

Issues relating to financial inclusion and banking sector in India

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Abstract

The banking industry has shown tremendous growth in volume of operations, efficiency and use of technology to provide financial services during the last few decades. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services. Financial Inclusion is considered to be the core objective of many developing nations from last decade as many research findings correlate the direct link between the financial exclusion and the poverty prevailing in developing nations. . There have been many formidable challenges in financial inclusion area such as bridging the gap between the sections of society that are financially excluded within the ambit of the formal financial system, providing financial literacy and strengthening credit delivery mechanisms so as to improvise the financial economic growth. The Central Bank of the country, Reserve Bank of India (RBI) and Government of India are working towards improving Financial Inclusion (FI), in India since 1969. As compared to other developing countries (considering, the financial inclusion indicators), India ranks second after China in financial exclusion. The paper highlights the need and importance of financial inclusion for the social and economic development of India. The paper will also review the current scenario as well as current and future plans of RBI for Financial Inclusion. After analyzing the facts and figures it is concluded the, though, various steps are taken by RBI and Government of India to improve financial inclusion there is a long way to achieve the total financial inclusion.

Introduction

Normally, the weaker sections of the society are completely ignored by the formal financial institutions in the race of making chunks of profits or the complexities involved in providing finance to the weaker section. Financial inclusion or inclusive financing is the delivery of financial services, at affordable costs, to sections of disadvantaged and low income segments of society. There have been many formidable challenges in financial inclusion area such as bridging the gap between the sections of society that are financially excluded within the ambit of the formal financial system, providing financial literacy and strengthening credit delivery mechanisms so as to improvise the financial economic growth. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. It is argued that as banking services are in the nature of public good; the availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy. Thus, the term Financial Inclusion can be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.

Concept of Financial Inclusion

Financial inclusion (FI) may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker

sections and low income groups at an affordable cost (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan). Financial Inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products (The Committee on Financial Sector Reforms, Chairman Raghuram G. Rajan).

The above two definitions of FI, as explained in the RBI report, tells us about the changing approach of FI. Earlier, there was quite narrow approach towards FI as it was about to provide only banking services to weaker sections and low income groups of our country, but as per second definition wider approach was taken and it also includes providing other financial services such as insurance and equity products.

Financial Inclusion is considered to be the core objective of many developing nations from last decade as many research findings correlate the direct link between the financial exclusion and the poverty prevailing in developing nations. According to World Bank report "Financial inclusion, or broad access to financial services, is defined as an absence of price or non price barriers in the use of financial services." The term 'Financial Inclusion' needs to be interpreted in a relative dimension. Depending on the stage of development, the degree of Financial Inclusion differs among countries. It's been surprising fact that India ranks second in the world in terms of financially excluded households after China.

Financial Indicators of Financial Inclusion in Different Countries (2011)

Sr. No.	Country	No. of Bank Branches	No. of ATM's	No. of Bank Branches	No. of ATM's	Bank Deposits	Bank Credits
		Per 1000 Kilometers		Per 0.1 Million		As % of GDP	
1.	India	30.43	25.43	10.64	8.9	68.43	51.75
2.	China	1428.98	2975.05	23.81	49.56	433.96	287.89
3.	Brazil	7.93	20.55	46.15	119.63	53.26	40.28
4.	Indonesia	8.23	15.91	8.52	16.47	43.36	34.25
5.	South Africa	3.08	17.26	10.71	60.01	45.86	74.45

Source- Financial Access Survey, IMF.

The above table shows that amongst the developing countries in Asia like China, Brazil, Indonesia and South Africa, the China ranks first considering the financial indicators chosen for study, and India ranks second after China in financial inclusion.

In our country the Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Some of the major efforts made in the last five decades include - nationalization of banks, building up of robust branch network of scheduled commercial banks, co-operatives and regional rural banks, introduction of mandated priority sector lending targets, lead bank scheme, formation of self-help groups, permitting Business Correspondents' (BCs) to be appointed by banks to provide door step delivery of banking services, zero balance Basic Saving Bank Deposits (BSBD) accounts, etc. The fundamental objective of all these initiatives is to reach the large sections of the hitherto financially excluded Indian population.

