International Journal of Multidisciplinary Research and Growth Evaluation
ISSN: 2582-7138
Received: 15-10-2020; Accepted: 18-11-2020
www.allmultidisciplinaryjournal.com
Volume 1; Issue 5; November-December 2020; Page No. 50-65

Financial Inclusion: The seed of inclusive growth in India

Jyoti Kumari Sharma
Assistant Professor, Department of Economics, Balurghat College, West Bengal, India

Corresponding Author: **Jyoti Kumari Sharma**

Abstract
Inclusive Growth is taken into account of the economic growth process, heading towards equitable allocation of resources with benefits rendered to every section of society, leading to sustainable economic development as a whole. The finance comes as an element that brings forward the financial status of the country, depicting the standard of living of its citizens. Thus, accordingly, the financial structure of the country motivates and affects the ability to build wealth in its citizens.
Financial inclusion helps in the availability and equality of opportunities to access various financial services, related to money management, debt recovery, saving advancement, and investment initiatives. In this way, under inclusive growth, the process of financial inclusion helps the country's citizens to improve their standard of living with the advancement of the financial structure of the concerned country. On this basis, the concerned paper discusses in detail the concept of financial inclusion, including its importance, challenges, and measures that necessitate its implementation in India, to maximize the well-being of Indian citizens with regular increases in per-capita income of India. In this way, financial inclusion can help in poverty reduction in India with inclusiveness in opportunities related to financial services available in India.

Keywords: Inclusive growth, equality, financial opportunities, money management, investment initiatives, standard of living, poverty reduction

1. Introduction
The financial system deals with the formal institutions which create provision for savings, investment, sending, and receiving money. So, accordingly, finance in general terms refers to money management and other valuables, which can easily be converted into cash as per need. At the same time, there are also various types of definitions given by economic experts, entrepreneurs, and academicians. In simple words, these definitions are as follows:
Economic experts defined finance as a task to provide the necessary funds, in terms of money, bank demand-drafts, etc. required by the business entities like companies, firms, individuals, and others, on the terms and conditions which are most favorable to attain their economic objectives.
Entrepreneurs said that finance is concerned with cash. It is so since each business-transaction dealings involve money-cash directly or indirectly.
Academicians defined finance as the procurement to get funds and obtain effective utilization of funds with proper planning. In addition to it, it deals with profits that adequately compensate the cost and also the various risks borne by the business.
So, as the finance-money of the country is included in the formal financial sector, it should help its citizens in the following manner to follow policies of inclusive growth. These are as follows:

- Legally make day-to-day transactions concerning activities related to formally sending and receiving money.
- Safeguards every citizen’s savings, to help the households to manage cash flows smoothly, related to activities of consumption, capital building, etc.
- Investment in business assets and enterprises to further grow their business firms progressively.
- Payment with planning related to all recurring deposits like school fees.
- Answer all kinds of precautions by managing all expenses related to unexpected events like medical emergencies, natural disasters, etc.
- Improve the all-round welfare of the country, along with human resource development.

On this basis, the finance and the financial systems of the country only help in inclusive growth. Accordingly, it creates provision in an inexpensive and easy way of savings and loan services for all its citizens, including the poor under the process of opening of bank account, including insurance policies, wealth management, etc. Thus, allowing people to easily see-check-send and receive money.

2. Financial Inclusion

Inclusion related to finance is whenever individuals and businesses have access to affordable financial products and services with a high utility that can meet their needs and wants, delivered with rationality and in a sustainable way. On this basis, financial inclusion refers to the availability and equality of opportunities related to access to all financial services and facilities needed for economic development at both micro and macro levels. In this way, services of financial inclusion act as a positive externality. Thus, accordingly, the main objective of financial inclusion is the availability of financial services and facilities that meet the specific needs of users without discrimination.

United Nations defined financial inclusion "as access to a range of financial services such as saving, credit, insurance, remittance, and other banking payment services to all bankable households and enterprise at a reasonable cost and in inclusive terms for all."

Since the early 2000s, the term "financial inclusion" gained complete importance because of its direct correlation to poverty, which defined the goals of financial inclusion as follows:

- Access to a reasonable cost towards a full range of financial services, including savings or deposit services, payment including transfer services, credit, insurance, etc.
- Sound, safe, and clear regulations to govern all institutions and industries with respect to their performance standards.
- Financial stability is accompanied by institutional sustainability to ensure the certainty of continuous investment.
- Competition to ensure financial choices and affordability to clients.

In 2008, the Reserve Bank of India (RBI) defined financial inclusion "as the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups in particular."

In 2009, PLANNING COMMISSION OF INDIA defined financial inclusion "as universal access to a wide range of financial services at a reasonable cost. It also included other financial services such as insurance and equity products, along with banking products."

In 2011, K.C CHAKRABORTY defined financial inclusion "as the process of ensuring access to appropriate financial products and services at an affordable cost, which is needed by all sections of the society, including vulnerable groups comprising of weaker sections and low-income groups in a fair and transparent manner under mainstream institutional players."

Thus, in general terms, financial inclusion can be defined "as the delivery of financial services in inclusive terms to poor and at an affordable cost."

Under these facts, situations, and conditions of economic growth and development, financial inclusion is considered as an important part of the mainstream thinking on economic development based on the country's leadership. As financial inclusion deals with the activities to ensure that all households and business firms in the country to have access to and at the same time effectively use these financial services appropriately following the legal norms to improve their lives, regardless of their income level.

With respect to these above-mentioned terms, conditions, functions to make the affordability of all-inclusive financial services available to all citizens of the country without any discrimination. The FINANCIAL INCLUSION service is considered "as the seed of inclusive growth to motivate all Indians to work legally for sustainable economic development."

3. Types of Financial Inclusion Services

Under the various socio-economic concepts of inclusive growth, the Indian government takes financial inclusion as one which dynamically aims to provide financial services to all at affordable costs. With respect to this perspective, financial services following the policies of inclusive growth are put into the following different heads:

1. Inclusive Banking System Board

It refers to the financial inclusion banking service-board, which provides universal access to banking services to all the citizens of the country, including the poor and disadvantaged section of the society. It works with the objective that every citizen inclusively opens a bank account, at least in the banks available in the concerned country. In this way, it aims to inclusively expand the banking system for rationally giving financial security.

2. Inclusive Financial Advisory Board

It refers to a financial inclusion education board, which provides guidance related to various financial services present around the world. Further, it also provides details of the benefits concerning financial measures, investment opportunities, financial schemes, etc. In this way, it inclusively makes all citizens of the concerned country qualified in rationally making a financial decision in the right way, adding security to their financial status.

3. Inclusive Wealth Management Board

It refers to a regulatory framework board of financial inclusion, which inclusively deals with all wealth management services. They are asset allocation review, cash flow analysis, report on consolidated investment, financial services related to charity, consultation related to employee financial benefits, etc. In this way, it inclusively provides financial consultations, reviews, and recommendations to all people who need guidance with respect to financial wealth for house management needed to live a financially secure life.

4. Inclusive Mutual Funds Board

It refers to the financial inclusion service-board, which works under the process to check, review and explain all as to how mutual funds acts as an effective financial inclusion instrument to make financial investments rationally strong and secure from all sides. Under this, it addresses, helps, and supports the various financial products to reach the different parts of the country, including all villages and small towns along with the benefited urban areas. In this way, it also enables the common man with their financial advice to inclusively participate in the capital market investment with low risk, followed by high returns, by enjoying full safety in financial services under the guidance of this board.

5. Inclusive Insurance Policy Board

It refers to a financial inclusion regulatory framework of insurance companies and advisory. It promotes financial services through investment in insurance policies by inclusively providing education and advice about the benefits of the various insurance policies, all the citizens, including low-income groups. In this way, it gives access to all households with the means to financially protect themselves from uncertain situations or occurrences in life through investment in insurance policies in an efficient manner.

These various boards of financial inclusion implement financial inclusion in the following ways:

(a) Provides household income

Financial services provided by the country's government increase the household income of its citizens. This helps them to carry on their various day-to-day activities, including their business-work rationally, profitably, and successfully, by managing the cash flows and expanding their savings.

(b) Helps to build assets

When financial services help is inclusively provided to poor and disadvantaged people of the country, including the rich citizens. It helps the poor families to build and expand their assets. Through this, they can acquire land, construct, and build their houses, purchase consumer durables, etc. under the process of constructing and expanding their business.

(c) Increases financial security

When in a country facilities related to banking, mutual funds, insurance, wealth management, and financial advisory are introduced, developed, and expanded, it helps its citizens, to save and invest their financial assets in a very secure and rational way to earn high interest. Thus, financial inclusion services give and increase the security for all types of wealthy assets with its safety store in financial institutions like banks and investment under the guidance of financial boards like the financial advisory board.

(d) Helps to reduce vulnerability

Financial inclusion by increasing household income, asset building, and financial security helps in the reduction of vulnerability in the country's poor citizens' life. It does so by making a transformation from everyday survival to future planning. In this way, they are also able to invest in their daily livings with respect to their child's education, improvement in their living condition with a healthy and hygienic lifestyle, etc.

