

Financial Inclusion – Initiative by RBI

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ABSTRACT

The government of India & RBI has out with a major initiative towards ensuring the inclusive growth through financial inclusion so that the access of financial service will reach to the mass population. Financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. The main focus of financial inclusion in India is to promote sustainable development and generating employment in rural areas for the rural population.

The National Rural Financial Inclusion Plan launched during the Twelfth Five Year Plan, aims at providing financial services, including credit, to at least 50 per cent of financially excluded households by 2012, through commercial banks and Regional Rural Banks (RRBs). The remaining households have to be covered by 2015.

Keywords: Financial exclusion, financial Inclusion, Inclusive Growth, Bank, RBI,

1.INTRODUCTION :

India is changing at a very fast rate since the past decade. The GDP growth trend has transformed from 3.5% per annum to 8 to 9% per annum. But the maximum contribution to GDP comes from a much diversified and advanced manufacturing and service sectors. From a poor and static country of villages, India has graduated into a progressive and dynamic economy.

But whether the poor are included in this changing scenario is a burning question arises before us. On one hand big cities are propounded the virtues of emerging super power status in India, the country-side on the other hand is still suffering acutely from the withdrawal syndrome. Not only has this but the recent acceleration in economic growth been exclusive and not inclusive. It is evident from the fact that the growth not located in sector where labour is concentrated, we



mean agriculture sector and also in regions where poverty is concentrated, for example, Bihar, Orissa, M.P, U.P. and Jharkhand.

The Indian economy, though achieved a high growth momentum during 2003-04 to 2007-08, could not bring down unemployment and poverty to tolerable levels. Further, a vast majority of the population remained outside the ambit of basic health and education facilities during this high growth phase. In recent decades, economic and social inequalities have increased alongside high growth rates which have exacerbated regional inequalities. Over 25% of Indians continue to live in poverty. As a result, Inclusive growth has become a national policy objective of the Union Government. The 11th five-year plan (2007 – 2012) envisions inclusive growth as a key objective. The Plan document notes that the economic growth has failed to be sufficiently inclusive particularly after the mid-1990s. It has identified agriculture, infrastructure, health care and education as critical areas for achieving higher inclusive growth. Thus, the Eleventh Plan Document tries to restructure the policies in order to make the growth faster, broad-based and inclusive by reducing the fragmentation of the society. Huge investments in agriculture, education and health, and rural infrastructure were the key elements of the inclusive growth strategy as envisaged. Broadly, the policies aim at increasing the income and employment opportunities on the one hand and on the other; it tries to finance programmes which are capable of making the growth more inclusive.

The consensus is that finance promotes economic growth but the magnitude of impact differs. Financial inclusion is intended to connect people to banks with consequential benefits. Ensuring that the financial system plays its due role in promoting inclusive growth is one of the biggest challenges facing the emerging economies. We therefore advocate that financial development creates enabling conditions for growth when access to safe, easy and affordable credit and other financial services by the poor and vulnerable groups, disadvantaged areas and lagging sectors is recognised as a pre-condition for accelerating growth and reducing income disparities and poverty. 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.

This paper focus on the significance of Financial Inclusion in the context of a developing country like India wherein alarge population is deprived of the financial services which are very much essential for overall economic growth of a country.

Most of the unbanked financially excluded population of India lives in rural areas; nevertheless there is also a significant amount of urban population of India who face the same situation even with easy access to banks.

2.OBJECTIVES OF THE STUDY :

The study has been made:



1. To point out the reasons for financial exclusion;
2. To discuss about the conceptual aspect of “Financial Inclusion”.
3. To evaluate the role of banks towards “Financial Inclusion”;
4. To assess the Banking Service facilities for financially excluded people; and
5. To make concluding remarks.

3.METHODOLOGY OF THE STUDY :

The entire Range of discussion has been made on the basis of secondary sources. The different books, journals, newspapers and related websites especially RBI website have been consulted in this regard.

4.DEFINITION OF FINANCIAL INCLUSION :

In common parlance, financial inclusion is the delivery of financial/banking facilities to all people in a fair, transparent and equitable manner at an affordable cost.

According to Leeladhar (2006), financial inclusion means “The delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low income groups”.

Usha Thorat (2006) has defined the term as “Provision of affordable financial services viz., access to payments and remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded”.

