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THE FINANCIAL INCLUSION PLAN IN INDIA: AN ASSESSMENT OF THE PROGRESS

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Abstract

Financial inclusion is developing a new model of economic growth. It is designed to empower economically and socially excluded people by creating equal opportunities to participate in and contribute to nation-building. The banking sector plays a crucial role in the success of financial inclusion. In India, since independence, the Reserve bank of India, in collaboration with the government of India, persistently took various initiatives to increase the access and availability of financial services in remote areas. Therefore, to accelerate the efforts and to achieve structured and planned approach to financial inclusion, banks have been recommended to formulate a Financial Inclusion Plans. The indicators such as number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts ,overdraft facilities availed in those accounts, transactions in Kisan Credit Cards and General Credit, Card accounts and transactions through the Business Correspondent-Information and Communication Technology channel has been selected to measure the progress of financial inclusion plan. Altogether, current paper is the assessment of the financial inclusion plan India.

Key Words: *Financial Inclusion, financial Inclusion Plan, Growth, Poverty, Business Correspondents, KCC, GCC, Basic saving bank deposit accounts.*

I. INTRODUCTION

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

Franklin D. Roosevelt

Financial inclusion is primarily linked with poverty alleviation and growth accelerated. In the world, India is the second-largest country after China in terms of population. Geographically, Its 1.2 million population is distributed among twenty-nine states and seven union territories. There are 640,867 villages in India which is the home of 68.84% of the nation's population. According to Rangarajan committee estimates on poverty 2011-2012, 21.93 percentage the population of India surviving below the poverty line, among which 25.73 percentage population lives in a rural area whereas 13.7 percentage in an urban area. However, continuous efforts have been made to reduce poverty since, after independence, a wide section of vulnerable people were deprived of the benefits implemented for them.

The impression to reduce poverty through strengthening financial status comes after introducing the Eleventh Five Year Plan (2007-2012), which focuses on Inclusive Growth; the growth comprises economic growth that generates employment opportunities and supports reducing poverty. "It was analyzed that after the constant upsurge in growth rate in the year 2003-04 to 2007-08, the economy cannot cut down unemployment and poverty to tolerable levels. Additionally, a massive amount of the population persisted outside of basic health and education facilities. Therefore the committee has updated the policies to make the growth more rapid, broad-based, and inclusive by reducing the disintegration of the society."

Financial inclusion is developing a new model of economic growth. It is designed to empower economically and socially excluded people by creating equal opportunities to participate in and contribute to nation-building. The banking sector plays a crucial role in the success of financial inclusion. In India, since independence, the Reserve bank of India, in collaboration with the government of India, persistently took various initiatives to increase the access of financial services in remote areas and the availability of financial services to the vulnerable section of the society. At first, policymakers' emphasis was that every poor should Have a bank account to reap the services

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designed for them easily, but Raghuram Rajan, the Governor of India (2016), stated that Financial inclusion does not only involve the number of accounts open. It is considered in a broader sense, and It is all about (a) The expansion of financial services to those who do not have access to the financial services sector, (b) availing the financial services to those who have nominal financial services. (c) Educate the poor with better financial knowledge and consumer protection to make auspicious options among the financial services. For these reasons, the Reserve bank of India is adopting five 'A.' approaches, ensuring Adequacy and Availability financial services, expanding Awareness of such services, and obtaining Affordability and Accessibility of the adequate financial products through an amalgamation of conventional and alternative distribution channels and technology-supported services and processes. Because of this approach, we can see the significant discrepancies in financial inclusion throughout the country.

Therefore, the present research paper will assess the progress of financial inclusion plan implemented from the year 2010 along with its evolution. The Section II of the paper discusses the review of the related literatures, section III and IV indicates the objectives and research methodology carried for the study, Furthermore, section V ,discussing the history of financial inclusion in India and section VI is the detailed assessment of the Financial Inclusion Plan in India.