Structure of financial integration strategy

Financial education, financial inclusion and financial stability are three elements of an integral strategy, as mentioned below. While financial inclusion works from supply side of providing access to various financial services, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. The Three tier system as mentioned below helps to improve the financial stability of the country.

Financial Education---leads to----Financial Inclusion-----leads to---- Financial Stability

The essence of financial inclusion is to ensure delivery of financial services which include - bank accounts for savings and transactional purposes, low cost credit for productive, personal and other purposes, financial advisory services, insurance facilities (life and non-life) etc.

Need of Financial Inclusion

Financial inclusion broadens the resource base of the financial system by developing a culture of savings among large segment of rural population and plays its own role in the process of economic development. Further, by bringing low income groups within the perimeter of formal banking sector; financial inclusion protects their financial wealth and other resources in exigent circumstances. Financial inclusion also mitigates the exploitation of vulnerable sections by the usurious money lenders by facilitating easy access to formal credit.

Recent Scenario Financial Inclusion

In this section, the extent of financial exclusion from different perspectives / angularities is presented based on five different data sources viz.:(a) National Sample Survey Organisation(NSSO) 59th Round Survey Results,(b) Government of India Population Census 2011,(c) CRISIL- Financial Inclusion Index. (Inclusix). (d) RBI Working Paper Series Study on 'Financial Inclusion in India and(e) World Bank 'Financial Access Survey' Results.(Data shown above in table 1)

(a)NSSO 59th Round Survey Results

1. 51.4% of farmer households are financially excluded from both formal/ informal sources.
2. Of the total farmer households, only 27% access formal sources of credit; one third of this group also borrowed from non-formal sources.
3. Overall, 73% of farmer households have no access to formal sources of credit.
4. Across regions, financial exclusion is more acute in Central, Eastern and North-Eastern regions. All three regions together accounted for 64% of all financially excluded farmer households in the country. Overall indebtedness to formal sources of finance of these three regions accounted for only 19.66%.However, over the period of five decades, there has been overall improvement in access to formal sourcesof credit by the rural households as mentioned below.

Access to Formal and Informal Sources of Credit by Rural Households

Year	Formal Sources (%)	Informal Sources (%)
1961	9.5	60.8
1971	22.3	36.9
1981	56.6	16.9
1991	47.6	15.7
2002	51.8	29.6

Source: RBI working paper 2013

(b) Report of Government of India Population Census 2011

People Availing Banking Services Table: 3 Source: RBI report2014.

Population	Census2001	Census2011
Rural	30.1%	54.4%
Urban	49.5%	67.8%
Total	35.5%	58.7%

(c) CRISIL- Financial Inclusion Index. (Inclusix);-

1. In June 2013, CRISIL, the International Rating Agency, first time published a comprehensive financial inclusion index (viz,Inclusix). For constructing the index,

CRISIL identified three critical parameters of basic banking services namely branch penetration, deposit penetration and credit penetration.

2. The CRISIL Inclusix indicates that there is an overall improvement in the financial inclusion in India.
3. CRISIL -Inclusix increased from 35.4 in March 2009 to 37.6 in March 2010 and to 40.1 in March 2011.

(d) RBI Working Paper Series Study on 'Financial Inclusion in India:-

Mr. Sadhan Kumar Chattopadhyay (2011) worked out an Index on financial inclusion (IFI) based on three variables namely penetration (number of adults having bank account), availability of banking services (number of bank branches per 1000 population) and usage (measured as outstanding credit and deposit). The results indicate that Kerala, Maharashtra and Karnataka has achieved high financial inclusion (IFI >0.5), while Tamil Nadu, Punjab, Andhra Pradesh, Himachal Pradesh, Sikkim, and Haryana identified as a group of medium financial inclusion (0.3)