A committee on Financial Inclusion was formed under the chairmanship of C. Rangarajan and that committee defined the term as “The process of access to financial services, and timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”.

In simple words it is nothing but all financial bodies coming together and spreading finance access to each and every corner of India. It is the process of reaching financial weapons to all Indians across the country. The process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream Institutional players.

The Governor of RBI has announced that we need to achieve financial inclusion through the mainstream financial institutions whether by mobile or card. We have reposed our faith in mainstream financial institutions to achieve financial inclusion.

5.WHY FINANCIAL INCLUSION :



Financial inclusion has the ultimate aim of inclusive growth in the economy at large. Government of India in its annual budgets since 2005 till date has focused on this aspect with the banking sector expected to deliver products through financial inclusion efforts. Such a model of inclusive growth is possible, when the potential customers of bank come to know about the basic banking services.

India is a country where a sizeable amount of population lives in rural areas. They are engaged in agriculture and allied activities. Most of the people living in rural areas are poor. They do not have any access to the banks. The access of the poor to the banking services is important for the alleviation of the poverty. Their access to the banking services will contribute a lot to the growth and development of our country economy.

The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Bank nationalization in India marked a paradigm shift in the focus of banking as it was intended to shift the focus from class banking to mass banking.

The rationale for creating Regional Rural Banks was also to take the banking services to poor people. Financial inclusion helps to bring excluded groups to finance. It yields uniform economic development, both spatially and temporally, and ushers in greater economic and social equity. It aims at reducing poverty and brings greater equity in the country. No-frills account encourages the savings habit of the masses. It helps bring a large section of the underprivileged people into the banking net. It encourages bringing un-banked customers into financial mainstream. All this results in escalating/accelerating the economic development of the country.

Maintaining a 9% GDP growth rate on a consistent basis requires the assimilation of a large section of the unbanked and under banked population into the formal financial system. Financial inclusion a pre requisite for “inclusive growth”.

6.SERVICES EXTENDED THROUGH “FINANCIAL INCLUSION” :

Financial products and services provided to the people through financial inclusion are:

1. Service facility
2. Overdraft facility
3. Payment and remittance services
4. Low cost financial services
5. Cheque facility
6. All kinds of commercial loan
7. Electronic fund transfer



8. Credit and Debit Cards access
9. Access to financial markets
10. Financial advice
11. Insurance
12. Micro credit during emergency
13. Entrepreneurial credit

7.REASONS FOR “FINANCIAL EXCLUSION” :

The term financial exclusion was first coined in 1993 by geographers who were concerned about limited physical access to banking services as a result of bank branch closures (Leysdon and Thrift, 1993). Throughout the 1990s there was also a growing body of research relating to difficulties faced by some sections of societies in gaining access to modern payment instruments and other banking services, to consumer credit and to insurance. There was also concern about some people lacking savings of any kind.

It was in 1999, that the term financial exclusion seems first to have been used in a broader sense to refer to people who have constrained access to mainstream financial services (Kempson and Whyley, 1999). A person is considered financial excluded when he/she has either no access to some or all services offered by mainstream of financial institutions in his/her country or does not make use of these services.

Financial exclusion is a serious concern among the low-income households as well as small businesses, mainly located in semi-urban and rural areas. It is the unavailability of banking services to people living in poverty. According to K. C. Chakraborty “Financial Exclusion” is the lack of access by certain consumers to appropriate, low cost, fair and safe financial products and services from mainstream providers”.

There are 3 types of exclusions: (a) people who do not have any access to a regulated financial system; (b) people who have limited access to banks and other financial services; and (c) individuals who have inappropriate products.

Financial exclusion can make poor people vulnerable to loan sharks. It breeds poverty and hinders overall development of a country. It not only widens the “Rich-Poor divide”, it also leads to “Social exclusion”.