II. REVIEW OF LITERATURE

Burgess R and Pande R (2005) figure out that expansion of rural branches significantly affects economic growth. Further, he stressed that the factors that help to increase the per capita output are rural bank branch expansion, savings mobilization, and credit disbursement . Rural branch expansion promoted growth in rural areas, hence positively impacting the reduction of poverty. **United Nations (2006)** emphasized the importance of inclusive financial sectors to improve the lives of people who live in poor sections of society. A savings account, a small loan or an insurance policy have a more significant impact on the lives of low-income families. They make people able to invest in better nutrition, housing, health, and education for their children. **United Nations (2006),** due to the lack of financial services access, developing countries have to face a number of difficulties related to the operation of small and micro-enterprises. With the availability of financial services, they can make their economic life more glorious and create employment for themselves and others by realizing their full capabilities. **Yongbeom Kim (World Bank, 2010) To** attain balanced growth, the unprivileged population must have a chance to access and use the available resources in a safe environment. In this background, growth can be possible if the available resources are efficiently and optimally allocated. **G20 Report, (2011)** Inclusion in the financial system provides an atmosphere to access numerous financial products at an affordable cost. Therefore, financial inclusion enables the access of financial services to those sectors/segments of the population deprived of the use of a formal financial system. **Ardic O P , Heimann M, and Mylenko N (2011)** indicated access they considered credit and deposit only. They also compare banks to non-bank financial institutions (NBFIs) in terms of deposit and loan penetration. **Mukherjee Arup and Chakraborty Sabyasachi, (2012**) identified the factors that create a hurdle in the implication of financial inclusion are vast and diversified population. **Vohra Sushma (2013),** to enhance the level of financial inclusion, we need to make the financial system deeper and broader. The deeper and wider financial system helps to spurt entrepreneurial kills among the adults and helps fulfill their additional requirements and create a base of deposits. **Alliance for Financial Inclusion (2013),** the group introduced the core indicators of financial inclusion dimensions**.** Several access points per 10,000 adults at a national level.**2.** Percentage of administrative units with at least one access point. **3.** Percent of the total population breathing in administrative units with at least one access point are the indicators of access dimension. In contrast, the percentage of adults with at least one type of regulated deposit and credit account are considered major indicators of the usage of financial services in a particular country. **Camara N and Tuesta D (2014)**

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"propose that the degree of financial inclusion is determined by three dimensions: **usage, barriers, and access**. At the same time, these dimensions are determined by several demand-side individual-level indicators for the cases of usage and barrier and supply-side country-level indicators for access. Regarding demand-side information, they approach financial inclusion measurement from a double perspective. On the one hand, they account for the inclusiveness, from the banked side, by measuring the actual use of formal financial services, namely, the inclusion output of financial systems. On the other hand, they include information from the unbanked side to assess the barriers to financial inclusion through the obstacles perceived by people prevented from using formal financial services. formal financial service users are those, who have a bank account, who have a credit or debit card but do not have an account, and who use mobile banking services but do not have an account. Also, they consider banked those people who reported not having a bank account because someone else in the family already has one. The savings and loan indicators represent the percentage of the adult population that saves and has a formal financial institution loan to measure the degree of inclusiveness of financial systems; from the unbanked perspective, author take into account only the information about barriers that represent involuntary exclusion, such as distance, affordability, lack of the necessary documentation, and lack of trust in the formal financial system. They construct the access dimension with supply-side data at the country level from four basic indicators: ATMs (per 1,000Km2), commercial bank branches (per 100,000 adults), automated teller machines (ATMs) (per 00,000 adults), and commercial bank branches (per 1,000Km2). They conclude that access is the most important dimension for measuring the level of financial inclusion". **Report to CRISIL (2016). F**inancial inclusion has steadily risen since 2009. Deposit penetration is the driving force for this growth .

Kim. W.D., Yu. J.S and Hassan. M.K (2016) examines the relationship between financial inclusion and economic growth in the organization of Islamic cooperation countries. They used macroeconomic variables like inflation, population, education, and trade as growth indicators and ATM, Borrowers, deposit account, and life insurance as financial inclusion indicators for analyzing the relationship. They found a positive effect of financial inclusion on the economy's growth, and they have mutual causality with each other.