Financial Inclusion and RBI Policy Initiatives

1. RBI has adopted a bank-led model for achieving financial inclusion and removed all regulatory bottle necks in achieving greater financial inclusion in the country. Further, for achieving the targeted goals, RBI has created conducive regulatory environment and provided institutional support for banks in accelerating their financial inclusion efforts.
2. Advised all banks to open *Basic Saving Bank Deposit (BSBD)* accounts with minimum common facilities such as no minimum balance, deposit and withdrawal of cash at bank branch and ATMs, receipt/ credit of money through electronic payment channels, facility of providing ATM card.
3. *Relaxed and simplified KYC norms* to facilitate easy opening of bank accounts, especially for small accounts with balances not exceeding Rs. 50,000 and aggregate credits in the accounts not exceeding Rs. one lakh a year. Further, banks are advised not to insist on introduction for opening bank accounts of customers. In addition, banks are allowed to use Aadhar Card as a proof of both identity and address.
4. *Simplified Branch Authorization Policy*, to address the issue of uneven spread bank branches, domestic SCBs are permitted to freely open branches in Tier 2 to Tier 6 centers (Tier 2=area having population 50,000 to 99,999 and Tier 6= Area having 5,000 to 9999 population) with population of less than 1 lakh under general permission, subject to reporting. In North-Eastern States and Sikkim domestic Scheduled Commercial banks can open branches without having any permission from RBI. With the objective of further liberalizing, general permission to domestic scheduled commercial banks (other than RRBs) was given for opening branches in Tier 1 centre, subject to certain conditions.
5. *Compulsory Requirement of Opening Branches in Un-banked Villages*, banks are directed to allocate at least 25% of the total number of branches to be opened during the year in un-banked (Tier 5 and Tier 6) rural centers.
6. *Opening of intermediate brick and mortar structure*, for effective cash management, documentation, and redressal of customer grievances and close supervision of BC operations, banks has been advised to open intermediate structures between the present base branch and BC locations. This branch could be in the form of a low cost simple brick and mortar structure consisting of minimum infrastructure such core

- banking solution terminal linked to a pass book printer and a safe for cash retention for operating larger customer transactions.
7. Public and private sector banks had been advised to submit board approved three year Financial Inclusion Plan (FIP) starting from April 2010. These policies aim at keeping self-set targets in respect of rural brick and mortar branches opened, Business Correspondents employed, coverage of un-banked villages with population above 2000 and as well as below 2000, BSBD accounts opened, KCCs(Kisan Credit Cards), GCCs (General Credit Cards) issued and others. RBI has been monitoring these plans on a monthly basis.
 8. Banks have been advised that their *Financial Inclusion plans should be disaggregated and percolated down up to the branch level*. This would ensure the involvement of all stakeholders in the financial inclusion efforts.
 9. In June 2012, revised guidelines on *Financial Literacy Centres (FLCs)*. Accordingly, it was advised that FLCs and all the rural branches of scheduled commercial banks should scale up financial literacy efforts through conduct of outdoor Financial Literacy Camps at least once a month, to facilitate financial inclusion through provision of two essentials i.e. 'Financial Literacy' and easy 'Financial Access'. Accordingly, 718 FLCs have been set up as at end of March 2013. A total of 2.2 million people have been educated through awareness camps /e- choupal, seminars and lectures during April 2012 to March 2013.

Recent Measures taken by various authorities

a) Reserve Bank of India :

1. *Licensing of New Banks*: The present round of licensing new banks is essentially aimed at giving further fillip to financial inclusion efforts in our country. Innovative business models aimed at furthering financial inclusion efforts would be looked into closely in processing applications for banking license. Financial inclusion plan would be an important criterion for procuring new bank licenses (Dr. D Subbarao).
2. *Discussion Paper on Banking Structure in India - The Way Forward*: The RBI has put out a discussion paper in August 2013 on Banking Structure for public comments. One of the main issues relates to "Differentiated Banking Licenses". The subject of licensing 'small banks and financial inclusion' has been discussed therein. A view will be taken by RBI after factoring in the comments/suggestions received from the general public.
3. In this context, it needs to be mentioned that Urban Co-operative Banks (UCBs), Regional Rural Banks (RRBs) and Local Area Banks (LABs) numbering 1606, 64, and 4 respectively are, in fact, Small Finance Banks operating in this country. These apart, there is a 3- Tier rural co-operative structure with State Co-operative Central Banks (SCCBs) at the apex, District Central Co-operative Banks(DCCBs) at the intermediary level and Primary Agricultural Credit Societies (PACs) at the grass root level, which number 31, 371 and 92,432 respectively. Furthermore, we have around 12,225 Non Banking Financial Companies (NBFCs) as on March 2013, which could be conceptually construed as semi-banks undertaking predominantly credit/investment activities.