(e) Creates job opportunities

Financial service's help in expanding the business activities and also motivates entrepreneurship heading towards the work related to building assets. Under this process growth in micro-enterprises takes place, ensuring access to the creation of various kinds of jobs.

In this way, the Government of India under the guidance of the Reserve Bank of India has made constant efforts to promote financial inclusion in India. The main objective of this initiative is to make financial services of all forms available to all Indians, including the poor and disadvantages that were financially excluded in the Indian historical time-period.

4. Financial Inclusion in India

The concept of financial inclusion can be traced from the year 1904 when the cooperative movement took place in India. After independence, these inclusive financial services efforts were intensified by the recommendations given by the All India Rural Credit Survey of 1954. Since independence, various initiatives were undertaken by the Government of India (GOI), Reserve Bank of India (RBI), and National Bank for Agricultural and Rural Development (NABARD) for the successful implementation of financial inclusion policy in India. This can be broadly categorized into the following three phases, which are as follows:

- **First Phase:** Post Independence period upto 1991.

Since independence, RBI intensified and took various efforts to increase banking facilities with financial inclusion services in India. Initiatives taken up to 1991 for enhancing equitable financial growth with sustainable development in the Indian banking system were as follows:

1. In the 1950s, an extensive network of Rural Cooperative Banks was established in India. It was to provide a leveraging country, with wide deposits followed by an increase in savings. It was for the development of agriculture and small-scale cottage industries.
2. In 1955, a state-sponsored bank named as The State Bank of India was established in India, following the recommendations of the All India Rural Survey Committee.
3. In 1969, the Nationalization of Banks took place, under which "14 major commercial banks were nationalized" in India and "Lead Bank Scheme" was introduced.
4. In 1972, the Differential Rate of Interest (DRI) Scheme was introduced in India to provide credit to low-income groups at a concessional (low) interest rate.
5. In the 1970s and later again in the 1980s, the Branch Licensing Policy was initiated by the government of India.
6. In 1975, the Regional Rural Banks (RRB's) was set up in India, to cater to the credit needs of the rural and neglected group of Indian citizens. This was mostly for the ones who needed simple, flexible, and small-sized financial services in a large amount.
7. In 1977, the 1:4 License Rule was established under banking policy to increase the number of bank branches in unbanked regions of India. It dictated that banks could/should open its branch in banked areas, only after opening a minimum of four branches in the unbanked areas in India.
8. In 1982, the National Bank for Agricultural and Rural Development (NABARD) was established, to check and fulfil all financial needs of the Indian agricultural sector.
9. In 1989, the Service Area Approach Scheme was introduced in India to provide rural lending by making planned coordination efforts for extensions and development of state government banking agencies. Under this process, each rural and semi-urban bank of SCB's, including the RRB's was assigned in the designated areas to implement and fulfil this scheme with success.

- **Second Phase:** Post Reforms period from 1991 to 2005.

This phase of financial inclusion banking was more on creating an efficient banking system in India with both strong and stable base. It was initiated by the following measures, which are as follows:

1. In 1992, the Self Help Group (SHG)-Bank linkage programme was introduced in India to facilitate poor people with collective decision making and to provide door-step banking.
2. In 1998, the Basic Saving Account Scheme was introduced, to promote saving habits in citizens of India by advising them to open at least one saving account.
3. During 1998-99, NABARD introduced Kisan Credit Cards (KCC's) scheme in conjunction with commercial banks, cooperative banks, and RRB's to smoothly provide credit to farmers and accordingly to strengthen the agriculture credit delivery system.
4. In 2003, the Swarojgar Credit Card Scheme was introduced by NABARD to provide and facilitate credit for investment to rural and small micro-enterprises. For example, small artisans, handloom weavers, etc.

- **Third Phase:** Recent initiatives taken from 2005 onwards.

In 2005-06, RBI first time explicitly used the term "financial inclusion". It was used in the annual policy statement of 2005-06 of India to adopt a market-oriented approach that could recognize and give importance to the business consideration of banks and other financial institutions, providing them with long-term sustainability.

The policies initiated by the Government of India and RBI under this phase were as follows:

1. In 2005, the No-frills account, relaxation in KYC norms, and GCC's were introduced.
2. In 2006, the BF's –BC's model, ATM with simplified bank authorization, the opening of branches in unbanked regions, and the use of ICT with EBT took place.
3. In 2006, the Government of India constituted the "Committee on Financial Inclusion". This was to remove the financial inclusion problems of the rural poor of India. For this purpose, two fund policies were introduced, which are: Financial inclusion fund (FIF) and Financial inclusion technology fund (FITF).
4. In 2007, the planning commission of India constituted the "High-Level Committee on Financial Reforms", intending to identify the challenges that emerged to meet the financial needs of India. Then accordingly provided a successful recommendation to remove it and achieve financial inclusion in India.
5. In 2008, the mobile banking was introduced.
6. In 2009, the Aadhaar card system with UIDAI was introduced.
7. In 2010, the financial inclusion plans for banks along with priority sector lending was introduced.
8. In 2011, the Swabhiman scheme was launched under the flagship of the UPA-II Government of India.

Further, on 28th August, 2014 to provide a bank account to at least 75 million Indians by 26th January 2015, the government of India announced a national financial inclusion named the "Pradhan Mantri Jan Dhan Yojana." This was to remove the disadvantaged nature of lack of bank branches with the inadequate legal and financial structure in rural areas of many states.

5. Policies and plans implemented in India, to improve its financial inclusion system

Financial inclusion is one of the elements of inclusive growth for achieving sustainable development in India. In the year 1969, it gained momentum with the nationalization of banks. Under which "14 major commercial banks were nationalized" in India and "lead bank scheme" was introduced. It was followed by the establishment of Priority Sector Lending Banks (PSLB's) in the year 1971 and 1975 with the establishment of Regional Rural Banks (RRB's). The penetration of financial inclusion in rural India was done in 1982, with the establishment of the National Bank of Agriculture and Rural Development (NABARD). After this from 1987, NABARD took various initiatives and measures to introduce and bring financial inclusion in rural India, which are as follows:

1. In 1987, NABARD developed SELF HELP GROUP (SHG's)-bank linkage programme, which started in 1992, to provide institutional credit disbursement to self-help groups in rural India.
2. In August 1998, the Kisan Credit Card (KCC's) scheme was introduced by NABARD as a credit delivery mechanism to enable farmers to meet their production requirements.
3. In 2000, NABARD launched the Micro-Finance Development Fund (MFDF) with a special focus on capacity building among self-help groups of rural India with the help of the micro-finance system on an equity basis. It is also known as Micro-Finance Development Equity Fund (MFDEF).
4. In 2003, the Swarojgar Credit Card Scheme was introduced by NABARD for providing timely credit to micro-entrepreneurs and small enterprises.
5. In 2006, the SHG's-post office linkage programme was introduced by NABARD for utilizing a network of post-offices present in rural areas. It was mostly to provide credit to the rural poor on an agency basis and also test the effectiveness of the department of posts in providing micro-finance services to the rural poor.
6. In 2007, NABARD launched the Redesigning farmer's club programme to enable easy gain of access related to credit, technology, and extension services to rural farmers. Here, this programme acted as business facilitators of RRB's in villages having more than 2000 population. Concerning this, in the year 2007 itself, NABARD launched Financing Joint Liability Groups to enhance credit flow to farmers for agricultural and allied activities. Then, again this year, NABARD launched the Financial Literacy and Credit Counselling Centers to provide credit and technological counselling by creating awareness about financial rights, norms, and responsibilities among farmers.
7. In 2008, NABARD launched the Financial Inclusion Fund (FIF) to support the development and promotional activities on the way of creating financial inclusion infrastructure. Then it launched Financial Inclusion Technology Fund (FITF) to meet the cost of the technological advancement process, adapted to achieve financial inclusion in India.
8. In 2010, the NABARD-UNDP Collaboration Programme was launched to develop a new paradigm of financial inclusion, which could reduce the vulnerability of the poor by providing new opportunities to diversify their livelihood. In this way, it provided easy access to

affordable delivery of financial products and services in India.
9. In 2013, NABARD implemented a special project unit named the Kisan credit card with RuPay debit card to develop a cashless ecosystem and access to banking facilities for farming communities by the issuance of RuPay KCC's debit card.