III. OBJECTIVES OF THE STUDY

To make the study systematic, the following specific objectives have been outlined:

1. To study the history of financial inclusion in India.
2. To assess the progress of financial inclusion plan in India.

IV. RESEARCH METHODOLOGY

The Secondary data has been used for the present research. To collect it annual reports of Reserve Bank of India, Report of State Level Bankers Committee (SLBC), Reports of NITI Ayog, , articles, websites, magazines, research papers, journals, and books, etc. been used. The assessment of Financial Inclusion Plan is examined from 2010 to 2019. The data is presented through the table and graphs and inferences been drawn.

V. HISTORY OF FINANCIAL INCLUSION

In India, the history of financial inclusion has been considered since the 18th century. The taccavi loan has been provided to poor rural farmers to purchase seeds and agricultural tools. Before independence, the rural financial market was trapped by moneylenders and indigenous banks. Financial inclusion was established as a regular practice in India after initiating the formation of credit cooperatives following the Cooperative Credit Societies Act in 1904. After independence, RBI and the Government of India have to collaborate their efforts to accelerate the banking accessibility in the country. It may be analysed here that the initiatives were mainly concentrated in the involvement of rural areas, but after independence banking industry was not so efficient to bear the cost of providing services to remote areas. Therefore, various initiatives carried out in this regard could classify into three phases:

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First Phase: Since independence up to 1991

In this phase, priority was given to transferring credit to the ignored sectors of the economy. The prompt focus was also set on the weaker section of the society. The initiatives that have been taken in this phase are as follow

Table 1.1 Phase First of Historical Progress of Financial Inclusion in India

S.No	Year	Policy	Major Focus
1	1951	All India Rural Credit Survey Committee	The committee's major objective was to obtain information regarding the agriculture credit machinery all around the districts of India.
2	1963	Agricultural Refinance Corporation	The objective of this corporation is to provide medium and long-term agricultural credit to support investment credit needs for agricultural development.
3	1962	New Branch Licensing Policy	The policy was stressed to take a license before open any new branches so that RBI must identify which area is not covered by the bank. The identification of unbanked areas was carried out by analyzing the data on population per bank office.
4	1965	Credit Authorization Scheme	To prevent the problem of concentration of credit in the hands of few entities, RBI launches CAS. Under this, commercial banks were obligated to get th RBI's prior permission to approve any fresh working capital.
5	1967	Social Control Over Banks	CAS was unable to control the misuse of credit by the few business groups. Therefore the concept of Social Control Over Banks was introduced through the Banking Law (Amendments) Act 1986. The primary objective of this law was to attain a comprehensive range of bank credit, prevent its misuse, direct a larger volume of credit flow to priority sectors and make it a more effective instrument of economic development
6	1968	The National Credit Council	The major task of the council was (i) assessing the demand for bank credit from the different sectors of the economy; and (ii) setting priorities for funding of loans or investment after taking into account the availability of resources, and needs of the priority sectors, especially agriculture, small scale industries, and exports. The council worked towards optimum resource utilization by coordinating the lending and investment policy of commercial and cooperative banks and other specialized institutions.
7	1969	Nationalization of Indian Banks	Though the banking scheme had made some progress in deposit growth in 1950s -1960s, its range was mainly concentrated in the urban areas. The progress concerning the social objectives was not satisfactory. It was felt that if bank assets had to be routed for rapid economic growth with social justice, there was no alternative to nationalizing at least the major segment of the banking system. It was supposed that nationalization would mark a new phase in implementing the nation’s declared objectives and policies. Thus, the immediate tasks set for the nationalized banks were mobilizing deposits on a large scale and on-lending those

