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Issues And Progress of Financial Inclusion in india

Sunil D Souza Research Scholar, DoS in Commerce PG Centre, Hemagangotri Hassan University of Mysore,Hassan 573220

Dr. T.S Devaraja Associate Professor, DoS in Commerce PG Centre, Hemagangotri, Hassan University of Mysore, Hassan 573220

ABSTRACT *The Inclusion of excluded people from the formal financial services is the milestone in avoiding the threats and problems for people from informal financial services like Money lenders, landlords etc. To include the excluded people from services of formal financial institutions, branch free banking agencies play a major role by creating facilities to people for savings, Borrowings and influence for socio-economic developmental activities through productive utilization of people's earnings. The paper is to bring a conceptual frame work on the different phases of financial inclusion process initiated by Government of India and Reserve Bank of India review of previous studies and analysed the financial inclusion progress in India.*

KEYWORDS : Financial Inclusion, Financial Inclusion Initiatives, Financial Inclusion Progress

INTRODUCTION

Financial Inclusion is the process where the inclusion of people who are excluded from the formal banking penetration and creating awareness to them for have the access of financial services from the formal financial institutions rather than depending upon the informal financial service providers like money lenders etc. The sustained economic growth is possible through the inclusion of the both the pattern of the economy, the serious issue is to bring the people excluded from the economic activities. In order to achieve the sustained development in the economy banking institutions play a major role by promoting people for savings, investment and use of the financial services available in the formal financial institutions.

The idea of financial inclusion first started in a small village called Mangalam in Pondicherry (the village which selected for pilot project, undertaken by K.C Chakraborthy, the Chairman Indian Bank) on December 30, 2005, where it was decided to open accounts for all adult population there by achieving 100 percent financial inclusion. The identified problem with this process was of distance to bank branch. Thus came the idea and inevitability of using Agent facilities, Information and Communication Technology (ICT) in banking operations.

This paper is a conceptual and empirical study conducted with the objective of constructing framework of financial inclusion initiative of Government of India and Reserve Bank of India and to analysis progress of financial inclusion using the secondary data collected from the literature and RBI reports**.**

REVIEW OF LITERATURE

Research work and statements at official levels were analyzed, reviewed and presented here;

Government of India (2008) defines financial inclusion 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

According to the Planning Commission (2009), Financial Inclusion 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.

Chakrabarty (2011), financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society including vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players.

Dev, (2006), providing the accessibility of formal financial services to the all sections of the society is financial inclusion, where the individual households are excluded from formal financial service by denied with credit facilities which led the people of country to depend on informal sources where they get advances early so in India 44% of population indebted to informal sources of credit.

Subbarao, (2009), the outreach of commercial bank branch is only for 30,000 habitations out of 6,00,000 habitations, which means only 40% of populations across the country has bank account and remaining were excluded from the financial inclusion

Subbarao,; Mor and Ananth, (2007), households in India indebted to credit from moneylenders but financial inclusion is the access of institutional credit from formal financial systems, the commercial banks are initiated through the opening of basic saving bank deposits by the individuals, the broader idea beyond financial inclusion is to focus on increasing the productivity of vulnerable groups and ensuring sustainability in the long run.

Dasgupta, (2009), Micro Finance Institutions are initiated in delivery of financial credit service to the poor, but this has not translated into poverty alleviation as the chargeable interest on loan was high and the importance of credit delivery was not observed. The introduction of Agent model is to keen and near observation of clients needs and requirements and utilisations of financial facilities. The introduction of Business Correspondents reduced the barriers to access of financial services and also made banks to delivery services at low cost without any brick and motor bank branches.

Mas and Almazán, (2011), opening of bank branches in rural areas not given importance for attracting the rural customers because the serving poor customers is the hazards for branch business as it incur high fixed cost and transaction cost. There were two main challenges that banks face in serving the poor. On the one hand, they have to devise a viable revenue model that is consistent with the cash flow needs and the perceptions of value of the poor. On the other hand, they have to minimise the operational burden of managing millions of small- value transactions.

