SJIF 2014 = 3.189
ISSN: 2348-3083
An International Peer Reviewed & Referred
SCHOLARLY RESEARCH JOURNAL FOR
HUMANITY SCIENCE & ENGLISH LANGUAGE

ROLE OF COMMERCIAL BANKS IN FINANCIAL INCLUSION PROCESS IN INDIA - AN OVERVIEW

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Abstract

Financial Inclusion is considered to be the core objective of many developing nations like India. Access to safe, easy and affordable credit and other financial services by the poor and weak groups in deprived areas and lagging sectors is recognized as a pre-condition for accelerating growth and reducing income disparities and poverty. Financial inclusion ensures the availability of banking services at an affordable cost to disadvantaged and low-income groups. In India, the basic concept of financial inclusion is having a savings or current account with any bank. In reality, it includes loans, insurance services, and much more. Banking sector plays a considerable role in bringing financially excluded people in to formal financial sector. In India, the primary responsibility of ensuring financial inclusion lies with the commercial banks subject to guidelines of the central bank (RBI). However, due to the gigantic size and diversity of population the commercial banks have been taking the assistance of various social and financial entities like co-operative banks, regional rural banks (RRBs), self-help groups (SHGs), joint liability groups, and other non-banking finance companies (NBFCs). Commercial Banks in a country provides an opportunity for the people of that country to participate in the formal financial system and to utilize financial services of formal financial system. Larger the number of commercial banks, larger the scope for bringing people in to formal financial system provided if banks provide suitable financial products and services. Therefore, the commercial banks should adopt strong and urgent measures to reach the unbanked segment of society and unlock their savings and investment potentials. The main objective of this paper is to understand the concept of financial inclusion in Indian context. This paper makes an attempt to assess the role and efficacy of commercial banks towards promoting financial inclusion in India.

Key Words: *Financial Inclusion, Commercial Banks, Role of Commercial Banks*

INTRODUCTION

1.1 FINANCIAL INCLUSION

Financial Inclusion is considered to be the core objective of many developing nations since last decade. It is emerging as the new paradigm of economic growth which plays a major role in driving away the poverty. Many research findings correlate the direct link between the financial exclusion and the poverty prevailing in developing nations. Access to safe, easy and affordable credit and other financial services by the poor and weak groups in deprived areas and lagging sectors is recognized as a pre-condition for accelerating growth and reducing income disparities and poverty. Lack of access to financial services in most of rural areas due to high informative barriers and low awareness, poor functioning and financial history of financial institutions, absence of insurance and pension service create the need and scope of financial inclusion.

Access to a well-functioning financial system, by creating equal opportunities, enables economically and socially excluded people to integrate better into the economy and actively contribute to development and protects themselves against economic shocks. Despite the broad international consensus regarding the importance of access to finance as a crucial poverty alleviation tool, it is estimated that globally over two billion people are currently excluded from access to financial services (United Nations, 2006a).

In most developing countries, a large segment of society, particularly low-income people, has very little access to financial services, both formal and semi-formal. As a consequence, many of them have to necessarily depend either on their own or informal sources of finance and generally at an unreasonably high cost. The situation is worse in most least developed countries (LDCs), where more than 90 per cent of the population is excluded from access to the formal financial system (United Nations, 2006a).

Financial inclusion is essential to the inclusive growth process and sustainable development of the country. It is a policy of involving a wider section of population deposit mobilization and credit intermediation. According to World Bank report “Financial inclusion, or broad access to financial services, is defined as an absence of price or non price barriers in the use of financial services.” The term Financial Inclusion needs to be interpreted in a relative dimension. Depending on the stage of development, the degree of Financial Inclusion differs among countries. It’s been surprising fact that India ranks second in the world in terms of financially excluded households after china.