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S.No	Year	Policy	Major Focus
			funds for all productive activities, irrespective of the size and social status of the borrower, particularly to weaker sections of the society.
8	1969	Lead bank Scheme	To report the issue of urban coordination, specific stress was placed on making banking facilities available in the unbanked areas. This was performed through Lead Bank Scheme. The objective of LBS was to mobilize deposits on a massive scale all over the country and move up lending to weaker sections of the economy.
9	1971	Credit Guarantee Scheme	From 1961 to 1969, the bank assets were mainly goes to the large borrowers. To overcome this situation, two measures were adopted (1) specific target will be set to uplift the weaker section of society (2) to ease the default risk that was essential to the smaller borrowers.
10	1972	Mandatory System of Priority Sector Lending	This scheme's major objective was to provide a specified share of the banks' lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education, and other low-income groups and weaker sections. The overall focus of this program was to make sure that the institutional credit may flow to the unprivileged sector of the economy without seeking profitability from banks.
11	1972	The Differential Rate of Interest	The scheme targeted low-income people in rural areas and gave them credit at a concessional rate. The target group of this scheme was landless laborers, physically disabled persons, orphanages, women's homes, scheduled castes, and scheduled tribes who did not have any tangible security to offer and to the lending institutions.
12	1975	Establishment of RRBs	RRBs were established to meet the need and requirement of the small farmer and small borrowers in rural area where commercial banks were not adjusted. the major objective of RRBs to develop the rural economy by providing credit for development of of agriculture, trade, commerce, industry, and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans, and small entrepreneurs.
13	1978	Directed Credit Programme	Commercial banks and RRBs were directed to charge a flat rate of 9 per cent on all priority sector loans, irrespective of size. It was recognised that cost of credit, rather than access, was the critical constraint facing the rural poor. The policy was to free the vulnerable rural population from the local moneylenders by enhancing organized credit.
14	1980	Integrated Rural Development Programme	The program's objective is to deliver employment opportunities to the poor and develop their skill sets to improve their living conditions. The program is considered one of the best yojanas for poverty alleviation with employment generation.
15	1982	NABARD	The major focus of nabard to provide complete attention, influential direction, and pointed attention to credit related issues related with rural development.

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The first phase has taken various initiatives to strengthen rural economy. Nevertheless, during this period Indian economy were very weak in respect to production and distribution of resources therefore, major concern was on the stability of the economy. The banks were not adequately established, they were affected by the low capital base. Despite this fact, the initiatives mentioned above played a significant role in reducing the influence of moneylenders from the rural populace. According to the various reports of AIRCS, the percentage of borrowing from money lenders was decreased from 44.8 percentages (1951) to 6.3 percentage in 1991. Furthermore, overall borrowing from non-institutional agenesis was decreased from 92.8 percentages in 1951 to 36 percent in 1991. In this phase, banking was more focused on urban areas, and credit requirements of agriculture and rural sector were neglected.

Second Phase: From 1991 to 2005

The major focus was given to making the banking industry more viable and robust through financial sector reforms. Though the banking sector problems were repaired, the major concern was again shifting to financial inclusion. In this phase, the outline of the SHG bank Linkage program and the introduction of KCC were the major financial inclusion-related initiatives taken by the RBI.

The Indian Financial System mainly considered the requirements of planned development in a mixed-economy structure, where the Government part had a transcendent part in economic activity. With the commencement of economic reforms in the 1990s, a vigorous and flexible financial sector was considered an essential tool to speed up the growth impetus in the country and intensify the coverage of financial services sustainably. Consequently, the financial sector reform procedure stressed creating a vigorous, vivacious and competitive banking system.

NABARAD flung the SHG-Bank Linkage Programme in 1992 with the backing of the Reserve bank of India to offer banking services to the poor by the tool of "Door Step banking." The major footstep to take along unbanked population in the range of formal financial sector was to permit the banks to get help from the (NGOs)/(SHGs), (MFIs) and (CSOs) as intermediaries in providing the financial and banking services through the use of BFs and BCs models. This movement has made banks efficient to compete with informal sector, which had been flourishing due to its availability, adaptability, and straightforwardness in directing exchanges.

Despite the many efforts by RBI and other agencies, banks still lacked their contribution to rural areas' development. The problems of deficiency, availability, inadequacy of rural credit with informal markets still exist in rural areas. Apart from this, financial inclusion has found a place in policy documents only very recently. To meet the credit requirement of small borrowers, The Swarozgar Credit Card (SCC) scheme was introduced by NABARD in 2003.