b) Government of India:-

Pradhan Mantri Jan Dhan Yojana launched by Prime Minister Mr. Narendra Modi in August, 2014,

(PMDJY) Prime Minister's People Money Scheme is a scheme for comprehensive financial inclusion launched by the Prime Minister on 28 August 2014. He had announced this scheme on his first Independence Day speech as Prime Minister on 15 August 2014. The Scheme is Run by

Department of Financial Services, Ministry of Finance, on the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme. By September 2014, 3.02 crore accounts were opened, with around ₹1500 crore (US\$240 million) were deposited under the scheme, which also has an option for opening new bank accounts with zero balance. SBI, India's largest bank had opened 11,300 camps for Jan Dhan Yojana over 30 lakhs accounts were opened so far, which include 21.16 lakh accounts in rural areas and 8.8 lakh accounts in urban areas. On the contrast, even taking together all the major private sector banks, have opened just 5.8 lakh accounts. In a run up to the formal launch of this scheme, the Prime Minister personally mailed to Chairmen's of all Public Sector banks to gear up for the gigantic task of enrolling over 7.5 crore (75 million) households and to open their accounts. In this email he categorically declared that a bank account for each household was a "national priority".

The scheme has been started with a target to provide 'universal access to banking facilities' starting with "Basic Banking Accounts" with overdraft facility of Rs.5000 after six months and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh and RuPay Kisan Card. In next phase, micro insurance & pension etc. will also be added under the scheme:

1. Account holders will be provided zero-balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh (to be given by 'HDFC E-Gro').
2. Those citizens, who open accounts by January 26, 2015 over and above the 1 lakh, accident cover, they will be given life insurance cover of Rs 30,000 (to be given by LIC).
3. After Six months of opening of the bank account, holders can avail Rs. 5,000 overdraft from the bank.
4. With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones so far.
5. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together.

PMDJY Number OF Accounts opened so far(18.12.14) :

Name of the bank	Rural	Urban	Total	No. of Ru-pay debit cards	Balance in Accounts(Rs. in Lakhs)	No. of accounts with zero balance
Public Sector Banks	4156205	34784256	76300961	61639177	57689.49	55850016
Rural Regional Banks	14317151	2573207	16890358	4975489	112721.05	12961978
Private sector banks	1334250	1214284	2548534	1715468	44229.63	1771359
Total	57168106	38571747	95739853	68330134	733850.17	70583353

The above table gives an idea about the bank accounts opened by households under this scheme in the rural and urban areas by public sector, private sector and rural regional banks. These banks have also issued Ru-pay debit cards to these new account holders to use overdraft facility in future. The table shows that though no. of new accounts are opened, the balance in these accounts is very low and there are various accounts opened with zero balance in the hope that money will be transferred in the account by the government as per direct benefit scheme.

(C) Initiatives taken by National Bank for Agricultural and rural Development (NABARD)-

NABARD, in January, 2013 set up Special Project Unit- Kisan Credit Card (SPU-KCC) with a mandate for encouraging cooperative banks and Regional Rural Banks across the country

to issue Rupay KCC debit cards. The core objective of the unit is to facilitate issuance of cards by these banks through guidance, co-ordination with National Payment Corporation of India (NPCI), interaction with sponsor banks of RRBs and cooperative banks. The overarching goal is to develop cash-less eco system by enabling the farming community to avail all new banking facilities at par with urban area of the country. The SPU undertakes policy formulation, capacity building and networking with the various stake holders to achieve the above objectives. The new KCC guidelines specify that all KCC customers should have the facility of withdrawal through ATM / Debit cards. NABARD, with a view to facilitate early action in this direction, has already floated schemes providing financial support to RRBs and cooperative banks for issuing these cards.

(D) Initiatives taken by Small Industries Development Bank of India (SIDBI)-

Poorest States Inclusive Growth Programme (PSIG) for Financial Inclusion and Women Empowerment.