Financial inclusion or inclusive financing is the delivery of financial services, at affordable costs, to sections of disadvantaged and low income segments of society. Normally the weaker sections of the society are completely ignored by the formal financial institutions in the race of making chunks of profits or the complexities involved in providing finance to the weaker section. It is argued that as banking services are in the nature of public good; the availability of banking and payment services to the entire population without discrimination is the prime objective of this public policy. The three major aspects of financial inclusion are

(i) access financial market (ii) access credit market and (iii) learn financial matters. Thus, for the inclusive growth process of economy the central bank has also provided high importance to the financial inclusion.

Financial inclusion include micro credit, branchless banking, no frills bank accounts, saving products, pension for old age, microfinance, self help group, entrepreneurial credit etc. In short Financial Inclusion is:

NFA + Banks+ OFIs+ MFI+ IT = Financial Inclusion

Where, NFA - No Frills Bank Account

OFIs - Other Financial Institutions

MFI - Micro Financial Institutions

IT – Information Technology

Thus, financial inclusion needed for equal opportunities to all section of people in country, inclusive growth, economic development, social development and business opportunity.

1.2 INDIAN BANKING INDUSTRY AND FINANCIAL INCLUSION

Indian Banking has come from a long way from being a sleepy business organization to a highly proactive and dynamic entity. This transformation has been brought by the liberalization and economic reforms that allowed banks to explore new business opportunities. The banking industry works as an intermediary between individuals, the government, financial institutions and other stakeholders who directly or indirectly get affected by the industry. By 2010, banking in India was generally fairly mature in terms of supply, product range and reach-even, though reach in rural India still remains a challenge for the private sector and foreign banks. The government has developed initiatives to address this problem through the State bank of India expanding its branch network and through the National Bank for Agriculture and Rural Development with things like microfinance.

Table 1 – Position of Households Availing Banking Services

Position of households availing banking services: As per Census 2001				As per Census 2011		
Households	Total number of households	Number of households availing banking services	Percent	Number of households availing banking services	Number	Percent
Rural	138,271,559	41,639,949	30.1	167,826,730	91,369,805	54.4
Urban	53,692,376	26,590,693	49.5	78,865,937	53,444,983	67.8
Total	191,963,935	68,230,642	35.5	246,692,667	144,814,788	58.7

Table 1 shows that as per census 2001 only 35.5% of households were availing the banking services which is increased to 58.7% in 2011 census. Moreover, rural households also made a good jump in this period in availing these services. Banking sector plays considerable role in bringing financially excluded people in to formal financial sector as policies of the government and Reserve Bank towards financial inclusion are implemented through banking sector. Government and RBI has taken various steps to increase banking penetration in the country like nationalization of banks, establishment of RRBs, introduction of SHG and strategy of one person one account for accessing financial market. Accessing credit facilities improving interest rates, simple KYC process are major steps because nearly 80% of the population in India is without life, health, non-life insurance cover.

1.3 COMMERCIAL BANKS AND FINANCIAL INCLUSION

Commercial banks form a significant part of the country's Financial Institution System. Commercial banks are the largest group; comprising 55 percent of total financial assets, followed by insurance. The number of commercial Banks in a country provides an opportunity for the people of that country to participate in the formal financial system and to utilize financial services of formal financial system. Larger the number of commercial banks, larger the scope for bringing people in to formal financial system provided if banks provide suitable financial products and services.

Commercial Banks are those profit seeking institutions which accept deposits from general public and advance money to individuals like household, entrepreneurs, businessmen etc. with the prime objective of earning profit in the form of interest, commission etc. The operations of all these banks are regulated by the Reserve Bank of India, which is the central bank and supreme financial authority in India. The main source of income of a commercial bank is the difference between these two rates which they charge to borrowers and pay to depositors. Examples of commercial banks are ICICI Bank, State Bank of India, Axis Bank, and HDFC Bank.

Scheduled Commercial Banks in India are those banks which have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934. RBI in turn includes only those banks in this schedule which satisfy the criteria laid down vide section 42 (6) (a) of the Act. As on 30 June 1999, there were 300 scheduled banks in India having a total network of 64,918 branches. Scheduled commercial banks in India include State Bank of India and its associates (5), nationalized banks (20), foreign banks (45), private sector banks (32), co-operative banks and regional rural banks.