To decrease the credit flow to the agriculture sector, the necessity was felt to relocate the RRBs as a powerful instrument to avail the credit to the rural population, improve their operational viability and take advantage of the economies of scale by reducing transaction cost. Simultaneously, rural cooperatives were also showing some weakness, making cooperatives more eligible to provide short terms small loans, making them truly independent, autonomous, vibrant, member-driven, professionally managed, and financially strong. The government of India, with consulted to State Governments, have announced the "Revival packages" that include twenty-five states of the nation except for Goa, Kerala, Telangana, and Himachal Pradesh.

Hence it is clear that a second phase was mainly concerned with the development and stability of the banking industry. The major purpose of all initiatives was to spread banking services to rural areas due to the high concentration of population in this area, and the agenda of financial inclusion was just on the documents.

Third Phase: 2005 Onwards

In this phase, financial inclusion was declared as a major policy objective. After various initiatives taken by RBI to improve the banking sector's efficiency, capability, and profitability, banks still fail to provide financial products and services to needy sectors.

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Therefore, the Reserve Bank of India, in the Annual Policy Statement 2005-06, Stated that there were lawful apprehensions for the banking policies that comprise excluded population rather than attract a vast section of the population, specially, pensioners, self-employed and those employed in the unorganized sector. 42.9 percent (2002) of rural credit flowed from informal institutions, and they were unable to include a vast section of society, mainly the unprivileged population, in the stream of a formal banking institution. Therefore, RBI was worried about the inefficiencies of policies that could not include the majority of the population. To give further speed to financial inclusion, the policymakers took several steps like opening of No- Frill account, simplified the KYC norms, institutionalization of banking correspondents (BCs), introduction of electronic benefit transfer, prepared the road map to providing banking services unbanked villages with population of more than 2000 , Mudra Yojna, Pradhan Mantri Suraksha Bima Yojna, Pradhan Mantri Jan Dhan Yojna, Pradhan Mantri Jeewan Jyoti Bima Yojna and many more steps been taken and continuously taking to provide financial services to the financially excluded population.

I. PROGRESS OF FINANCIAL INCLUSION PLAN

According to census 2011, at all India levels, 58.7 percentage of household availed banking services compared to 35.5 percentage in 2001.Accross states ,the highest percentage of population availing banking services is Andaman Nicobaar, 89.27 percentage followed by Himachal Pradesh 89.211 percentage and Goa 86.81 percentage. In Manipur, only 28.63 percent of the population availed banking services, whereas 72 percent of Uttar Pradesh's population provided with banking services above average. (Census of India,2011)

As far as the rural area is concerned, out of 167,826,730 households, only 54.4 percent of households accessed basic banking facilities whereas in urban areas, out of 78,865,937 numbers of households, that is, 67.8 percent of households accessed basic banking services. At state level Andamaan Nickobaar followed by Himachal Pradesh and Lakshadweep have a highest percentage of population availed banking services that is 90, 89.1 and 86.64 respectively whereas Manipur have only 22.87 percentage of households availed banking services.

Table: 1.2 Position of Households Availing Banking Services

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

Source: Census of India 2011 and Census of India 2001

To achieve structured and planned approach to financial inclusion, banks have been recommended to formulate a Financial Inclusion Plans. The indicators such as number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts ,overdraft facilities availed in those accounts, transactions in Kisan Credit Cards and General Credit, Card accounts and transactions through the Business Correspondent-Information and Communication Technology channel has been selected to measure the progress of financial inclusion plan.

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Table: 1.3 Progress of Financial inclusion plan from March 2010 to March 2018

