b>114014</b>

Source: <http://financialservices.gov.in/banking/overviewofefforts.pdf>

etc. remain outside services and opportunities imparted by organised financial system. As analysed from Table 6 below bank branch expansion in (Rural, Semi-urban, Urban and Metropolitan) has continuously increased such as (Rural + semi-urban) from 44,905 in 2001 to 82,794 in 2015, (Urban + Metropolitan) from 20,713 in 2001 to 43,910 in 2015. The total estimated population 1028 in 2001 which also increased to 1300 in 2015. The estimation of population based on CAGR (Census 2001 and 2011) data, branches/ 1,00,000 population has showed continuously rising trend from 5.3 to 7.8 of (rural + semi-urban) and 11.7 to 18.7 of (urban and metropolitan) for the period from 2001 to 2015.

**Table 6**  
**Branch Expansion of Scheduled Commercial Banks**

<i>As on 31<sup>st</sup>March</i>	<i>Branches in (no.)</i>			<i>Population (Estimated)</i>			<i>Banks Branches (population 100000)</i>		
	<i>Semi-Urban + Rural</i>	<i>Metropolitan + Urban</i>	<i>Total of Branches</i>	<i>Semi-Urban + Rural</i>	<i>Metropolitan +Urban</i>	<i>Total of Population</i>	<i>Semi-Urban +Rural</i>	<i>Metropolitan + Urban</i>	<i>Total Percentage</i>
2001	44905	20713	65618	851	177	1,028	5.3	12.0	6.0
2006	45673	23904	69577	920	195	1115	5.0	12.3	6.2
2010	53086	31072	85158	980	211	1191	5.4	15.1	7.2
2014	76753	40958	117711	1044	228	1272	7.3	18.0	9.2
2015	82358	43716	126074	1061	233	1294	8.0	19.0	10.0
June, 2015	82794	43910	126704	1065	235	1300	78.0	19.0	10.0

Source: Report of the Committee, December, 2015.

**Table 7**  
**Growth in Individuals' Saving Bank Deposit Accounts with SCBs**

Population Group	Number of Individual Saving Bank Deposits Account (million)				Individual Saving Bank Deposits' Amount Outstanding (billion)			
	2006	2010	2015	CAGR (percentage)	2006	2010	2015	CAGR (percentage)
Rural	104	167	384	15.6	962	1703	3601	15.8
Semi-Urban	85	136	320	16.0	1124	2155	4470	17.0
Urban	68	97	186	12.0	1246	2381	4541	16.0
Metropolitan	71	100	180	11.0	1838	3731	6476	15.0
All India	329	500	1,070	14.0	5170	9970	19088	16.0

Source: Report of the Committee, December 2015

As observed from the table 7 branch expansion from 2006-2015 maximum in rural and semi-urban areas as compared to urban and metropolitan areas. However, compound annual growth rates was highest for the period from 2006-2015 followed in rural, urban and semi-urban so on. The semi-urban location marked maximum compound annual growth of individual saving bank deposits account (number) in terms of million (16.0) percent and also (17.0) in outstanding individual saving bank deposits amount in terms of billion.

**Table 8**  
**Credit Growth of Scheduled Commercial Banks**

Category of Population	Saving Bank Deposits Account (individual no. in million)				Saving Bank Deposits' Outstanding (individual amount in billion)			
	2006	2010	2015	Estimated CAGR (percentage)	2006	2010	2015	Estimated CAGR (percentage)
Rural	29	36	50	6.4	1261	2493	5982	19.0
Semi-Urban	21	27	41	7.3	1514	3200	7600	20.0
Urban	13	16	21	6.0	2458	5585	11039	18.0
Metropolitan	23	40	33	4.0	9905	22174	44170	18.0
All India	86	119	145	6.0	15138	33452	68791	18.3

Source: Report of the Committee, December 2015

The overall estimated credit growth of scheduled commercial banks stated variation in Individual saving bank deposits as well as outstanding individual bank deposits. The maximum compound annual growth of credit has shown by semi-urban location in saving bank deposits account (7.3) percent and also in outstanding individual amount outstanding saving bank (20) percent.

#### 4.2. Contribution of Largest Public and Private Scheduled Commercial Banks

1. (i) State Bank of India increased Business correspondence from 57,575 to 58,571 on 30<sup>th</sup> Sep, 2015,
- (ii) PMJDY deposits from 4415 to 5913

- (iii) transaction (BC channel) amount from 38, 973 to 29414,
- (iv) Financial Literacy Centres- no. of FLCs from 212 to 219, no. of outdoor activities increased from 28879 to 32679 and
- (v) Rural Self- employment training institutes (RSETIS): No. from 117 to 116, training programmes from 10013 to 11160 as on 30<sup>th</sup> Sep, 2015.

2. ICICI bank Initiatives:

- (i) Microfinance programme of ICICI bank is the largest among Indian private sector banks with portfolio of Rs. 9.6 billion and 3.5 billion client base,
- (ii) Till 2007, there were only 5 MFIs-Microfinance Institutions in India with base of 50000 customers at minimum level ICICI capacity building for MFI: MSU-MFI strategy unit, MFSIG-Microfinance practice at social initiatives group and emerging MFI team,
- (iii) Facility of micro-savings under ICICI “Business Correspondence” model has launched based on biometric-enabled smartcard and battery operated authentication device,
- (iv) Provision of micro-insurance services under ICICI prudential life insurance’s has promoted for income-generating financial security and comfortable credit facilities.

Despite the significant growth of financial sector in India but a vast segment of population especially low income group or unprivileged section of the society have not covered under financial inclusion. There are many reasons for financial exclusion in India as factors both side demand and supply. The big barriers in way of demand side factors are lack of awareness about financial services, products, social exclusion, unfriendly and unempathetic attitude of banks towards customers, limited literacy especially financial literacy of the populace. As from supply perspective factors are lack of communication, low level of literacy, barriers of language, supportive infrastructure and absence of appropriate technology.

Conclusion In India, now a day’s equal and inclusive growth of nation is most perplexing phenomena for government. For comprehensive and sustainable inclusive growth banks considered as important driver. Scheduled Commercial banks and Reserve Bank of India-RBI put their minds and more closely strategically hearts together able to win over the challenging path of financial inclusion. From time to time, scheduled commercial banks have to redesign their financial products and services suitably for people (illiterate-cannot speak or understand English), create wide awareness about the facility of their offers. Moreover, banks must be remembered that relatively marginal margins on more volumes definitely be very gainful margins and take positive advantages of huge golden chances to expand their business with traditional, innovative products, models for high growth of economy as general and banking industry as specific.

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