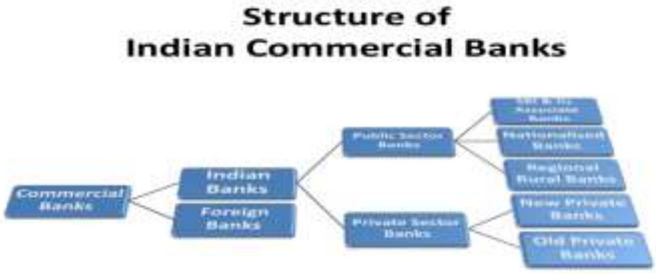

Figure-1(Structure of Indian Commercial Banks)

Capital formation is the important determinant of economic development. The basic problem of a developing economy is slow rate of capital formation. Commercial banks are very important source of finance and credit for industry and trade. Commercial banks promote capital formation. Credit is a pillar of development. Credit lubricates all commerce and trades. An underdeveloped economy is characterized by the existence of a large non-monetized sector. Control and regulation on credit by the monetary authority is not possible without the active co-operation of the banking system. In recent years, commercial banks are granting short term, medium-term and long term loans to agriculture and small scale industries. They transfer surplus capital from the development region to the less developed regions, where it is scares and most needed.

Commercial banks are also helping manufactures to secure machinery and equipment from foreign countries under instalment system by guaranteeing deferred payment. These qualities are called "commercial virtues" which are vital for rapid economies progress. The banker is in a better position to promote commercial virtues. Banks are called "public conservator of commercial virtues". Thus, Commercial banks act as an important part of the process to achieve full financial inclusion. Especially with simplified savings bank accounts (including no-frills account), relaxed KYC procedures, primary sector lending and even microfinance.

2. OVERVIEW OF PREVIOUS STUDIES

Financial inclusion, of late, has become the common topic in academic research, public policy meetings and seminars drawing wider attention in view of its important role in economic development of the resource poor developing economies. In the Indian scenario, the term 'financial inclusion' is popular in financial circles, especially after the Reserve Bank of India (RBI) announced a series of measures in its credit policy for 2006-07 to include many of the hitherto excluded groups in the banking net.

Financial inclusion has emerged as a tool to achieve inclusive growth for poverty reduction since 2005, a year that the UN has declared International Microcredit Year. Studies (**King *et. al*, 1993; Beck *et. al*, 2000, 2004; Levine, 2005 and Demirguc-Kunt *et. al*, 2008**) indicate that a positive correlation exists between financial development and economic growth. Current development theories suggest that greater financial inclusion can have a positive impact on the lives of the poor.

Rangarajan Committee (2008) on financial inclusion stated that: "Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." The financial services include the entire gamut of savings, loans, insurance, credit, payments, etc. The financial system is expected to provide its function of transferring resources from surplus to deficit units, but both deficit and surplus units are those with low incomes, poor background, etc. By providing these services, the aim is to help them come out of poverty.

Pek Chen Goh describes that all banks have relatively higher human capital efficiency than structural and capital efficiencies. **Felix Rioja** studied the effect of financial development on the sources of growth in different groups of countries and also determine the effect on output growth occur primarily through capital accumulation. **Jose De Gregorio** examines in his research work that, the empirical relationship between long-run growth and financial development, provide by the ratio between bank credit to the private sector and GDP. **Katherin Marton** identifies that early reorganization initiatives, flexible approaches to privatization, and liberal policies towards foreign banks' involvement with the domestic institutions helped to build a relatively stable and increasingly efficient banking system.

Shivani (2013) stated that even though there are many villages in the country without bank branches, penetration of bank branches in to rural areas is difficult as they are unviable, saturated and having higher transaction cost. The villages are fragmented limiting the scale of operation of banks in rural areas. This necessitates last mile of financial inclusion to be met with a combination of agents and providers through technology leverage.