Under this scheme the funds are provided for liquidity problems of small industries. At the same time it also undertakes the Financial Literacy programmes for Self Help groups and other entrepreneurs through Regional Rural Banks.

(E) Financial Inclusion Initiatives – Private Corporates:

A few large private corporate have undertaken projects such as E-Choupal/ E- Sagar(ITC), Haryali Kisan Bazaar (DCM), Project Shakti (HUL), etc. Reportedly, these pioneering projects have brought about vast improvement in the lives of the participants and set the tone for economic development in their command areas; which is a pre-requisite for Financial Inclusion efforts to be undertaken by the banking system.

Stakeholder-wise Issues in Financial Inclusion

After taking into account the efforts taken and achievements stated in the previous section and based on interactions of RBI with the stakeholders during various outreach programmes, as also the feedback received from RBI meetings with the frontline managers, **the more important issues which need to be attended; stakeholder-wise are listed below:-**

(1) Business Correspondents (BC):

For effective functioning of BC model in reaching poor villagers, the following need to be addressed: BCs are not making enough income due to catering of services to low-income customers with low volume transactions. For optimum usage of BCs in reaching the poor villagers, BCs have to be adequately compensated so that they are sufficiently incentivized to promote financial inclusion as a viable business opportunity. The proper training requirements to BC's are also thereby the banks.

(2) Tailor Made Services:

Innovative Products: Designing suitable innovative products to cater to the requirements of poor villagers at affordable rates is an absolute imperative. Again, to wean away villagers from borrowing from money lenders, banks should develop simplified credit disbursement procedures and also flexibility in their work processes.

(3) Technology Applications:

In an ICT enabled environment, technology is the main lever to achieve the eventual goal of financial inclusion at the earliest.

ATM-Network: ATM Network in rural areas accounted for only 10.1% of total ATMs in the country as on March 31, 2013 Banks should enhance their ATM network in rural and un-banked areas to serve poor villagers. While doing so, adequate care should be taken regarding safety/ security issues, which have come to the fore in recent times.

Rupay Network: To reduce the overall transaction costs associated with small ticket transactions in rural areas, domestic RuPay cards may be utilized.

KCC/GCCs: To enable farmers to withdraw cash from ATMs anywhere in the country, banks need to convert KCCs/GCCs to electronic credit card. Further, banks may explore the possibility of issuing multipurpose cards which could function as debit cards, KCC and GCC as per the requirements in rural areas.

Mobile Banking: In rural India, there are 323.27 million mobile subscribers as on March 2012 (TRAI Annual Report, 2012). To examine the options/ alternatives, including the feasibility of using encrypted SMS based funds transfer using an application that can run on any type of handset for expansion of mobile banking in the country, RBI constituted a committee (Chairman: B. Sambamurthy)

Technology Service Providers (TSPs): There are a number of issues involving TSPs via-a-vis several banks

(4)BSBD Accounts: (Basic Saving and Bank Deposit Accounts)

It is understood that nearly half of the BSBD accounts are dormant. For effective use of BSBD accounts economic activity needs to be improved.

(5)Urban financial inclusion leaves vast scope-

The problem of financial inclusion is also serious in urban areas. In urban area, only 67.8% population has access to banking services. The problem FI in urban areas may be because of migration from rural to urban.

Again migrants are facing lot of problems in opening bank accounts.

(6)Low Credit Share of Rural Areas: Although, in terms of number of branches, rural areas account for nearly 30% of total branches of scheduled commercial banks, the share of rural credit account for less than 10% of total credit.

(7)SHG-Bank Linkage - Penetration: Although SHG-Bank Linkage model is successful in rural areas, it has not spread evenly throughout India, the spread is poor especially in the financially excluded regions namely central and north-eastern parts of the country. The issue relating to **SHG-Bank Linkage Outstanding Bank Credit**, Outstanding bank loans against SHGs accounted for only 1.93% of gross bank credit as on March 31, 2011. It was observed that SHGs are not getting loans from banks even after more than one year of its formation and group activities. (SHG; Self Help Groups)

(8)Insurance for Rural India:

Over 70% of total population resides in the rural areas of the country. However, insurance reaches less than 3% of the total population. Due to high competition and relatively high market saturation in the urban areas, rural areas provide ample business opportunities for insurance firms -both life and non-life.