As mentioned above, the first initiative to implement financial inclusion taken by RBI was the nationalization of banks in 1969, followed by the establishment of RRBs. Under this process, various bank linkage programmes and policies were set up and initiated in India by the Government of India to provide financial accessibility to the unbanked group of the Indian population. These policies and programmes were set up, launched, and implemented in India to promote financial inclusion are as follows:

1. In 1987, the first ATM in terms of MICRO-ATM was installed under the National Financial Swift (NFS) of the ICT sector of India, by the Ministry of National Payment Corporation of India (NPCI) to facilitate routing of ATM transactions through interconnectivity between various banks.
2. In the late 1990s, internet banking arrived in India, but online banking established itself in India in 1999. It was introduced and implemented to ensure the security of the transaction and help to recognize the potential of technology to outreach the rural and remote areas of India for addressing banking services. Under this, RBI helped the illiterate customers to gain confidence in the Indian banking system. For this purpose, the biometrics facility was introduced to do banking transactions.
3. In December1999, the Swarnajayanti-Gram Swarojgar Yojana (SGSY) was launched, to form Self Help Group (SHG's) of rural-poor households; to provide capacity building training and linking groups in the form of SHG's to bank in remote areas.
4. On 30th August 2000, the Credit Guarantee Fund Trust for Micro and Small Enterprises was launched by the Ministry of MSME of India to ensure better flow of credit to micro and small scale enterprises. Its main aim was to minimize the risk perception of banks and other financial institutions with the help of collateral-free credit.
5. In January 2004, the Government of India launched the National Pension Scheme (NPS) voluntarily for government employees. It was/is to provide financial security with stability in terms of pension after retirement from service in old-age. But from 1st May 2009, this NPS was opened for all, including unorganized sector workers between the age of 18 and 60.
6. In August 2005, RBI implemented relaxation in Know Your Customer (KYC) norms and asked all the Indian banks to take any evidence of their name and address to open an account in the concerned bank. Further, it directed that the evidence may/can be as per the will of the account holder, but must include its Aadhaar Card number.
7. In September 2005, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was launched by the government of India to provide financial inclusion services to rural poor. This was done by guaranteeing them with at least 100 days of wage-employment.
8. In November 2005, RBI launched the No-Frills Account (NFA's) with Basic Saving Bank Deposit Account (BSBDA) and thus took various incentives to direct the maximum banks present in India to make the NFA's available to a large section of the Indian population. These NFAs refer to a bank account with nil or low minimum balance, including the charges on it. Concerning this, banks were also directed to provide small overdrafts to respective account holders.
9. In December 2005, RBI introduced and implemented financial credit cards in the form of General-purpose Credit Cards (GCCs) to provide easy credit facilities to the poor and disadvantaged bank account holders, mostly living in rural and semi-urban areas of India.
10. In January 2006, RBI permitted the Indian banks to engage Business Facilitators (BFs) and Business Correspondents (BCs) in banking practices, as intermediaries for providing financial and banking services. It functioned in form of doorstep delivery of services in terms of cash-in and cash-out transactions. It was taken as an incentive to help the banks in addressing and solving their last-mile problems using business-firm profits.
11. In 2008, the financial literacy project was launched by RBI to educate the people on financial matters. Further, RBI initiated the Financial Inclusion Technology fund to meet the cost of technology adoption on banking matters.
12. In January 2009, the Government of India constituted the Unique Identification Authority of India (UIDAI)-Aadhaar cards to provide every Indian citizen with a unique indemnification number as a residence proves of India. It was to enable all kinds of banking services, mobile connections, etc. and thus get easy access to an open bank account and get ATM cards with the help of these Aadhaar card numbers of unique identification.
13. In June 2010, the Ministry of Rural Development of India introduced and implemented National Rural Livelihood Missions to provide flexibilities in financial inclusion services in rural areas, with the help of providing interest subsidy on repayment of loans, facilitate financial market linkage, etc. It is to improve monitoring plus evaluation of the process of providing multiple doses of credit in rural areas of India, heading towards poverty alleviation from India.
14. In November 2010, the Immediate Payment Service (IMPS) was launched to facilitate interbank mobile banking payments. It is to provide centralized interbank settlement of services related to fund-transfers between various bank accounts.
15. On 10th February 2011, RBI under the flagship of the UPA-II government implemented and launched the Swabhimaan Scheme to provide branchless banking through the use of technology and provided basic bank schemes like deposits, withdrawals, and remittances using the services of Business Facilitators (BFs) and Business Correspondents (BCs). It also took initiative to enable government subsidies and social security benefits directly to the account of beneficiaries.
16. In March 2012, the RuPay cards, as a new card payment scheme was launched in the ICT sector of India. It was/is to allow flexibility and protections related to bank customer's needs of financial information and to

facilitate electronic transfers.

17. On 16th July 2012, the National Strategy for Financial Education was launched with the aim to create financial awareness among all Indian citizens related to the availability of different types of financial services available in India. This was to benefit all Indian citizens through financial literacy in the most appropriate way to improve financial inclusion in India.
18. In January 2013, the Government of India launched the Direct Benefit Transfer Programme, to facilitate direct transfer of government benefits and subsidies in the hands of residents through UIDAI which is related to the Aadhaar cards.
19. On 18th July 2014, the Credit enhancement Guarantee Scheme was launched for promoting entrepreneurship among the SCs classes of the Indian population. It was done by providing both direct and indirect financial assistance through the creation of wealth, value to society, generating employment opportunities, and developing confidence in profitable business.
20. On 28th August 2014, the Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched to expand financial inclusion, by providing easily affordable financial services to the Indian population among age groups of 18 to 65yrs. It is given in the form of an accessible bank account, remittances, credit, insurance, pension, etc.
21. On 16th January 2015, the Venture Capital Funds for Scheduled Castes under Social Sector Initiatives was launched to provide financial assistance to Indian SCs entrepreneurs, who are and were considered able to create wealth by promoting profitable business. Thus it helps to add value in innovation, technological growth, etc. in the Indian business entrepreneurship society.
22. On 22nd January 2015, the Sukanya Samriddhi Yojana was launched to promote prosperity and welfare to Indian girl child well-being in the most rational and prosperous manner. Here Indian government gives an opportunity of saving accounts to the parents of a girl child whose age is up to 10years, to provide funds for their higher education and marriage.
23. On 8th April 2015, the Pradhan Mantri Mundra Yojana was launched to make Indian citizens “self-reliant” and “self-dependent”, by providing knowledge about financial development and bringing the unbanked Indian into the mainstream of banking sector. This policy is demonstrated under the slogan “fund the unfunded” by the present prime minister: Mr. Narendra Modi.
24. On 9th May 2015, the Atal Pension Yojana was launched to help and direct the unorganized sector like personal maids, drivers, and gardeners, etc. to save money for their old age, which is for post-retirement. On this date itself, the Pradhan Mantri Jeevan Jyoti Yojana was launched by Prime Minister Narendra Modi as a government-backed life insurance scheme, which provides yearly life insurance coverage of Rs. 2,00,000 to the subscribers.
25. On 1st August 2015, the Jeevan Suraksha Bandhan Yojana was launched, to promote and enhance social security with financial assistance following the principles of transparency, efficiency, and reliability under various social security schemes of financial inclusion.
26. On 5th April 2016, the Stand-up India Scheme was launched to facilitate bank loans between 10 lakh to 1 corer, to at least one ST or SC or women of Indian citizens per branch. It is with the aim to promote and support Greenfield enterprises under the entrepreneurship development process in India.
27. On 1st April 2017, the Varishtha Pension Bima Yojana was launched to provide immediate social security in terms of pension to Indian citizens above 60years of age. It is for initiating well-being and welfare substantially by resource mobilization in India. It is mostly managed through life insurance policies.
28. On 9th May 2017, the Pradhan Mantri Suraksha Bima Yojana was launched to provide government-backed accident insurance to all the Indian citizens falling under 18 to 70 years of age, with a highly affordable premium of Rs. 12per annum. This policy is beneficial to the poor and low-income section of the society as it provides life coverage of Rs. 2 lakh for the accidental demise and permanent total disability and also Rs. 1 lakh for permanent partial disability.
29. On 21st July 2017, the Pradhan Mantri Vaya Vanadana Yojana was introduced to give regular pension to senior Indian citizens for at least ten years. Further, the maturity benefits of returns are also provided on it.

Accordingly, with the introduction of a digital banking system, RBI advised the Indian banks to continuously adapt and implement Electronic Benefits Transfer (EBT) under banking transactions from 2005 onwards. Then, with the introduction of financial inclusion in India in the year 2005, RBI advised all the Indian banks to adopt and use ICT facilities. These services are to help the bank account holders, including the government, to electronically transfer social benefit and thereby reducing their dependency on direct cash withdrawal from the bank. Later, in the year 2012, with these branchless banking services of BF’s- BC’s of financial inclusion, it extended habitations in the areas with a population of more than 1,000 in north-eastern, hilly regions and plain areas of India through services. Then from September 2013, banks were also allowed to provide e-KYC services to its customers based on Aadhaar card details and facilities.