An empirical study of **Sendhilvelan and Karthikeyan (2006)** revealed to ensure financial inclusion of all segments of the population, in both rural and urban areas banks should give wide publicity to the facility of "no frills" account.

The work of **Ghorude (2009)** indicated that attaining the objective of inclusive growth has to necessarily encompass the social, economic and political inclusion. Developing micro entrepreneurship with organizational and community based support is a way of strengthening inclusive growth.

3. OBJECTIVES

1. To study the role of Indian commercial banks in bringing financially excluded people into formal financial sector of India.
2. To assess the role of Indian commercial banks in the process of financial inclusion in India.

4. RESEARCH METHODOLOGY

Research methodology used in this paper is partly descriptive and exploratory. The study is based on secondary data. Role of commercial banks in financial inclusion process in India is examined on the basis of data available from the institutional sources such as Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), National Federation of State co-operative Banks (NAFSCOB) and other sources. Data for the minimum period of 05 years (2009-2013) have been considered and analyzed. However, in few cases, data have been considered till the year 2011-12 as data for the year 2012-13 is not available. For this study data and information has been collected with the help of Books, Magazines, Newspapers, Research Articles, Research Journals, E-Journals, RBI Report, and Report of NABARD etc.

1. STATEMENT OF THE PROBLEM

Inclusive economic growth has been one of the priority agendas of the Government of India (GOI) over the past decade. Financial access will attract global market players to our country and that will result in increasing employment and business opportunities, which leads to economic development of the country. Inclusive growth will act as a source of empowerment and allow people to participate more effectively in the economic and social process. To achieve greater financial inclusion, financial services should reach the socially excluded group's particularly poor people. RBI and other commercial banks have played a vital role in filling up this gap.

In order to expand the credit and financial services to the wider sections of the population, a wide network of financial institutions has been established over the years. The organized financial system comprising Commercial Banks, Regional Rural Banks (RRBs), Urban Co-operative Banks (UCBs), Primary Agricultural Credit Societies (PACS) and post offices caters to the needs of financial services of the people. (Ravikumar

Banking sector plays considerable role in bringing financially excluded people in to formal financial sector as policies of the government and Reserve Bank towards financial inclusion are implemented through banking sector. It is evident from the data that even though various measures have been taken and more flow of credit is provided to various sector of the economy, still majority of the population in rural areas have not come under the concept of FI. This study helps us to know the role and efficacy of commercial banks in the process of financial literacy to include the excluded.

2. ROLE OF COMMERCIAL BANKS IN FINANCIAL INCLUSION – AN OVERVIEW

The objective of Financial Inclusion is to extend financial services to the large hitherto uncovered population of the country to unlock its growth potential. In addition, it strives towards a more inclusive growth by making financing available to the poor in particular.

4.1 FINANCIAL INCLUSION LIFECYCLE ADOPTED BY COMMERCIAL BANKS

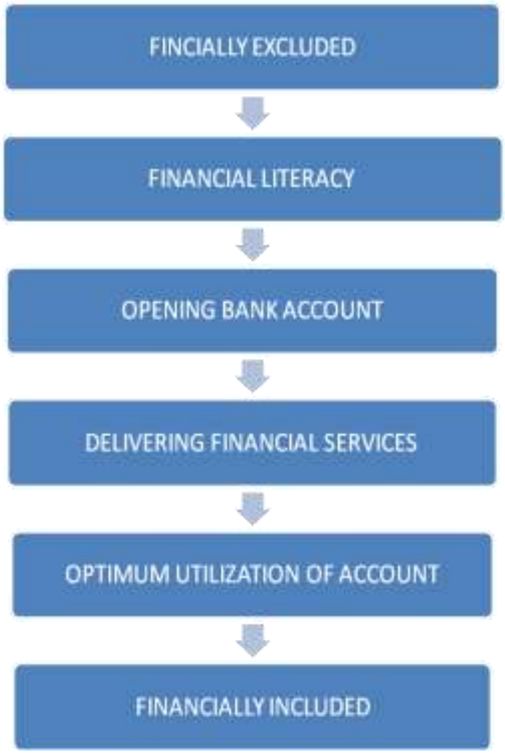

Figure - 2 (Financial Inclusion Lifecycle)