Collins et al., (2009), The prime reason for people remaining in poverty is the lack of savings, contingency planning, and risk mitigation. As a result, in times of a disease or crop failure, with almost non-existent savings in the form of liquid cash, the poor have had to resort to takings loans from MFIs and money lenders, who charge interest rates ranging from 24% to as much as 100%. Demand deposits do not require a steady income flow but help to store excess cash when available and to cover any unexpected expenditures when needed.

Demand deposits have flexibility, which allows poor households to — maximize their intermediation by being able to transact in any sum, no matter how small, at any time.

Laureti, (2009), The poor have many informal means to save—they save by leaving cash at home or by joining savings clubs. Many also save in non-financial means by purchasing jewellery and other valuables, equipment, land, or farm animals. While saving cash at home is convenient, it is vulnerable to theft. Most such forms of savings, however, cannot be used in emergencies or to mitigate risk. Savings can either be compulsory savings and voluntary savings.

Murdoch and Rutherford, (2003), wrote that the provider of any financial services for the poor should remember two fundamental aspects: flexibility and convenience. Flexibility refers to the time and value with respect to the savings, deposits, or credit repayments made, while convenience is the opportunity to make financial transactions such as loan repayments, deposits, and withdrawals frequently and close to home at low costs.

Seshadri T. V., (2012), financial inclusion is a key path to poverty alleviation. it as a progression and a hierarchy of financial needs which begins with the most basic needs, such as a secure account for holding payment transaction funds and bill payment, and moves to more complex ones such as borrowing and insurance.

Sumanjeet, (2011), Financial Inclusion revolution in India started from 1960s with base focus on the poor in bottom of the pyramid so include the poorest in economic activity Government of India has taken several measures. The following literatures on the issues relating to financial inclusion; In Indian banking sector large scale branch expansion after the nationalization of banks in 1969 encouraged the banking industry to shift its focus from class banking to mass banking. Even though Banks unable to cater the poor with priority sector lending at confessional interest rates, this led to the search of an alternative delivery models for reaching out to the poor to satisfy their credit needs. Requirement of micropayment for poor promoted with the introduction to several Bank linkage models.

Srijanani D, (2012), even though the tremendous growth volume and complexity in banking industry the exclusion of underprivileged sections of the society for making significant improvements in the areas relating to financial viability, profitability and competitiveness. Financial Inclusion required a holistic approach on the part of the banks in creating awareness about financial products, advice on money management, debt counselling, savings and affordable credit.

Gautam Palikar et al., (2010), in the middle 1990s Micro Finance Institutions observed that poor can be bankable and solved their socio-economic problems for achieving the inclusive growth.

Neha, 2010 & Microfinance focus 2009), Banks had paid only lip services to the cause of financial inclusion by opening only savings account in the form of "No Frill Account" and had not cared for other aspects like credit needs, financial literacy, financial advice, credit, insurance and remittance, financial inclusion possible if the regulation give priority in financial literacy and cater the basic knowledge on financial products and services. If Business Correspondents Model developed or appointed based on these parameters banks can achieve the financial inclusion and avoid the drawbacks like dormant of accounts.

Henrique E Diniz, (2009), Use of innovative ICT technology in Brazilian Banking services increase the microcredit delivery, as the ICT enabled customers' service points used by banks for the scalable outreach of banking services. Correspondent - networks with a huge potential to work as technological and social innovations in the domain of microfinance can reach the poor who are unbanked and in Brazil such service points attracted customers with consistent growth rate in few years, this is possible because the Banks promote correspondent model as it is a viable and profitable business strategy.

Khan H.R, Dash R.N, (2007), in his interim committee report recommended to Agent model needed for Banks which reduce the cost involved in banking the un banking sectors Banks appoint Business Correspondents and Business facilitators, cost of the banking services also depends upon the nature of appointed intermediaries, efficiency of its operation and methodology adoption in reaching the clients and volume of the business handled.