6. Statistical status of financial inclusion in India

Financial inclusion establishes secure financial services with sustainability for the citizens of the country. Under this process, it all creates various affordable financial products related to deposits, loans, fund transfers, insurance, etc. to help poor and disadvantaged people of the country with these inclusive financial services. Thus, we need to check the progress of financial services in India over the years. Accordingly, for this, we choose the following indicators to measure the financial status of India. These indicators are as follows:

1. Bank branches,
2. ATM penetration,
3. Saving accounts,
4. Credit accounts,
5. Credit-deposit ratio, etc.

The status of these financial indicators in India is statistically analyzed as follows:

Table 1: Number of bank branches in India, till 2012

Year	Rural Areas	Semi-Urban	Urban and Metropolitans	Total Bank-Branches	Rural Share (%)
1969	1,833	3,342	3,087	8,262	22
1970	3,063	3,718	3,350	10,131	30
1975	6,807	5,598	6,325	18,730	36
1980	15,105	8,122	9,192	32,419	47
1985	30,185	9,816	11,382	51,385	59
1990	34,791	11,324	13,637	59,752	58
1995	33,004	13,341	16,022	62, 367	53
2000	32,734	14,407	18,271	65,412	50
2005	32,082	15,403	20,870	68,355	47
2010	32,554	21,053	34,834	88,441	37
2011	33,813	23,236	36,750	93,799	36
2012	35,653	25,542	38, 698	99,884	36

Source**:** RBI, available on**:**
https://www.researchgate.net/publication/235944172_FINANCIAL_INCLUSION_FOR_INCLUSIVE_GROWTH_OF_INDIA_-A_STUDY_OF_INDIAN_STATES

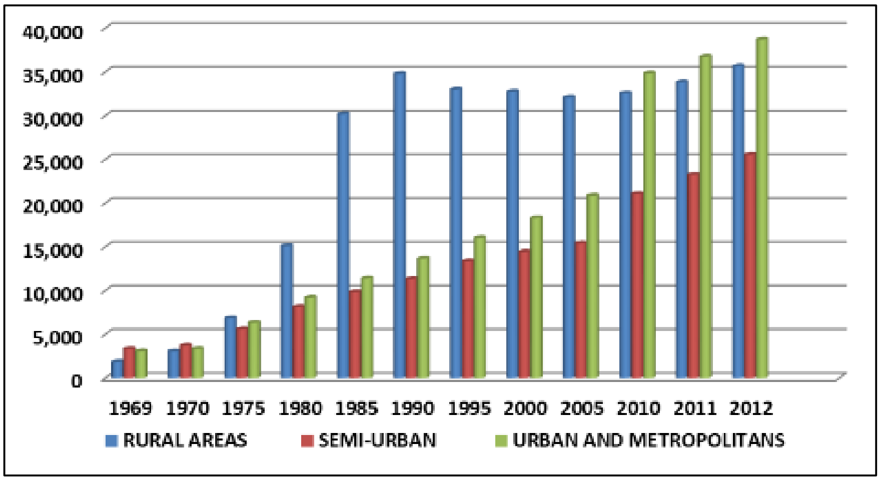

Fig 1: Number of bank branches in rural, semi-urban and urban India till 2012

The NUMBER OF BANK BRANCHES measures the ease to which citizens of the concerned country gets access to various banking services in all areas, regions, etc. which can be analyzed from table 1 and figure 1a). In the year 1969, the number of bank branches in rural areas was 1,833, it was 3,345 in semi-urban areas and in urban areas, it was 3,087, including the metropolitan cities.

The number of bank branches in India kept on increasing over the years in the following sequence:

- In rural areas of India: it increased to 3,063 in 1970, then directly to 15,105 in 1980 and further to 34,791 in 1990. Again, in the year 2000, it increased to 32,734 and 32,082 in 2005, then to 32,554 in 2010 and finally to 35,653 in the year 2012.
- In the semi-urban areas of India: it increased to 3,718 in 1970, then to 8,122 in 1980 and then directly to 11,324 in 1990. Further, in the year 2000, it increased to 14,407, 15,403 in 2005, then to 21,053 in 2010 and finally to 25,542 in the year 2012.
- In urban areas, including the metropolitan cities of India: it increased to 3,350 in 1970. Then, directly to 9,192 in 1980 and further to 13,637 in 1990. Further, in the year 2000, it increased to 18,271. Again, to 34,834 in 2010, then to 36,750 in 2011 and finally to 38,698 in the year 2012.

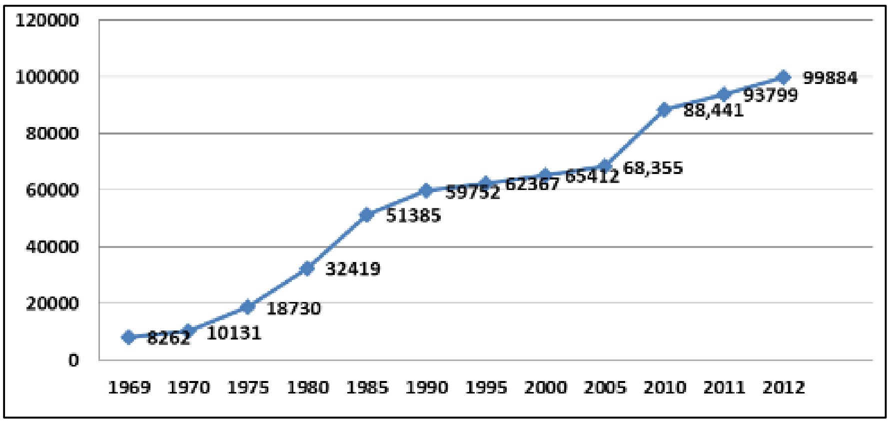

Fig 2: Growth of Total Bank Branches Till 2012

As per the estimates made by RBI with respect to the number of bank branches in India, till 2012 in different areas/sectors of our country, which can be analyzed from table 1 and figure 1b). It is seen that in the year 1969, total number of bank branches in India were 8,262. Again, it increased to 10,131 in 1970, then directly to 32,419 in 1980 and 59,752 in 1990. Further, in the year 2000, it increased to 65,412 and then to 88,441 in 2010. Accordingly, it increased to 93,799 in 2011 and finally to 99,884 in the year 2012.

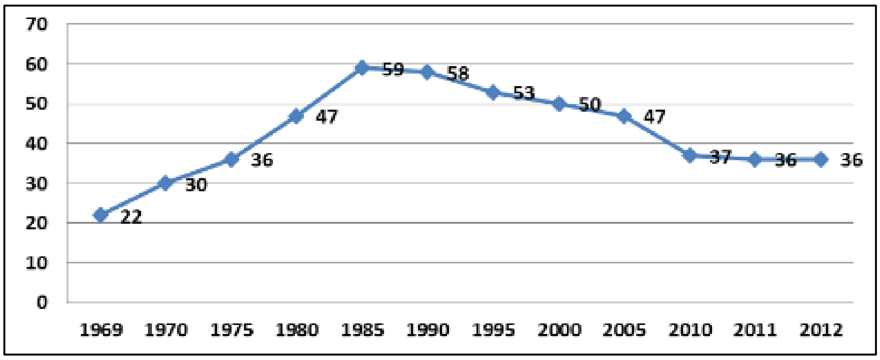

Fig 3: Percentage share of rural bank branches till 2012

From **table 1 and figure 1c)**, it is seen that in the year 1969, the percentage share of rural bank branches in India was 22 percent, which kept on increasing till the year 1990 and then after started to decline. That is, it increased to 30 percent in 1970, then directly to 47 percent in 1980 and further to 58 percent in 1990. Then in the year 2000, it declined to 50 percent and further its percentage share number kept on decreasing, that is to 37 percent in 2010 and then to 36 percent in 2012.

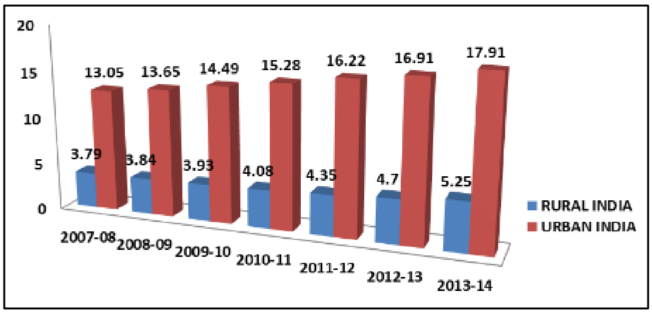

Fig 2: Number of branches of banks in rural and urban areas of India (Per 1,00,000 Population).

Table 2: Number of branches of banks in rural and urban areas of India (per 1,00,000 population)

FISACAL Year	Rural India	Urban India
2007-08	3.79	13.05
2008-09	3.84	13.65
2009-10	3.93	14.49
2010-11	4.08	15.28
2011-12	4.35	16.22
2012-13	4.70	16.91
2013-14	5.25	17.91

Source: Author estimates based on the data from RBI.
- Data releases https://www.rbi.org.in/Scripts/Statistics.aspx of the Statistical database and World Bank.
- World development indicators, http://data.worldbank.org/data-catalog/world-development-indicators

As per the surveys' analysis and estimates made by Reserve Bank of India (RBI) and World Bank, concerning the number of bank branches in rural and urban areas of India (per 1,00,000 population), which is given in table 2 and figure 2, we see the following estimates:

1. Rural areas of India: During the fiscal year 2007-08, the number of bank branches (per 1,00,000 population) was 3.97. It increased to 3.93 during 2009-10 and then to 4.35 during 2011-12. Finally, during 2013-14, it increased to 5.25 per 1,00,000 population.
2. Urban areas of India: During the fiscal year 2007-08, the number of bank branches (per 1,00,000 population) was 13.05. It increased to 14.49 during 2009-10 and then to 16.22 during 2011-12. Finally, during 2013-14, it increased to 17.91 per 1,00,000 population.