The first step of Financial Inclusion is to educate customers and open an account. However, merely opening a bank account for a poor individual is not financial inclusion. This approach generally results in an inactive account or, at best, a repository for government benefits. A three step approach (see Figure - 2) is required to bring financially underserved individuals into a financially inclusive society. After improving financial literacy and opening an account of some form, it is usage of that account, linkage with other financial services and access to all the financial instruments that are required to complete the financial inclusion lifecycle. Optimum utilization of an account should be another target for banking service providers.

4.2 MEASURES GUIDED BY RBI FOR FINANCIAL INCLUSION IN INDIA

Several measures have been taken by both the Reserve Bank of India and the Government to bring the financially excluded people to the fold of the formal banking services. The important financial inclusion initiatives of RBI are given below:

- Introduction of 'No-Frills' account
- Relaxing 'Know Your Customer'(KYC) norms
- General Purpose Credit Card (GCC) Schemes
- Role NGOs, SHGs and MFIs
- Business Facilitator (BF) and Business Correspondent (BC) Models.
- Nationwide Electronic Financial Inclusion System (NEFIS)
- Project Financial Literacy
- Financial Literacy and Credit Counseling (FLCC) centers
- National Rural Financial Inclusion Plan (NRFIP)
- Financial Inclusion Fund (FIF)
- Financial Inclusion Technology Fund (FITF)

The status of financial inclusion in India has been assessed by different committees in terms of access to basic banking services by poor and weaker sections.

4.3 EXPANSION OF BANKING INFRASTRUCTURE

4.3.1 Number of Commercial banks in India

Table – 2 shows number of commercial banks in India in different periods. In the year 1969, there were 89 commercial banks in India of which 73 were Scheduled Commercial Banks and the rest were non-scheduled commercial banks. Regional rural banks were not started at that time. In the year 2004, number of commercial banks in India reached 291 of which 286 were scheduled commercial banks and 5 were non-scheduled commercial banks. Out of 286 scheduled commercial banks in the year 2004, Regional rural banks accounted for 196 banks. As on 31st March 2012, there were 173 commercial banks in India of which 169 banks were scheduled commercial banks and 4 were non- scheduled commercial banks. Decrease in number of commercial banks in the year 2012 as compared to 2004 may mainly be due to sharp decline in number of RRBs in India.

Table – 2 (NUMBER OF COMMERCIAL BANKS IN INDIA)

	June 1969	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
No. of commercial banks	89	291	288	222	183	175	170	169	169	173
(a) Scheduled commercial banks	73	286	284	218	179	171	166	165	165	169
Of which: Regional Rural Banks	—	196	196	133	96	91	86	82	82	82
(a) Non-Scheduled Commercial Banks	16	5	4	4	4	4	4	4	4	4

Source: Basic Statistical Returns of Commercial Banks in India, RBI.

4.3.2 Number of Offices of Scheduled Commercial Banks in India According to Area

Distribution of banking system is another indicator of level of financial inclusion in a country. Banking system should not be concentrated particular area or region in a country like India which has vast geographical area and population. Table – 3 indicates distribution of SCBs' branches in different areas of India at different periods of time. In the year 1969, there were 1833 bank branches in rural areas, 3342 branches in semi urban areas, 1584 branches in urban areas and 1503 branches in metropolitan areas. Number of branches in rural areas declined between 1991 and 2001. But, number of branches in semi urban, urban and metropolitan areas increased significantly during the same period. This trend continued till the year 2007. Since the year 2008, number of branches in all kinds of areas (rural, semi urban, urban and metropolitan) has been increasing in India. But, percentage of increase in branches in rural areas is low as compared to other areas. As on 31st March 2012, there were 36356 branches in rural areas, 25797 branches in semi urban areas, 18781 branches in urban areas and 17396 branches in Metropolitan areas. In total, there were 98330 branches of SCBs in India as on 31st March, 2012.