Sr. No.	Variable	Mar-10	Mar-13	Mar-16	Mar-18	Absolute Change*		
						Apr 10-Mar 13	Apr 13-Mar 16	Apr 16-Mar 18
1	Banking Outlets in Villages – Branches	33378	40837	51830	50805	7459	10993	-1025
2	Banking Outlets in Villages – Branchless Mode	34316	227617	534477	518742	193301	306860	-15735
3	Banking Outlets in Villages – Total	67694	268454	586307	569547	200760	317853	-16760
4	Basic Savings Bank Deposit Account (BSBDA) through branches (No. in million)	60	101	238	247	41	137	9
5	Basic Savings Bank Deposit Account (BSBDA) through branches (Amt. in Rs. Billion)	44	165	474	731	121	309	257
6	Basic Savings Bank Deposit Account (BSBDA) through BCs (No. in million)	13	81	231	289	68	150	58
7	Basic Savings Bank Deposit Account (BSBDA) through BCs (Amt. in Rs. Billion)	11	18	164	391	7	146	227
8	BSBDA Total (in million)	74	182	469	536	108	287	67
9	BSBDA Total (Amt. in Rs. Billion)	55	183	638	1121	128	455	483
10	OD facility availed in Basic Savings Bank Deposit Account (No. in million)	0	4	9	6	4	5	-3
11	OD facility availed in Basic Savings Bank Deposit Account (Amt. in Rs. Billion)	0	2	29	4	2	27	-25
12	KCCs-Total (No. in million)	24	34	47	46	10	13	-1
13	KCCs-Total (Amt. in Rs. Billion)	1240	2623	5131	6096	1383	2508	965
14	GCC-Total (No. in million)	1	4	11	12	3	7	1
15	GCC-Total (Amt. in Rs. Billion)	35	76	1493	1498	41	1417	5
16	ICT A/Cs-BC Total Transactions (No. in million) during the year	27	250	827	1489	223	577	662
17	ICT A/Cs-BC Total Transactions (Amt. in Rs. Billion) during the year	7	234	1687	4292	227	1453	2605

Source: various issues of Report on Trend and Progress of Banking in India, Reserve Bank of India
* Researcher's Calculation

Table 1.3 indicates the progress of financial inclusion on the selected indicators of FIP. Table show that. The relaxation of branch authorisation policy and guiding the

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commercial banks by Reserve Bank of India to open at least 25 percent of their total branches in unbanked remote areas has geared up the number of banking outlets through branches from 33378 in 2010 to 50805 in 2016 . Furthermore ,reckon the struggle of opening brick-and-mortar branches in all the country's isolated parts, the Reserve Bank has encouraged banks to improve banking insertion through Business Correspondents (BCs)/ Business Facilitators (BFs).Therefor the number of banking outlets through business correspondent in villages increased from 34316 in 2013 to 534477 in 2016. This indicates widespread recognition of BC model of financial inclusion by banks and customers in rural India. The number of basic bank deposit accounts was 60 million in 2013, which increased to 238 million in 2016 through banking outlets in villages. Whereas the total BSBDA accounts through BC were 13 million in 2013, which hiked up to 231 million in 2016. Basic saving bank deposit accounts enable small customers to avail trouble free credit in a built overdraft facility. At March end 2010 zero precent of these BSBDA accounts have overdraft facility that increased by 2 percentage in 2013 and 29 percentage in 2016. The number of kissan Credt Card was 24 million in 2010 and it constantly increased till end march 2016 due to the availability of credit on very subsidized interest rate. On the other hand General Credit Card for non- farm entrepreneurial credit was 1 million in 2010 and increased to 11 million in 2016. Compared to Basic Saving Bank Deposit Account, the number of ICT-based accounts has shown appreciable increment in their number that shows the acquiescence of Information communication technology-based products among rural customers. It is worth noticing here that initially the number of ICT accounts was low compared to banking outlets .Therefore, the bank has been advised to .disaggregate their financial inclusion plan to respective controlling offices and bank branches to monitor the progress periodically, and special focus could improve the particular area.

The indicator of financial inclusion shows the mixed picture during 2010-2016. Table 1.3 shows that after March 2016 the absolute number of branches in business correspondent (BC) mode fall in rural areas partially due to reasons like rationalisation of branches, non- performance of BCs. The drop in the number of Basic Savings Bank Deposit Accounts (BSBDAs) opened through branches was reflected to coalition State Bank of India (SBI) and its associate banks. Additionally, branch authorisation policy has identified BCs that avail banking services for a minimum of four hours per day and at least five days a week as banking outlets.

This drive a sizable upsurge in the number of accounts opened through BCs encouraging robust growth in ICT-based banking services. Adding, door step delivery of financial services through the ICT-based BC model boosts the number of ICT accounts. With the end of the second phase of FIP on March, 2016, all domestic SCB's including RRB's were directed to set a new Board Approved FIP targets for the consecutive three years (April 2016 to March 2019).To know the importance of the collected data through FIPs, the bank has asked to collect data on district level being with state level so that the status on financial inclusion can be tracked on root level.