Table 3: Progress made in India under Financial Inclusion Plans (Scheduled commercial banks including RRBs)

	Particulars	March 2010	March 2011	March 2012	March 2013	March 2014	March 2016	March 2017
1.	Banking outlets in Rural locations - Branches	33378	34811	37471	40837	46126	51830	50860
2.	Banking outlets in Rural locations - Branchless mode	34316	81397	144282	227617	337678	534477	547233
3.	Banking outlets in Rural locations - Total	67694	116208	181753	268454	383804	586307	598093
4.	Urban locations covered through Business correspondents	447	3771	5891	27143	60730	102552	102865
5.	Total Kisan Credit Cards (KCC, No. in millions)	24.3	27	30	34	40	47.3	46
6.	KCCs -Total (Amount in Rs. billion)	1,240	1,600	2,068	2,623	3684	5,131	5805
7.	Total General Credit Cards (GCC, No. in millions)	1.4	2	2	4	7	11.3	13
8.	GCC -Total (Amount in Rs. billion)	35	35	42	76	1097	1,493	2117

Source: compiled from report on trend and progress of banking in India of various years (issued by RBI). Available on http://researchersworld.com/ijms/vol5/issue2_3/Paper_12.pdf

From table 3, it is seen that in March 2010, the branches of banking outlets in rural locations of India were 33,378. Further, the branchless of banking outlets in rural locations of India were 34,316. Accordingly, the urban locations covered through business correspondents were 447. Further, the total number of KKC's was 24.3 million and the total money credited through KCC's was Rs.1,240 billion. Similarly, the total number of GCC's was 1.4 million and the total money credited through GCC's was Rs.35 billion. These all elements of finance progressively made progress over the years. This was as follows:

- The branches of banking outlets in rural locations of India increased to 34,811 in March 2011, then to 40,837 in March 2013. Further, it increased to 51,830 in March 2016 and then finally to 50,860 in March 2017.
- The branchless of banking outlets in rural locations of India increased to 81,397 in March 2011, then to 2,27,617 in March 2013. Further, it increased to 5,34,477 in March 2016 and then finally to 5,47,233 in March 2017.
- The urban locations covered through business correspondents of India increased to 3,771 in March 2011, then to 27,143 in March 2013. Further, it increased to 1,02,552 in March 2016 and then finally to 1,02,865 in March 2017.
- The total number of KCC's in India increased to 27 million in March 2011, then to 34 million in March 2013. Further, it increased to 47.3 million in March 2016, but in March 2017, it decreased to 46 million.
- The money credited through KCC's in India increased to Rs.1,600 billion in March 2011, then to Rs.2,623 billion in March 2013. Further, it increased to Rs.5,131 billion in March 2016 and then finally to Rs.5,805 billion in March 2017.
- The total number of GCC's in India increased to 2 million in March 2011, then to 4 million in March 2013. Again, it increased to 11.3 million in March 2016 and finally to 13 million in March 2017.
- The money credited through GCC's in India increased to Rs.42 billion in March 2012, then to Rs.76 billion in March 2013. Further, it increased to Rs.1,493 billion in March 2016 and then finally to Rs.2,117 billion in March 2017.

Table 4: State-wise distribution of Officies of scheduled commercial banks (Number of offices as at end-March)

Regions	2007	2008	2009	2010	2011	2012	2013	2014	2015
Northern	12399	13325	14069	15087	16176	17905	19681	22000	23843
Eastern	12603	13152	13670	14359	15138	16345	17469	19376	20893
Central	14494	15383	16244	17280	18194	19948	21581	24096	25926
Western	11352	12003	12664	13543	14417	15751	17013	18673	19821
Southern	20348	21751	22974	24423	25814	28300	30766	33691	36654
North-Eastern	2003	2085	2181	2268	2378	2556	2769	3129	3345
All India	73199	77699	81802	86960	92117	100805	109279	120965	130482

Source:
Available on
http://researchersworld.com/ijms/vol5/issue2_3/Paper_12.pdf

As per table 4, we see that under the state distribution of offices of scheduled commercial banks in India, the southern region of India always had the highest number of commercial banks and the north-eastern region had the lowest number of it. The broader scenario of it is as follows:

- In the northern region of India, the number of scheduled commercial bank's offices at the end of March 2007 was 12,399, which increased to 16,176 at the end of March 2011 and further increased to 23,843 at the end of March 2015.
- In the eastern region of India, the number of scheduled commercial bank's offices at the end of March 2007 was 12,603, which increased to 15,138 at the end of March 2011 and further increased to 20,893 at the end of March 2015.
- In the central region of India, the number of scheduled commercial bank's offices at the end of March 2007 was 14,494, which increased to 18,194 at the end of March 2011 and further increased to 25,926 at the end of March 2015.
- In the western region of India, the number of scheduled commercial bank's offices at the end of March 2007 was 11,352, which increased to 14,417 at the end of March 2011 and further increased to 19,821 at the end of March 2015.
- In the southern region of India, the number of scheduled commercial bank's offices at the end of March 2007 was 20,348, which increased to 25,814 at the end of March 2011 and further increased to 36,654 at the end of March 2015.
- In the north-eastern region of India, the number of scheduled commercial bank's offices at the end of March 2007 was 2,003, which increased to 2,378 at the end of March 2011 and further increased to 3,345 at the end of March 2015.

Thus, accordingly, the total number of scheduled commercial bank's offices, which was 73,199 at the end of March 2007, increased to 92,117 at the end of March 2011 and further increased to 1,30,482 at the end of March 2015.

Table 5: Number of functioning branches of public-sector banks (Population group-wise)

As on	Rural	Semi Urban	Urban	Metropolitan	Total
31.03.2011	20,658	16,217	13,450	12,612	62,937
31.03.2012	22,379	17,905	14,322	13,244	67,850
31.03.2013	24,243	19,642	15,055	13,797	72,737
31.03.2014	27,547	21,952	16,319	14,644	80,462
31.03.2015	29,634	23,549	17,387	15,325	85,895

Source: Department of Financial Services, Ministry of Finance, Government of India.
Available on
http://researchersworld.com/ijms/vol5/issue2_3/Paper_12.pdf

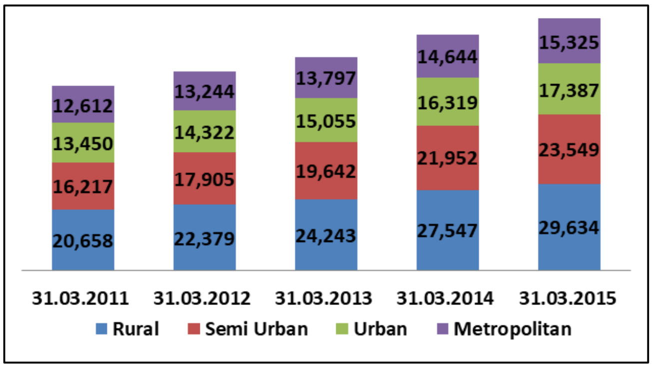

Fig 5: Number of functioning branches of public-sector banks (Population group-wise)

The table 5 and figure 5 shows that over the years, the total number of functioning branches of public-sector banks, as per population group-wise segmentation, kept on increasing in India. That is on 31st March 2011, it was 62,937, which increased to 67,850 in number on 31st March 2012. Then it increased to 72,737 on 31st March 2013, which again increased to 80,462 on 31st March 2014 and then to 85,895 in number on 31st March 2015. It can be yearly analyzed as follows:

- On 31st March 2011, the number of functioning branches of public-sector banks was 20,658 in rural areas, 16,217 in semi-urban areas, 13,450 in urban areas, and 12,612 in metropolitan areas of India.
- On 31st March 2012, the number of functioning branches of public-sector banks increased in every area of India. That is, it increased to 22,379 in rural areas, 17,905 in semi-urban areas, 14,322 in urban areas, and 13,244 in metropolitan areas of India.
- On 31st March 2013, the number of functioning branches of public-sector banks increased to 24,243 in rural areas, 19,642 in semi-urban areas, 15,055 in urban areas, and 13,797 in metropolitan areas of India.
- On 31st March 2014, the number of functioning branches of public-sector banks increased to 27,547 in rural areas, 21,952 in semi-urban areas, 16,319in urban areas, and 14,644 in metropolitan areas of India.
- On 31st March 2015, the number of functioning branches of public-sector banks increased to 29,634 in rural areas, 23,549 in semi-urban areas, 17,387 in urban areas, and 15,325 in metropolitan areas of India.

Thus, accordingly, over the years, the number of functioning branches of public-sector banks was highest in number in the rural areas of India and was lowest in the metropolitan areas of India.

Table 6: Growth of financial services in India (per 1,000 populations)

Year	Bank branches, Per 1000 population	Credit account, Per 1000 population	Saving account, Per 1000 population	Cash-deposit ratio
2000	0.06	53.3	269.2	56
2002	0.06	53.3	268.1	58.4
2004	0.063	60.9	279.4	58.7
2006	0.06	76.1	306.1	72.4
2008	0.06	72.7	371.8	74.4
2010	0.07	100	471.7	73.3

Source: Available on:
https://shodhganga.inflibnet.ac.in/bitstream/10603/36960/7/07_chapter%202.pdf
*used the data, (given in Table-2.8: BANK BRANCHES per 1000 population (2000-2010), Table-2.9: CREDIT ACCOUNTS per 1000 population (2000-2010), Table-2.10: SAVING ACCOUNTS per 1000 population (2000-2010), Table-2.11: CASH-DEPOSIT RATION in India (2000-2010) of the concerned paper)

As per table 6**,** which demonstrates the progress of financial inclusion in India from the year 2002 to 2010, we see the following:

1. **Bank branches (per 1000 population):** In 2000, there were 0.06 bank branches per 1000 population, which increased to 0.07 in the year 2010.
2. **Credit accounts (per 1000 population):** In 2000, there were 53.3 credit accounts per 1000 population. It increased to 60.9 in the year 2004 and then to 100 in the year 2010.
3. **Saving accounts (per 1000 population):** In 2000, there were 269.2 saving accounts per 1000 population. It increased to 306.1 in the year 2006 and then to 471.7 in the year 2010.
4. **Credit-deposit ratios:** In 2000, there were 56 cash-deposit ratios, which increased to 72.4 in the year 2006 and again increased to 74.4 in 2008. But, in the year 2010, it decreased to 73.3 cash-deposit ratios.