There are a variety of reasons for financial exclusion. The reasons are:

1. Lack of banking facility in the locality (i.e. geographical exclusion including a rural-urban divide);



2. Financial illiteracy;
3. Nonchalant attitude of the staff;
4. Cumbersome documentation and procedures;
5. Unsuitable products;
6. Language;
7. Feeling uncomfortable by a section of population in visiting a bank branch;
8. Lack of awareness and initial inhibitions in approaching a formal institution;
9. Low incomes/assets;
10. Distance from branch and branch timing;

8.WHO ARE FINANCIALLY EXCLUDED :

The financially excluded sections generally are:

- Poor
- Socially under privileged
- Disabled
- Senior citizens and Women
- Uneducated
- Ethnic Minorities
- Unemployed
- Low income and self employed
- Agriculture and industrial labour
- Those engaged in unorganized sector

9.Extent of Financial Exclusion in India

- In India, almost half the country is unbanked.
- Only 55 per cent of the population have deposit accounts and 9 percent have credit accounts with banks.
- India has the highest number of households (145 million) excluded from Banking.
- There was only one bank branch per 14,000 people.
- 6 lakh villages in India, rural branches of SCBs including RRBs number 33,495.
- Only a little less than 20% of the population has any kind of life insurance and 9.6% of the population has non-life insurance coverage.



- Just 18 per cent had debit cards and less than 2 per cent had credit cards.

10.MODES OF FINANCIAL INCLUSION:

- **Nationalization of commercial banks :**

The whole process of financial inclusion will not be possible without the contribution of banks. Banks are the key pillars of India's financial system. Public have immense faith in banks. Share of bank deposits in the total financial assets of households has been steadily rising (presently at about 40%). Banks enjoy considerable goodwill and access in the rural regions. There are 32600 branches in rural India (about 50% of total), and 14400 semi-urban branches. 196 exclusive Regional Rural Banks in deep hinterland are present. Rural and semi-urban bank accounts constitute close to 60% in terms of number of accounts. After the nationalization of banks in India, the branches of the public sector banks rose to approximately 800% in deposits and advances took a huge jump by 11,000%.

- **SHG – Bank linkage programs:**

The SHG-bank linkage model draws inspiration from the co-operative movement and involves an intensive effort to move away from traditional reliance on concessionary refinance from financial institutions and envisages making the rural poor self-supporting and self-sustaining. This delivery mechanism is indeed a blend of the proximity, responsiveness & flexibility of an informal system and the financial & infrastructural back-up of a formal system. Self Help Groups have come to play a very important role in the process of financial inclusion. SHGs are groups of people who get together and pool money from their savings and lend money among themselves. The SHG is given loans against the group members' guarantee. Peer pressure within the group helps in improving recoveries.

The SHG-Bank linkage program, in India, which commenced in 1992, has grown phenomenally. The program which started with a target of 500 SHGs in 1992 now has 74.62 lakh SHGs covering over 97 million rural households. Of the total 74.62 lakh SHGs, over 47.8 lakh SHGs have access to direct credit facilities from banks with an outstanding loan amount of Rs. 31,221 crore as at end of March 2011. One of the most distinguishing features of the program is that a majority (81.7 per cent) of the SHGs are exclusive woman groups. Women SHGs have accounted for 75.5 per cent of the total savings and 83.7 per cent of the total loan outstanding of SHGs in 2010-11.

- **Basic "No Frills" Bank Accounts:**



The process of financial inclusion received further impetus in November 2005, when banks were advised to make available a basic banking 'no-frills' account with low or nil minimum balances as well as charges to expand the outreach of such accounts to vast sections of the population. The low cost or free of cost account is internationally considered to be helpful in expanding the access of banking services, particularly to the low income groups. Similar types of accounts, though with different names, have also been extended by banks in various other countries with a view to making financial services accessible to the common man either at the Behest of the banks themselves or the respective governments. RBI in its latest report states that more than 103 million No Frills Accounts were opened till March 2012.

- **Simplification of Know Your Customer(KYC) Norms :**

Banks have simplified norms of Know Your Customer for opening accounts, so that low income and poor people can access.

- Banks are required to provide a choice of a 'no frills account' where the minimum balance is nil or very small but having restrictions on number of withdrawals, etc., to facilitate easy access to bank accounts.
- Further, in order to ensure that persons belonging to low income group both in urban and rural areas do not face difficulty in opening the bank accounts due to the procedural hassles, the 'KYC' procedure for opening accounts for those persons who intend to keep balances not exceeding rupees fifty thousand (Rs. 50,000/-) in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed rupees one lakh (Rs. 1,00,000/-) in a year has been simplified to enable those belonging to low income groups without documents of identity and proof of residence to open banks accounts. In such cases banks can take introduction from an account holder on whom full KYC procedure has been completed and has had satisfactory transactions with the bank for at least six months. Photograph of the customer who proposes to open the account and his address need to be certified by the introducer.