Table – 3 (NUMBER OF OFFICES OF SCHEDULED COMMERCIAL BANKS IN INDIA) (AS ON 31st MARCH)

	June 1969	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Number of Offices of Scheduled Commercial Banks in India	8262	67188	68355	69471	71839	76050	80547	85393	90263	98330
(a) Rural	1833	32121	32082	30579	30551	31076	31667	32624	33683	36356
(b) Semi-Urban	3342	15091	15403	15556	16361	17675	18969	20740	22843	25797
(c) Urban	1584	11000	11500	12032	12970	14391	15733	17003	17490	18781
(d) Metropolitan	1503	8976	9370	11304	11957	12908	14178	15026	16247	17396
Population Per Office (in thousands)	64.0	16.0	16.0	16.0	15.0	15.0	14.5	13.8	13.4	12.3

Source: Basic Statistical Returns of Commercial Banks in India, RBI.

4.3.3 Number of Functional Branches of Scheduled Commercial Banks in India According To Area

Government had issued detailed strategy and guidelines on Financial Inclusion in October 2011, advising banks to open branches in all habitations of 5,000 or more population in under-banked districts and 10,000 or more population in other districts. Due to RBI's concerted efforts since 2005, the number of branches of Scheduled Commercial Banks increased manifold from 80,200 in March 2009 to 1, 02,343 in March 2013, spread across length and breadth of the country (Table-4). In rural areas, the number of branches increased from 31,476 to 37,953 during March 2009 to March 2013. As compared with rural areas, number of branches in semi-urban areas increased more rapidly.

TABLE – 4 (NUMBER OF FUNCTIONAL BRANCHES OF SCHEDULED COMMERCIAL BANKS)

No. of functional branches of Scheduled Commercial Banks during last five years: As on	Rural	Semi-urban	Urban	Metropolitan	Total
March 31, 2009	31476	19126	15273	14325	80200
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

Source: Basic Statistical Returns of Commercial Banks in India, RBI.

4.3.4 Rural Areas Covered

Banks have been advised to ensure service area bank in rural areas and banks assigned the responsibility in specific wards in urban area to ensure that every household has at least one bank account. Thus a lot has to be done to bridge the gap between the formal financial institutions and the rural people needs. To make them aware of the fact about the facilities available for their benefit and which can help India to turn out to a developed nation from a developing nation. As can be seen from the below table-5 that the financial inclusion plan has shown a tremendous growth in the past five years. Banks are gaining momentum in areas like opening up of new banking outlets in rural areas.

There are approximately 37953 functional branches in rural areas in March 2013 (Table-4). During the year2012-13 total 4017 new branches were opened in which 1598 branches are of rural areas. Average population per branch in rural areas is now 12100 which is very less as compared to the results of census 2001 (as per table-6)

TABLE – 5 (NUMBER OF BRANCHES OF SCHEDULED COMMERCIAL BANKS OPENED DURING FIVE YEARS)

No. of branches of Scheduled Commercial Banks opened during five years: Year	Rural	Semi-urban	Urban	Metropolitan	Total
2008-09	706	1290	1046	953	3995
2009-10	1021	1729	1417	1139	5306
2010-11	1422	2258	919	981	5580
2011-12	2453	2686	1186	982	7307
2012-13*	1598	1422	546	451	4017

TABLE - 6

No. of villages and Average Population per Branch (APPB): Number of villages in India as per the 2001 Census	600,000 (approx.)
Average Population per Bank Branch (APBB) as on 31.3.2013	12,100

4.3.5 General Purpose Credit Cards (GCC) and Kisan Credit Cards (KCC)

The RBI has advised all Scheduled Commercial Banks (SCBs), including Regional Rural banks (RRBs) to provide General purpose Credit Card (GCC) facility at their rural and semi-urban branches. The credit card is provided based on the assessment of income and cash flow of the household similar to that prevailing under normal credit cards. Likewise, the RBI has also introduced Kisan Credit Cards (KCC) scheme to provide "adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and other needs." As on March 2011, almost 22.49 millions farmers are provided with Kisan Credit Cards and 950,000 clients are provided with General purpose Credit Cards.