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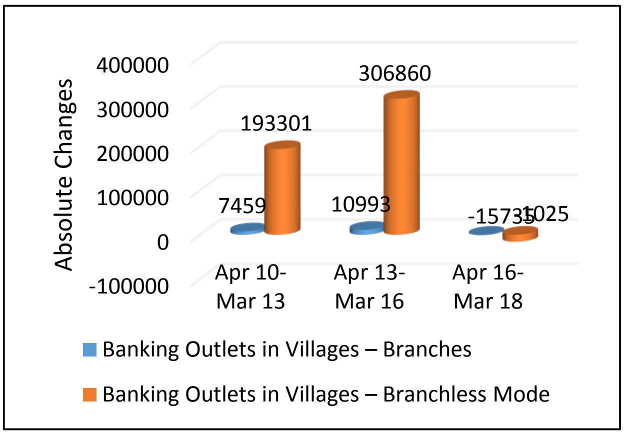
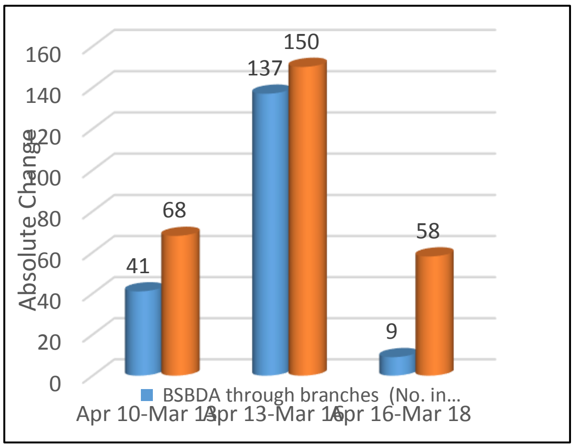


Graph 1.1 Absolute Changes in the Number of Banking Outlets in Villages – Branches and Branchless Mode (March 2010 To 2018)

Graph 1.1 indicating the absolute change in the number of banking outlets in villages through bank branches from March 2010 to March 2018. 10993 new outlets have been added to the total number of outlets from March 2013 to march 2016.

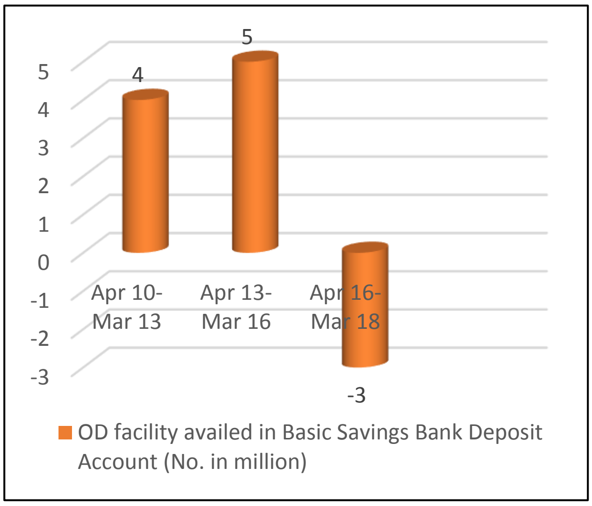
This is 47 percentages more than the account opened in March 2010 to March 2013. This number has become negative in both the banking outlets in villages through branches and through business correspondence during March 2016 to March 2018, the decline in the number of accounts through business correspondence is more than the banking outlets through branches.



Graph 1.2 Absolute Changes in BSBDA through Branches and BCs

Graph 1.2 illustrate the absolute change in BSBDS through branches and BC's. Due to the effective implementation of Pradhan Mantri Jan Dhan Yojana in august 2014 by Government of India give push to the number of BSBDAs through branches and BCs from March 2010 to March 2016.However ,137 million new accounts were added from March 2013 to March 2016 But sharp decline in the number of BSBDAs accounts between March 2016 to March 2018 is partly due to the increase in the inactive accounts of the account holders.