- **Kisan Credit Card:**

The kisan credit card is a credit card to provide affordable credit for farmers in India. It was started by the Government of India, Reserve Bank of India (RBI), and National Bank for Agricultural and Rural Development (NABARD) in 1998-99 to help farmers' access timely and adequate credit.

The Kisan Credit Card allows farmers to have cash credit facilities without going through time-consuming bank credit screening processes repeatedly. Repayment can be rescheduled if there is a bad crop season, and extensions are offered for up to four years. The card is valid for three years and subject to annual renewals. Withdrawals are made using slips, cards, and a passbook.



- **General Credit Card:**

GCC besides the KCCs, which were introduced in 1998, banks were advised in 2005 to consider introduction of a General Credit Card (GCC) facility up to Rs.25,000 at their rural and semi-urban branches. Under GCC, based on the assessment of household cash flows, the limits are sanctioned without insistence on security or purpose. The credit facility is in the nature of revolving credit entitling the holder to withdraw up to the limit sanctioned. Based on assessment of household cash flows, the limits are sanctioned. Interest rate on the facility is completely deregulated. Fifty per cent of GCC loans are treated as priority sector lending.

- **State Level Banking Committee:**

The SLBC identifies one or more districts for 100 per cent financial inclusion.³ The responsibility is given to the banks in the area for ensuring that all those who want to have a bank account are provided with one by allocating the villages to the different banks. In April 2008, SLBCs reported achieving 100 per cent financial inclusion in 134 districts in 18 States and 6 Union Territories (UTs) of the country. The Reserve Bank is undertaking an evaluation of the progress made in these districts by independent external agencies to draw lessons for further action in this regard. In respect of coverage of villages with population of above 2000; against 6640 villages to be covered, banks have provided banking services in 6581 villages by the end of February 2012. The task for 2012-2013 should be coverage of all the allocated villages with population of above 2000 and ensuring provision of banking services of 1000-2000 population villages.

- **Micro Finance Institutions :**

The unique aspect of micro finance in India is that it is delivered through a variety of channels. These include branches of commercial banks and Regional Rural Banks (RRBs) directly dispensing micro credit and through their Business Correspondents (BCs), Self Help Groups (SHGs) linked to bank branches, cooperative banks and primary cooperative societies, micro finance institutions (MFIs) as NBFCs and in other forms, obtaining funds from a variety of sources, domestic and external. Ultimately, it is an issue of reaching out to low-income families in a cost-effective, hassle-free and sustainable manner, particularly to those who, otherwise, would not have had such access to financial services.

Microfinance is recognized as a cost effective and sustainable way of taking the banking system to the rural poor. The broad principle behind microfinance initiatives is: (i) to act as a cost effective avenue for the formal financial sector to expand its coverage of poor; (ii) to develop effective collateral substitutes; (iii) to emphasize on the poor masses, both rural and urban, especially women; and (iv) to focus on the objectives of macro-economic growth. Indirectly, microfinance improves schooling, health and women's empowerment.



Micro Finance Institutions or MFIs are created with the specific aim of extending financial services to the poor and the weaker sections of the populations. A growing component of inclusive banking is lending by MFIs that are societies, trusts, cooperatives or 'not for profit' companies or non-banking financial companies registered with the Reserve Bank. The MFIs currently cover 8.3 million borrowers. The NBFC segment within this sector accounts for 42.8 per cent of the borrowers and is the fastest growing segment. Interest rates on lending to MFIs/NBFCs have been completely deregulated. Bank lending to such entities for micro-finance is treated as priority sector lending. Private sector and foreign banks are observed to be actively supporting this sector, which is also attracting private equity funding and philanthropy funding from outside the country (Thorat, 2008).

- **Postal Savings and Remittance :**

Apart from the banking system, the post offices in India also provide the services of maintaining deposits and remittances. The Indian Postal Service with 155,516 post offices at end-March 2005 is the most widely spread post office system in the world. The numbers of post offices were more than twice the number of bank branches in the country with a large presence in remote areas. A post office in India, on an average, served 7,046 persons at end-March 2005. Indian post offices offer various types of small savings schemes and also provide other banking and financial services. Small savings schemes include deposits of various maturities and public provident funds. Other financial services include money order, international remittance, mutual fund and postal life insurance.