4.3.6 Business Facilitators (BFs) and Business Correspondents (BCs)

In order to ensure greater financial inclusion and increase the outreach of the banking sector, the RBI has proposed that banks use the services of NGOs/SHGs, MFIs and other civil societies (excluding NBFCs) as intermediaries in providing financial and banking services through the usage of Business Facilitators (BFs) and Business Correspondents (BCs). The BCs are permitted to carry out transactions on behalf of the banks as agents. The BFs can refer clients, pursue the clients' proposals and facilitate banks to carry out their transactions26. The BCs can offer savings, credit, insurance and remittance services depending on the location and infrastructure. Today, a number of organizations such as Financial Information Network & Operations (FINO), EKO India Financial Services, and Zero Mass Foundation have begun working as BCs. By the year 2011, FINO and Zero Mass Foundation have reportedly linked 30 million and 8 million customers respectively with the banking system.

4.3.7 Deposits and Credits of Scheduled Commercial Banks in India

In June 1969 scheduled commercial banks had the deposits of 46.46 billion while in March 2012 these are of 59090.82 billion. Same is with credits of scheduled commercial banks (table-8).

TABLE – 8

	June 1969	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Deposits of Scheduled Commercial Banks (Rs. In Billions) of which -	46.46	15422.84	17328.58	21090.49	26119.33	31969.39	38341.10	44928.26	52079.69	59090.82
a. Demand	21.04	2459.43	2650.33	3646.40	4297.31	5243.10	5230.85	6456.10	6417.05	6253.3
b. Time	25.42	12963.42	14678.24	17444.09	21822.03	26726.30	33110.25	38472.16	45662.64	52837.52
Credits of Scheduled Commercial Banks (Rs. In Billions)	5.99	8655.94	11243.00	15070.77	19311.89	23619.14	27755.49	32447.88	39420.82	46118.52

Source: Basic Statistical Returns of Commercial Banks in India, RBI.

TABLE - 9

	June 1969	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Per Capita Deposits of Scheduled Commercial Banks (Rs.)	88	14550	16091	19276	23468	28327	33471	38062	43034	48732
Per Capita Credits of Scheduled Commercial Banks (Rs.)	68	8166	10440	13774	17355	20928	24230	27489	32574	38033
Deposits of Scheduled Commercial Banks as Percentage of National Income (NNP at Factor Cost, at Current Prices)	15.5	68.5	68.5	73.8	79.1	84.4	88.1	86.6	82.3	81.1

Source: Basic Statistical Returns of Commercial Banks in India, RBI.

3. CONCLUSION

In India the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. Internationally, the financial exclusion has been viewed in a much wider perspective. Having a current account / savings account on its own, is not regarded as an accurate indicator of financial inclusion. Since the launch of financial inclusion plans banks are progressing in areas like opening of banking outlets, deploying BCs, opening of BSBD accounts, grant of credit through KCCs and GCCs. Financial inclusion is a huge project which requires concerted and team efforts from all the stake holders – the Government, financial institutions, the regulators, the private sector and the community at large. All financial sector regulators including the Reserve Bank of India are committed to the mission and directing the banking sector and other financial sector entities. If government is advocating any kind of sustained development and stability whether financial, economic, political or social and inclusive growth with stability, it is not possible to attain these goals without achieving financial inclusion. Financial Inclusion has not yielded the desired results and there is long road ahead but no doubt it is playing a significant role and is working on the positive side.

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