(9) Criticism on Jan Dhan Yojana as mentioned in the news papers:

There is no. of criticism on Jan Dhan Yojana as the actual implementation of the scheme is difficult. Most of the accounts opened under the scheme are zero balance accounts. At the same time it is difficult to understand (in case of migrated persons), if a person has already opened a bank account to get direct benefit transfer under Aadhar card Scheme or any other scheme.

The major issues in FI are highlighted above. There are many other issues relating to FI which need to be considered such as electronic transfer of funds to the bank accounts of rural poor regarding direct assistance from Government& comparatively less no. of branches of scheduled commercial banks in rural parts.

My views and suggestions

The issues relating to FI are genuine but difficult to tackle by any other agency than the government agencies. Most of them can be resolved by RBI and Government of India.

1. Providing Banking Facilities in Unbanked Blocks : All the 129 unbanked blocks (91 in North East States and 38 in other States) identified in the country in July 2009, had been provided with banking facilities by March 2012, either through Brick and Mortar Branch or Business Correspondents or Mobile van. As a next step in my opinion, is to cover all those blocks with BCs and Ultra Small Branch which have so far been covered by mobile van only.

2. USSD Based Mobile Banking : The Department through National Payments Corporation of India (NPCI) worked upon a "Common USSD Platform" for all Banks and Telcos (telephone cos.) who wish to offer the facility of Mobile Banking using Unstructured Supplementary Service Data (USSD) based Mobile Banking. The Department helped NPCI to get a common USSD Code *99# for all Telcos. More than 20 Banks have joined the National Uniform USSD Platform (NUUP) of NPCI and the product has been launched by NPCI with BSNL and MTNL. Other Telcos are likely to join in the near future.

USSD based Mobile Banking offers basic Banking facilities like Money Transfer, Bill Payments, Balance Enquiries, Merchant payments etc. on a simple GSM based Mobile phone, without the need to download application on a Phone as required at present in the IMPS based Mobile Banking.

3. The network of post offices is good in rural parts of the country. The Government and RBI can convert these post offices as ultra small banks, which will be convenient to provide financial services to rural population. The infrastructure development will also be quite easier.

4. The Government can include financial literacy as a part of syllabus for undergraduate level students, which will help the youngsters to understand the importance of Financial Inclusion as well as financial stability.

The medium of instruction for such financial literacy programme must be in local language, to make it more effective and interesting. This is equally applicable to rural as well as urban parts of the country as in urban areas also many youngsters do not know about the banking operations.

5. Private Corporate Initiatives: A few large private corporate have undertaken projects such as E-Choupal / E- Sagar (ITC), Hariyali Kisan Bazar (DCM), Project Shakti (HUL), etc. As per report, these pioneering projects have brought about vast improvement in the lives of the participants and set the tone for economic development in their command areas; which is a prerequisite for Financial Inclusion efforts to be undertaken by the banking system. If there are more number of such initiatives taken by the private corporates, the achievement of financial inclusion goals will be easily possible.

6. Private Sector banks' contribution in FI is the lowest as compared to Public sector banks and Regional Rural banks as mentioned in the table above. The RBI can give the target to these private sector banks for FI.

Conclusion

We have made sincere efforts to take analytical review of the status of Financial Inclusion in India. In this study we have come across number of issues in FI plans and its implementation. From the above discussion we have realized that Reserve Bank Of India and Government Of India have been taking continuous efforts for FI. For standing out on a global platform India has to look upon the inclusive growth and financial inclusion is the key for inclusive growth. There is a long way to go for the financial inclusion to reach to the core poor. As the Honorable prime minister of India has taken initiative and started 'Pradhanmantri Jan Dhan Yojana', the efforts taken by RBI have been strengthened. The fact is number of bank accounts opened by urban

and rural poor are increasing but whether these accounts will really provide financial services to urban and rural poor is matter of concern. The dependency of rural poor on money lenders should be stopped. But the present efforts are definitely successful in creating awareness among the people but planned efforts, effective implementation and technological support will definitely help to achieve the goals of FI. Slowly India will overcome the issues in social banking and progress as compared to other developing countries.

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