Table 7: State-wise status of financial inclusion in India, 2010

States	Bank Branches (per 1000 population)	Credit Accounts (per 1000 population)	Saving Accounts (per 1000 population)	Credit-Deposit Ratio
Northern region	0.095	70.4	592.5	74.4
Haryana	0.096	76.3	546.5	63.3
Himachal Pradesh	0.15	81.3	552.1	42.2
Jammu and Kashmir	0.86	51.8	485.1	46.4
Punjab	0.123	77.2	617.3	71.5
Rajasthan	0.062	55.8	326.0	88.4
Chandigarh	0.22	193.6	1009.8	131.1
Delhi	0.14	106.6	1753.3	74.6
North-eastern regions	0.051	51.44	338.3	35.5
Arunachal Pradesh	0.058	45.2	348.9	27.5
Assam	0.048	49	349.9	37.8
Manipur	0.029	31.4	206.4	42.1
Meghalaya	0.081	49.42	319.9	25.6
Mizoram	0.086	61.9	308.8	53.2
Nagaland	0.045	50	234.1	30.3
Tripura	0.063	88.3	417.2	30.7
Eastern region	0.055	50.25	334	50.8
Bihar	0.042	42.3	245.8	29
Jharkand	0.059	46.21	354	35.1

Orissa	0.069	80.63	367.7	54.4
Sikkim	0.121	72.13	462.2	37.2
West Bengal	0.06	45.95	405.9	61.5
Andaman and Nicobar islands	0.075	53.06	448.9	36.5
Central region	0.056	50.38	397.8	47.3
Chattisgarh	0.05	40.04	307.7	52.3
Madhya Pradesh	0.059	54.45	320.7	60.6
Uttar pradesh	0.052	48.79	428.6	43.3
Uttaranchal	0.121	78.8	562.7	33.7
Western region	0.078	168.5	470.2	79.1
Goa	0.25	130.2	1210.8	26.5
Gujarat	0.08	59.65	465.7	65.3
Maharashtra	0.074	226.1	457.8	82.9
Dadra and Nagar Haveli	NA	NA	NA	60
Daman & Diu	NA	NA	NA	20.2
Southern region	0.099	193.4	653.6	92.7
Andhra Pradesh	0.084	161.5	629.1	105.1
Karnataka	0.105	147	623.7	77.6
Kerala	0.127	174.4	696.1	63.1
Tamil Nadu	0.096	283.4	683.9	113.8
Lakshadweep	NA	NA	NA	7.3
Pondicherry	0.12	211.1	901.7	57.2
All India	0.07	100	471.7	73.3

Source: Available on:
https://shodhganga.inflibnet.ac.in/bitstream/10603/36960/7/07_chapter%202.pdf
*****Only used the data of the year 2010, (given in Table-2.8: BANK BRANCHES per 1000 population (2000-2010), Table-2.9: CREDIT accounts per 1000 population (2000-2010), Table-2.10: saving accounts per 1000 population (2000-2010), Table-2.11: CASH-DEPOSIT Ration in India (2000-2010) of the concerned paper)

The above table 7 shows the state-wise status of financial inclusion in India in the year 2010. It is demonstrated, in terms of:

- Bank branches (per 1000 population),
- Credit accounts (per 1000 population),
- Savings accounts (per 1000 population) and
- Credit-deposit ratio.

So, accordingly, under this analysis, we see that in the year 2010, the NORTHERN REGION OF India had 0.095 Bank branches (per 1000 population), 70.4 Credit accounts (per 1000 population), 592.5 Savings accounts (per 1000 population), and 74.4 Credit-deposit ratios. In this northern region of India, the highest and lowest number of all analyzed elements of finance was present in the following states of India:

- The number of bank branches was highest in the state named Jammu and Kashmir, which is 0.86 per 1000 population. The state of RAJASTHAN was having the lowest number of it, which was 0.0062 per 1000 population.
- The credit account was highest in the state of CHANDIGARH of India, which were 193.6 per 1000 population. The lowest was in the state of JAMMU AND KASHMIR, which were 51.8 per 1000 population.
- The savings account was highest in the state of DELHI of India, which were 1753.3 per 1000 population. The lowest was in the state of RAJASTHAN, which were 326.0 per 1000 population.
- The credit-deposit ratio was highest in the state of CHANDIGARH of India, which were 131.1 of it. The lowest was in the state of HIMACHAL PRADESH, which were 42.2 of it.

The North-Eastern region of India: had 0.051 bank branches (per 1000 population), 51.44 credit accounts (per 1000 population), 338.3 savings accounts (per 1000 population), and 35.5 credit-deposit ratios. In this north-eastern region of India, the highest and lowest number of all analyzed elements of finance was present in the following states of India:

- The number of bank branches was highest in the state named MIZORAM, which was 0.086 per 1000 population, and MANIPUR was having the lowest number of it, which was 0.029 per 1000 population.
- The credit account was highest in the state of TRIPURA, which was 88.3 per 1000 population, and the lowest was in the state of MANIPUR, which were 31.4 per 1000 population.
- The savings account was highest in the state of TRIPURA, which was 417.2 per 1000 population, and the lowest was in the state of MANIPUR, which were 206.4 per 1000 population.
- The credit-deposit ratio was highest in the state of MIZORAM, which was 53.2 of it, and the lowest was in the state of MEGHALAYA, which were 25.6 of it.

The Eastern region of India: had 0.055 bank branches (per 1000 population), 50.25 credit accounts (per 1000 population), 334.0 saving accounts (per 1000 population), and 50.8 credit-deposit ratios. In this eastern region of India, the highest and lowest number of all analyzed elements of finance was present in the following states of India:

- The number of bank branches was highest in the state named SIKKIM, which was 0.121 per 1000 population, and BIHAR was having the lowest number of it, which was 0.042 per 1000 population.
- The credit account was highest in the state of ORISSA, which was 80.63 per 1000 population, and the lowest was in the state of BIHAR, which was 42.3 per 1000 population.
- The savings account was highest in the state of SIKKIM, which was 462.2 per 1000 population, and the lowest was in the state of BIHAR, which was 245.8 per 1000

population.
- The credit-deposit ratio was highest in the state of WEST BENGAL, which was 61.5 of it, and the lowest was in the state of BIHAR, which was 29.0 of it.

The Central region of India: had 0.056 bank branches (per 1000 population), 50.38 credit accounts (per 1000 population), 397.8 savings accounts (per 1000 population), and 47.3 credit-deposit ratios. In this central region of India, the highest and lowest number of all analyzed elements of finance was present in the following states of India:
- The number of bank branches was highest in the state named UTTARANCHAL, which was 0.121 per 1000 population, and CHATTISGARH was having the lowest number of it, which was 0.05 per 1000 population.
- The credit account was highest in the state of UTTARANCHAL, which was 78.8 per 1000 population, and the lowest was in the state of CHATTISGARH, which were 40.04 per 1000 population.
- The savings account was highest in the state of UTTARANCHAL, which was 562.7 per 1000 population, and the lowest was in the state of CHATTISGARH, which were 307.7 per 1000 population.
- The credit-deposit ratio was highest in the state of MADHYA PRADESH, which was 60.6 of it, and the lowest was in the state of UTTARANCHAL, which were 33.7 of it.

The Western Region of India: had 0.078 bank branches (per 1000 population), 168.5 credit accounts (per 1000 population), 470.2 savings accounts (per 1000 population), and 79.1 credit-deposit ratios. In this western region of India, the highest and lowest number of all analyzed elements of finance was present in the following states of India:
- The number of bank branches was highest in the state named GOA, which was 0.25 per 1000 population, and MAHARASHTRA was having the lowest number of it, which was 0.074 per 1000 population.
- The credit account was highest in the state of MAHARASHTRA, which was 226.1 per 1000 population, and the lowest was in the state of GUJARAT, which was 59.65 per 1000 population.
- The savings account was highest in the state of GOA, which were 1210.8 per 1000 population. The lowest was in the state of MAHARASHTRA, which were 457.8 per 1000 population.
- The credit-deposit ratio was highest in the state of MAHARASHTRA, which were 82.9 of it. The lowest was in the state of DAMAN and DIU, which were 20.2 of it.