Graph 1.3 shows the positive absolute change in the Overdraft facility in basic saving bank accounts from March 2010 to March 2016. In 2010 banks advised to provide overdraft facility on No –Fril accounts. During March 2013 to March 2016 banks extended overdraft facilities upto rs. 5000 to Jan Dhan account holders. Nevertheless, during demonetization in India Jan Dhan accounts was used to covert black money into white therefore the overdraft facility on these accounts has been stopped and set hold for further transactions. Hence the data shows the reduction in overdraft facility on BSBD account during 2016-2018.



Graph 1.3 Absolute Changes in OD facility availed in BSBD Account (No. in Million)

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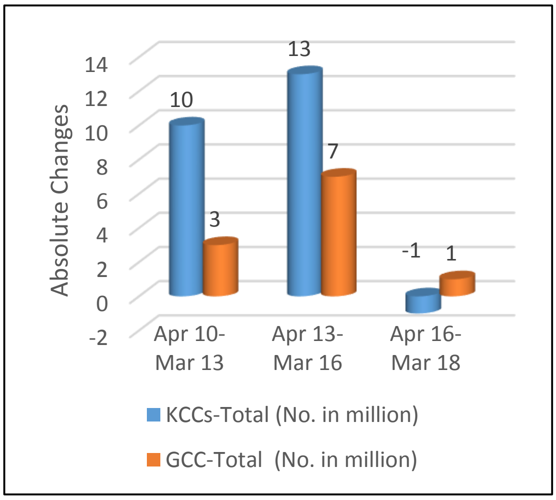
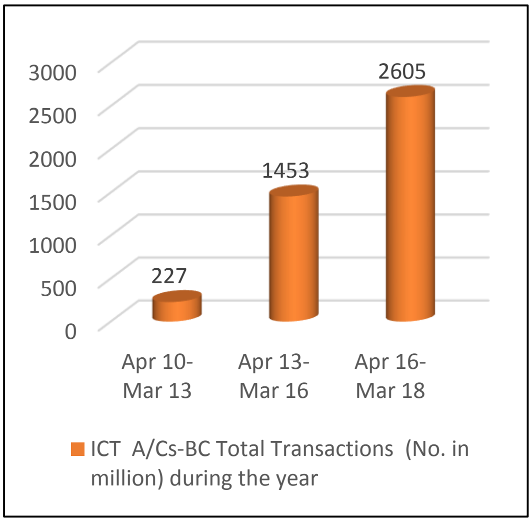
Graph 1.4 indicates Kisan credit card and General credit card status from March 2010 to March 2018. Kisan Credit Card and General Credit Card increased in absolute number from March 2010 to March 2016. Kisan Credit card is an effective instrument for making agricultural credit available to farmers. In union Budget 2011-2012, the government of India has introduced a smart card under the KCC scheme that can be used as ATM. Graph 3.6 shows that the number of Kisan Credit cards has become negative from March 2016 to March 2018, whereas only one million GCC accounts has been added in total GCC accounts from March 2016 to March 2018.



Graph 1.4 Absolute Changes in Number of KCC Card and GCC Card

Reserve Bank of India has given special importance to the use of technology to expand banking services. The use of mobile technology to deliver banking services is a significant initiative taken by RBI. Therefore Graph 1.5 shows that the number of ICT accounts has continuously increased from March 2010 to March 2018.



Graph 1.5 Absolute Change in ICT A/Cs-BC Total Transaction (No.in million)

V. CONCLUSION

Financial inclusion is the most critical aspect in the present scenario for the country's inclusive growth and economic development. The need of finance and the delivery of it often mismatches in the rural area hence financial Inclusion plans may bridge this gap as it intends to help people secure financial services and products at economical prices and cater to the needs of the poor people. As financial literacy precedes financial inclusion, a two-tier Train the Trainees program was designed to build the capacity and skills of BCs for effectively delivering financial services at the grassroots level. The progress of the financial inclusion shows the tremendous increase in the number of branches opened, the number of BCs and the number of deposits mobilized under the BSBDA, and the amount of credit disbursed by the KCCs and GCCs. It helps improve the standard of living of the majority of the country's people, and it also helps to bridge the gap between rural and urban people.

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