- **Savings Bank Accounts with the Post Offices :**

The number of savings bank accounts with the post offices, which provide cheque facility, was 60.3 million, *i.e.*, about 19 per cent of the savings accounts with banks (about 320 million). The amount of savings deposits per account in post offices was around Rs.2,500 at end-March 2005 as compared with around Rs.15,000 with banks. This was because post offices largely cater to the banking needs of the low income groups. Apart from the savings bank accounts, post offices also offer several other products.

- **Insurance Services :**

In India, a large segment of the population does not have access to formal insurance services. Micro-insurance services in a number of countries have begun to expand only in recent years. The Insurance Regulatory and Development Authority (IRDA) has been actively encouraging insurance services for low-income households. In 2002, the IRDA established rural and social sector targets for insurance companies. All insurers entering the business after the start of the IRDA Act, 1999 are required to comply with the obligations towards the rural and social sectors in a phased manner. In India, the total number of life insurance policies (individual single premium) was about 3.41 million in November 2007 (IRDA, 2008). This implies that there are only around 3.1 policies per thousand persons. The insurance penetration (insurance premium as



percentage of GDP) in India was relatively higher as compared with several emerging market economies, but significantly lower than that in advanced economies.

- **Financial literacy :**

Financial literacy is an instrument in expanding financial inclusion. Financial inclusion mean the capacity to have familiarity with and understanding of financial market products, especially rewards and risks in order to make informed choices. Viewed from this standpoint, financial education primarily relates to personal financial education to enable individuals' to take effective actions to improve overall well-being and avoid distress in matters that are financial. Indians may soon start getting schooled in financial literacy early on, with the Central Board of Secondary Education, or CBSE, readying to integrate it into already taught subjects such as moral science from the next academic year.

11.RESERVE BANK OF INDIA AND “ FINANCIAL INCLUSION” :

The RBI set up a commission (Khan Commission) in 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid-term review of the policy (2005-06). In the report RBI exhorted the banks with a view of achieving greater financial inclusion to make available a basic “no-frills” banking account. In India, Financial Inclusion first featured in 2005, when it was introduced, that, too, from a pilot project in UT of Pondicherry, by K. C. Chakraborty, the chairman of Indian Bank. Mangalam Village became the first village in India where all households were provided banking facilities. The RBI, in its annual policy statement of 2005-06, recognized the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of the population, and urged banks to review their existing practices to align them with the objective of financial inclusion. As a result, efforts are being made by the Reserve Bank of India and the Government of India to increase the banking penetration in the country.

Policy initiatives by Reserve Bank of India:

Keeping in view the tremendous scope for improving financial coverage, the RBI as a proactive measures, has taken several initiatives to promote financial inclusion:

1. A large number of people, especially in rural areas, do not have bank accounts. Banks have been encouraged to make available “no-frills” bank accounts with “nil” or very low minimum balances making such accounts accessible to public at large. The Regional Rural Banks (RRBs) have also been advised to allow limited overdraft facilities in “no-frill” accounts without any collateral.
2. In order to ensure that people belonging to the low-income groups, both in urban and rural areas, do not encounter difficulties in opening bank accounts, the KYC procedure for opening accounts was simplified.
3. Banks are required to make available all the printed material used by retail customers in English, Hindi and the concerned regional language.



4. All the State Level Bankers' Committee (SLBC) convener banks have been advised to initiate action for identifying at least one district in their State /Union Territories for 100% financial inclusion. To extend hassle-free credit to bank customers in rural areas, the guidelines on General Credit Card (GCC) schemes were simplified to enable customers' access credit on simplified terms and conditions, without insistence on security, purpose or end-use of credit.

5. Guidelines have been issued to banks to enhance their outreach by utilizing the services of civil society organizations, farmers' club, NGOs/SHGs, Micro Finance Institutions etc as Business Facilitators and Business Correspondents (BC). The BC model ensures a closer relationship between poor people and the organized financial system.

6. Banks have been urged to make effective use of information and communications technology (ICT), to provide doorstep banking services through the BC model where the accounts can be operated by even illiterate customers by using biometrics, thus ensuring the security of transactions and enhancing confidence in the banking system.

7. Banks have been advised to implement Electronic Benefit Transfer (EBT) by leveraging ICT-based banking through BCs to transfer social benefits electronically to the bank account of the beneficiary and deliver government benefits to the doorstep of the beneficiary, thus reducing dependence on cash and lowering transaction costs.