The Southern region of India: had 0.099 bank branches (per 1000 population), 193.4 credit accounts (per 1000 population), 653.6 savings accounts (per 1000 population), and 92.7 credit-deposit ratios. In this southern region of India, the highest and lowest number of all analyzed elements of finance was present in the following states of India:
- The number of bank branches was highest in the state named KERALA, which was 0.127 per 1000 population, and ANDHRA PRADESH was having the lowest number of it, which was 0.084 per 1000 population.
- The credit account was highest in the state of TAMIL NADU, which were 283.4 per 1000 population. The lowest was in the state of KARNATAKA, which were 147.0 per 1000 population.
- The savings account was highest in the state of PONDICHERRY, which were 901.7 per 1000 population. The lowest was in the state of KARNATAKA, which were 623.7 per 1000 population.
- The credit-deposit ratio was highest in the state of TAMIL NADU, which were 113.8 of it. The lowest was in the state of LAKSHADWEEP, which were 7.3 of it.

On the basis of this analysis, we found that in the year 2010, THE FINANCIAL INCLUSION STATUS OF INDIA was that it had 0.07 Bank branches (per 1000 population), 100.0 Credit accounts (per 1000 population), 471.7 Savings accounts (per 1000 population) and 73.3 Credit-deposit ratios.
In this way, the above statistical analysis proves that the development of the financial systems, including its services and facilities, is strongly linked with economic growth activities, which increases productivity and are interrelated issues of economic development. Thus, it inclusively provides financial consultations, reviews, and recommendations to all the people who need guidance with respect to financial wealth-house management to rationally live a financially secure life. Hence, if the financial inclusion services, along with facilities, are applied in the financial sector of India, following the inclusive growth strategy, it will financially protect Indian citizens from uncertain situations or occurrences in life through savings, investment, etc. in an efficient manner.

7. Need and importance of financial inclusion in India

A financial system of the country should always be inherently strong and functionally diverse from all sides to support entrepreneurs with higher levels of investments and also support low-income households with financial services at an affordable cost. On this basis, the needs and importance of financial inclusion can be analyzed, under the following two heads:

A. Need of financial inclusion in India.
B. Importance of financial inclusion in India.

These two can be described in details as follows:

A. Need of financial inclusion in India

Financial inclusion is considered an important part of the mainstream thinking on economic development based on the country's leadership. As financial inclusion deals with the activities to ensure that all households and business firms in the country to have access to and at the same time effectively use these financial services appropriately, following legal norms to improve their lives, regardless of their income level. Thus, under the various socio-economic concepts of inclusive growth, there arises a need for financial inclusion in India, which dynamically aims to provide financial services to all Indian citizens at affordable costs. The need for financial security and stability through financial inclusion services in India can be described as follows:

1. Financial inclusion can help in providing access to various financial services on easy terms and conditions in the rural areas in India. Under this process, an inclusive financial service fosters and encourages savings habits in the mind of low-income households. These savings can later be beneficially used for investing in the productive sources of business followed by various

services heading towards an increase in employment level in India.

2. Financial inclusion can help in reducing inequality with respect to access to financial services in India. As, it provides various opportunities to the financial sector to reduce and remove various inequalities of financial services available in different regions, gender, income groups, etc. In this way, by introducing inclusive financial services and its enactments in India will be followed by financial literacy devices with leveraging technologies. Thus, financial inclusion will encourage all the Indian citizens to embrace progressively all financial services, most importantly banking habits with positivity in their daily-life routine.
3. Under Financial inclusion, when poor people save small amounts of cash in banks over time, it can provide them with financial security and protection. Under this, the various features and functions of financial inclusion, later it can help the Indian citizens to arrange funds for a big investment whenever needed. For example;
   a. For purchasing a large quantity of products for their retail shop, at a wholesale price.
   b. For purchasing equipments for their running workshops.

4. Financial inclusion services can also provide easy access to the ELECTRONIC BENEFIT TRANSFER (EBT) by the use of Information and Communication Technology (ICT) services in all banking and financial institutions, including the ones in rural areas of India. Under this, inclusive financial services with a technological background, now even in rural areas, banks can transfer funds electronically to the bank accounts of the holders or to the bank accounts directed by the holders.
5. Under the perspective of social benefits, by using the ICT, the financial inclusion services can also deliver details about the government benefits in India, under financial account holding of various forms. In this way, it helps the account holders to reduce dependence on cash by lowering the transaction cost at every step of the financial services in India.
6. Financial inclusion under globalization also attracts global financial market service providers to help in increasing national business and employment opportunities through international financial help and support.

B. Importance of financial inclusion in India

In the RANGARAJAN COMMITTEE REPORT (2008), financial inclusion is defined "as the process of financial services to ensure its access to all citizens at an affordable cost, including vulnerable come weaker sections and low-income groups of the society, with timely and adequate credit, when and where needed." On this basis, the importance of financial inclusion is summarized, under the following two heads. On this basis importance of financial inclusion is summarized under the following two heads:

- Importance of financial inclusion for the country's citizens, who are financial system customers.
- Importance of financial inclusion for the concerned country.

These can be described as follows:

1. Importance of financial inclusion for the country's citizens, who are financial system customers

a) Inclusive financial services will always help the poor people in meeting their various financial needs by access to a wide range of financial services, readily available at an affordable cost.
b) Under the financial inclusion services and facilities when all people, including the poor, are educated related to various financial services and facilities. It helps them to become "better come best" financial choices, to improve the economic growth of their life.
c) Financial inclusion services will not only provide safe savings but, at the same time, also offers many other financially allied services like loans, insurance payments, etc. These are all with the safety of its rules and regulations.
d) Financial inclusion services will help in commercially achieving sustainable access to universal financial services. It can be done by opening of banks and other financial institutes like insurance, linking its branches in all the places and areas of the country. For example, Electronic Benefits Transfer (EBT) ensures the availability of financial services from all sides.

2. Importance of financial inclusion for the concerned country

(a) Financial inclusion services, along with sustainable universal access to the various financial services, enhance the benefits that the country and its citizens get from the financial sector. For example, the benefits of updated new technologies of electronic fund transfers and payments.
(b) Financial inclusion by facilitating easy and safe access to all-time loans, payments, and financial settlements, paves a way to the economic growth and development of the country. As under this, it ensures the quick availability of finance to needy sectors of the economy on time.
(c) With the help of various policies and programmes like KYC norms, UID, etc. financial inclusion services speeds up the various banking services, including financial sector facilities, to reduce the cash and non-cash cost to both banks and its customers.
(d) Financial inclusion under globalization ensures good connections with the universal-global financial market, helping the concerned country's citizens who are their customers-account holders by providing easy investment facilities in the international microenterprises, production techniques, etc.

In this way, the financial inclusion services under its need and importance in the financial sector in India will offer plenty of opportunities for economic growth and development related to the availability of financial facilities and easy access to financial services to Indian citizens and its customers.

8. Challenges faced by government of India under the process of implementing financial inclusion in India

On the basis of the statistical analysis made on financial services present in India, it is seen that it varies widely and its accuracy is always questionable. It is also found that still, all the statistical figures point out the gaps in the financial system of India for low-income households and remote areas. As, even today, many families come citizens of India do not reveal the truth if they fall under this group. For this, they feel segregated from mainstream society. It shows that there exist a lot of challenges at both the micro and macro levels of India related to inclusive financial services, which brings forward the fact that the need of the Government of India is to put up their efforts to reach their goals of the FINANCIAL INCLUSION.

There are many challenges that we believe should be discussed to find measures to implement inclusive financial successfully in India. The progress towards the goal of financial inclusion in India is very poor, the reasons for which can be identified as challenges under the following two heads:

A. **Challenges from the demand side-** These are the challenges faced by India at the system level with respect to the facts such as lack of awareness, low-income households, illiteracy, etc. related to the financial services present in India. These are as follows:

1. Lack of financial literacy and awareness

It is found that the lack of awareness among the people related to financial literacy with respect to the proper and legal utilization of the rights under financial products and services. It is related to respective financial needs, which acts as a challenge to upgrade financial inclusion in India. In other words, more effective and lower cost measures can be utilized to improve the uptake of new bank accounts, which will always head and lead towards increased savings from all sides, including the poor households of India.

2. Poverty accompanied by gender inequality

Still, in India, the rural poor and women face unique obstacles when trying to access the various financial services available in India. IFC research results have shown that even if women form a larger share of the self-employed category in India, they have a lower chance of securing credit from banks. This is mostly due to a lack of collateral or poor credit history, which shows that many Indian women denied credit given by the financial institutions during the historical period of India. Now-a-days, it is even seen that in poor areas, if these women able to secure formal credit from the banks, they often have to pay a higher interest rate.

3. Lack of consumer protection

Although there has been a proliferation of financial services such as mobile money and virtual currencies designed to expand financial inclusion, there is still a lack of trust among the consumers concerning the financial security and reliability of these newly established financial platforms. Thus, to promote confidence related to the new methods of payment services, authorities must release clear guidelines and regulations. It may and will ensure that the consumers are adequately protected and have legal access to the key-product information, but formally allow them to make informed decisions.

4. Lack of formal identification document (ID) followed by the inefficient use of the transaction account

One of the key-factors which prevent the unbanked areas of India from getting access to basic banking services is the lack of formal identification documents and inefficient use of transaction account. A legal ID is required before an individual can open a bank account in India. ID's also acts as a necessity for claiming social benefits and the transfers of funds. Hence, to improve the access of banking services in the unbanked areas, the Indian financial authorities need to simplify and streamline the process for obtaining a formal ID card.

Further, it is also reported that many people have a bank account, have access to resort to remitting money by cash or over the counter. For a bank account to be relevant in these peoples' lives, it must be useful and function as a gateway to other financial services, which improve their overall economic conditions under financial inclusion services.

B. **Challenges from supply side**- These are the challenges faced by India at the school level, in the context of the socio-economic and cultural issues, government policy issues followed by education, and capacity-building issues. For example, distance from financial branches, cumbersome documentation, and procedures, etc.

1. Social negligence and economical backwardness

The most important supply-side challenges with respect to financial inclusion are that low-income households are socially excluded. Thus, they are not able to economically access the available financial services because of the following reasons:

a. Most of them are illiterate and are not aware of these financial services,
b. Have low income and so low savings,
c. Unavailability of the formal and legal identification certificates or cards, etc.

2. Geographical distances from financial services branches

Mostly, low-income households live in such geographical regions in India, which are remote (rural) in nature. These regions are also far away from the branches of the financial services center. These areas also have poor infrastructure. Due to these geographical factors, the implementation of these financial inclusion services is still difficult in India.

3. High transaction costs related financial services

In rural areas, under financial services, most of the financial services take high transaction costs, with respect to the small-value account, open by basically low-income households staying in remote areas. Under this perception of the bank, it reduces the financial services in inclusive terms and transforms these services into a real business, followed by a reduction in social responsibilities.

4. Availability of appropriate technology is still very limited in remote areas

The main challenge to integrate the daily transactions in the rural areas is that, in these areas, there is limited availability of innovative, reliable, and stable information and communication technology. Here, daily transactions are done through the hand by bank servers, which act as a challenge to handle the daily transactions like saving cum overdraft account, cash transfers, etc.

5. Bank's services under business plans

Since there is a lack of high-quality infrastructure, with cost-effective technology in banks situated in rural areas of India, it acts as a challenge to facilitate small volume transactions at a low cost. Due to this, a high cost is charged to low-income account holders of remote areas. It acts as a business plan rather than a corporate social responsibility from the side of the banks. To date, this discourages banks at a very high level to provide financial services in inclusive terms in India. Thus, to implement financial inclusion effectively in India, these both demand and supply-side challenges have to be removed. On the demand side, it can be done, by initiating and motivating low-income households with financial literacy and awareness of financial plans and policies, removal of gender inequality, giving consumer protection on the financial deposits, etc. On the supply side, it can be done, by initiating infrastructural facilities of high quality, along with cost-effective technology facilities, which should be provided to all financial service sectors and their employees situated in India, including remote areas. This will help the financial service holders, workers, etc. to have a tendency to view and work for financial inclusion as social responsibility.

9. Measures which act as necessity for implementing financial inclusion in India

An inclusive financial system is one that displays efficiency and flexibility to promote investment opportunities under the economic growth structure of the economy. Thus, the following measures should be taken into consideration to make the financial inclusion system of India inherently strong and functionally diverse under its coverage structure, to facilitate the highest economic growth in India, along with sustainable development facilities for us, the Indian citizens. These measures are as follows:

These measures can be broadly explained, under these two following heads:

A. Measures to make financial inclusion a reality and advanced strategy of development in India

The Keystone to human service under financial inclusion believes that all people can be contributing involvement in the community. Although some people may need more support than others, financial inclusion is a goal for all working-age youth and adults. Under this following measures should be adopted:

1. The Indian government should take steps to quantitatively increase and qualitatively improve the bank branches in the remote areas of India.
2. All Indian banks should be provided with qualitative financial products as per their requirement and needs of the society, where banks are located. These financial products should be simple, having high utility, and at the same time should be affordable by all.
3. The Central bank of India, which is RBI, should always check and analyze the process effective utilization of financial resources provided to concerned bank. If not utilized properly should ask for reasons the particular defectiveness and implement measures to overcome it. RBI should also liberate-give freedom of liberty the customers to provide feedback for the effective utilization of financial resources.
4. RBI should take initiative and also motivate all financial institutions to do regular surveys related to financial needs of all citizens, including the one's living in the rural areas of India.

B. Measures to support financial inclusion as a developmental strategy in India

In any society, mostly financial inclusion rates for persons having low income and staying in remote areas is low. So, to bring in development, along with inclusive financial services, we need to adopt financial inclusion concerning the following measures:

1. NGO's should also take initiatives to propagate inclusive financial services as per the needs of Indian citizens in the whole of India, including remote and non-accessible areas.
2. RBI should liberalize various financial institutions, including microfinance organizations. It can be done by permitting them to open their bank branches in rural and remote areas of India. At the same time, it should also provide mobile banking products to its customers at affordable prices.
3. The government should simplify the procedure of opening a bank account without a minimum balance at the bank branches and places of India. It should also enlist financial intermediaries and agents to facilitate remote areas of India, with at least basic financial products having high utility and affordability.
4. The Government of India, along with telecom services, should provide and implement mobile banking services and authorize banks to institutionalize the financial agency system of India. It is to bring banking services to the doorsteps of all customers, including those staying in remote areas.
5. Mobile banking should be encouraged and incentivized by the Indian government, with special discounted charges for/in rural areas. For example, the interest charged in rural areas of mobile banking should be less than in urban areas.
6. The Government of India, including RBI, should also allow entrepreneurs to invest in financial innovation, bringing forward a smart way to send-transfer and deposit money in India without any financial crisis.

10. Conclusion

Financial inclusion services under the inclusive growth strategy of economic development help in providing access to finance to all, on easy terms and conditions plus at an affordable cost. The main aim of the implementation of inclusive financial services in India is to encourage savings habits in the life of low-income households. With respect to these facts, the basic objectives of financial inclusion in India are as follows:

- To provide easy access to basic financial services, without any kind of discrimination.
- The usage of financial services should always address the needs of the citizens living in the concerned areas of the country.
- Almost all financial products should be affordable.
- The quality of financial products should always be timely enhanced progressively with positivity related to its services.

For this purpose, to improve the overall growth of the country, including its citizens, the citizens of India should be financially educated, in terms of its financial customers. This process is to help them to make better financial choices and create the best platform with saving and investment habits heading towards progressive economic growth and sustainable economic development of India from their (its citizens-Indians) side. Followed by this our government, should also provide formal credit avenues, with access to financial services at an affordable cost, to plug in the gaps and leakages in public financial subsidies and welfare programmes. In this way, the Government of India should quantitatively increase and qualitatively improve the financial sector with rationality from all sides.

On the basis of these facts and conditions, financial inclusion measures always act "as a seed to motivate all Indians to work legally with financial security, for the sustainable economic development of India." Thus, it gives importance to all citizens in terms of financial security and ensures timely access to financial services at affordable cost, wherever and whenever needed or required, including the vulnerable sections of the society.

References

1. Dev SM. Financial inclusion: Issues and challenges, Economic and political weekly, 2006, 4310-4313.
2. Sarma M, Pais J. Financial inclusion and development", Journal of International Development. 2011; 23(5):613-628.
3. Islam MN. The Microfinance Guarantee for Financial Inclusion: Evidence to Support in India", Indian Journal of Commerce and Management Studies. 2012; 3(1):130-134.
4. Gosh M, Dixit R. Financial inclusion for inclusion growth in India- a study of Indian states", published in International journal of Business Management and Research (IJBMR). 2013; 3(1):147-156.
5. Kumar N. Financial inclusion and its determinants: evidence from India", Journal of Financial Economic Policy. 2013; 5(1):4-19.
6. Paramasivan C, Ganeshkumar V. Overview of financial inclusion in India", International Journal of Management and development studies. 2013; 2(3):45-49.
7. Garg S, Agarwal P. Financial Inclusion in India–a Review of Initiatives and Achievements", Journal of Business and Management (IOSR-JBM). 2014; 16(6):52-61.
8. Mehar L. Financial inclusion in India, Innovative Journal of Business and Management. 2014; 3(4):42-46.
9. Tamilarasu DA. Role of Banking sectors on financial inclusion development in India–An analysis, Galaxy International Interdisciplinary Research Journal. 2014; 2(2):272-276.
10. Sehrawat M, Giri AK. Financial development and poverty reduction in India: an empirical investigation, International Journal of Social Economics. 2016; 43(2):106-122.
11. Singh D, Singh H. Market Penetration by Indian Banks: Motives and Motivators, Indian Journal of Finance. 2016; 10(3):28-42.
12. Kaur MS, Kaur MM, Madan, MP. Financial Inclusion in India, International Education and Research Journal. 2017; 3(5):655-658.
13. Kumar B. Financial Inclusion in India and PMJDY: A Critical Review, international conference on Information Technology and Knowledge Management. 2017; 14:39-46.
14. Sujlana P, Kiran C. A Study on Status of Financial Inclusion in India, International Journal of Management Studies. 2018; 5-2(3):96-104.
15. Gupta J. Government Initiatives for Financial Inclusion in India, Asian Journal of Research in Business Economics and Management. 2018; 8(2):32-41.