8. The new branch authorization policy issued by the RBI has been announced to encourage banks to open branches in those under banked States and the under banked areas in other States. The new policy places a lot of emphasis on the efforts made by the bank to achieve, inter alia, financial inclusion and other policy objectives.

9. The Finance Minister had announced in Budget 2010-11 that, "To reach the benefits of banking services to the „Aam Aadmi (common man), the RBI had set up a high-level committee on the lead bank scheme."

12.RESERVE BANK OF INDIA APPROACH TO FINANCIAL INCLUSION :

(a) Bank led Model:

- In India, we have adopted a bank- led model for financial inclusion, which seeks to leverage on technology. The FI initiatives would have to be ICT based and would ride on new delivery models that would need to be developed by the market participants to best suit their requirements.
- Our experience shows that the goal of financial inclusion is better served through mainstream banking institutions as only they have the ability to offer the suite of products required to bring in effective/meaningful financial inclusion.
- Other players such as mobile companies have been allowed to partner with banks in offering services collaboratively.



(b) Minimum bouquet of products and services:

To meet the criterion of availability of banking services, a minimum of four basic products must be offered to customers:

- a check-in account with emergency credit facility
- payment services and remittance facility
- a pure savings product such as a recurring deposit
- facility of entrepreneurial credit to deserving people

(c) Technology driven- but technology platform neutral:

The task of Financial Inclusion is gigantic and cannot be done without actively leveraging technology and without the involvement of society as a whole. The Financial Inclusion strategies and delivery models being developed by banks are primarily technology driven. However, we have consciously ensured that the models adopted by banks are technology neutral, which facilitates easy up-scaling and customization, as per individual requirements.

(d) Combination of Branch and BC Structure:

A combination of Brick and Mortar structure with Click and Mouse technology will be helpful in extending financial inclusion, especially in geographically dispersed areas. Banks need to make effective use of technology to provide banking services in remote areas through the BC model. The BC model allows banks to provide doorstep delivery of services, especially cash transactions. To ensure increased banking penetration and control over operations of BCs, more Brick and Mortar branches are needed. In April 2011, banks have been mandated to allocate at least 25 per cent of all new branches to unbanked rural areas. Banks have also been mandated to open intermediary brick and mortar structures between the base branch & customer locations, which will lead to efficiency in cash management, documentation, redressal of customer grievances and close supervision of BC operations.

(e) Structured, planned approach:

We have a structured and planned approach to financial inclusion wherein all banks have prepared Board approved Financial Inclusion Plans (FIPs) with a three year horizon extending up to 2013, containing self-set targets which are congruent with their business strategy and comparative advantage. The initial goal of providing access to banking services to all villages with population more than 2000 by March 2012 has been successfully met and we are on our way to ensure the same for all villages in a time bound manner. The focus has now shifted from just opening of accounts to the volume of business transacted in these accounts, which is the key for making the FI model a success.

13.SUGGESTIONS ON FINANCIAL INCLUSION :



- Bank should encourage households to open account by reaching the doorstep of excluded households.
- Financial literacy should be part of schooling for educating children the importance of banking services in their daily life.
- There should be a separate bank branches in urban slum areas.
- Mass media should be effectively used for educating the poor households for participating in the programmes.
- Banks should adopt fast processing for better service.
- More public awareness should be created.
- RBI should organize camps in remote and urban slums for spreading financial literacy to excluded households.

14.CONCLUSIONS :

As already mentioned that nearly 70% of people in India live in villages. The majority of people living in rural areas remain excluded from the purview of the financial institutions even after 64 years of independence. Reaching out to the hither-to unreached segment of population and providing basic financial services is the need of the hour. To bring a large segment of the society under the umbrella of financial inclusion, banks have set up their branches in remote corners of the country. The rules and regulations have been simplified. It goes without saying that the banking industry has shown tremendous growth in volume during the last few decades. India's fastest growing economies have become possible through financial inclusion. In spite of that, still there are large segments of the society outside the financial system. "An inclusive growth is not possible without financial inclusion. Financial inclusion has become a major policy plank.

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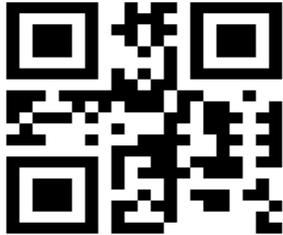
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