Ramkumar V, (2007), To make BC model more viable and scalable it required ICT facilities, financially sound experienced and reputed expertise and manpower from local state.

Chakrabarty, (2012), Introduction of banking technology and realization that the poor are bankable, the coverage of unbanked population into the financial inclusion, along with Governments developmental programmes, is expected to result in overall financial inclusion and economic development in the country. ICT based Business Correspondent Model for delivery of low cost door step banking services in remote villages is being implemented. A village is considered to be covered by the banking services, the bank branch to be present there or a BC is physically present in that village or has the network in village.

PHASES OF FINANCIAL INCLUSION INITIATIVES IN INDIA

The phases of financial inclusion initiatives in India by Government of India and RBI are presented at three phases which are as follows;

The First Phase

Since independence up to 1991 Government of India and Reserve Bank of India took several initiatives for bringing more number of people into the ambit of formal financial institutions and sustainable and equitable growth of the banking system in India, these initiatives are as follows;

Rural Cooperative Banks: Rural Cooperative Banks were established in the year 1950s for outreach of banking to rural India and influence people for deposits savings.

Nationalisation of Banks: Nationalization of 14 major commercial banks in 1969, followed by another six banks in 1980 was aimed at extending the reach of organized banking services to rural as well as neglected sectors of the society and it marked a paradigm shift in banking sector i.e. from class banking to mass banking. Nationalization was a major step that facilitated the rapid expansion of the banking system to hitherto unbanked areas, bestowing on them the special responsibility of stepping up advances for all the areas identified as 'priority sector' areas.

Lead Bank Scheme: is the designated bank established in 1969 as key instrument for local development and were entrusted with responsibility of indentified growth centres, assessing the financial inclusion initiatives in each districts of the state.

Priority Sector Lending: The priority sector guidelines were also issued to the banks by the Reserve Bank to increase the flow of bank credit to hitherto neglected sectors.

Differential Rate of Interest (DRI): this Scheme was instituted in 1972 to provide credit at concessional rate to low income groups in the country.

Branch licensing policy was initiated during the 1970s and the 1980s.

Regional Rural Banks (RRBs): were set up in 1975 exclusively to cater to the credit demands of the hitherto neglected segments of the rural economy that need simple, flexible and small-sized financial products in very large numbers.

In 1977, 1:4 license rule was established which dictated that a bank could open a branch in a banked location only after opening four branches in unbanked locations to increase the number of bank branches in unbanked areas.

National Bank for Agriculture and Rural Development (NABARD): was established in 1982, is a development bank with an authorisation for facilitating credit flow and promotion and development of agricultural and small scale industries in rural places.

The Service Area Approach scheme: was introduced in 1989 in order to bring about an orderly and planned development of rural and semi- urban areas of the country.

The rapid developmental initiatives from 1969 till 1991 included increased number of bank branches, decreased average population per bank offices and increment in deposits, advances, lending to the priority sectors, etc. There also a significant decrease in the informal sectors due to the spread of the banking system to rural areas.

The Second Phase

Financial inclusion in this phase was encouraged introduction of following financial services and developmental activities;

Microfinance: in the year 2005 with the intention to bring the weaker sections population in banking penetration; Microfinance concept was introduced where by an individual can save small amount of savings and also borrow small money for his need.

SHG-Bank Linkage Program: In 1992 with the policy support from Reserve Bank NABARD has launched the SHG-bank linkage programme to facilitate collective decision making by the poor and provide 'door step' banking. In 1998, banks were advised to open savings bank accounts of the SHGs that were engaged in promoting the savings habits among their members in formal financial institutions.

Kisan Credit Card: Kisan Credit Card (KCC) scheme introduced in the year 1998-99 by NABARD through co-operative banks, commercial banks and RRBs to smoothen and strengthen the credit delivery system with effective, timely and hassle-free to the farmers.

Swarozgar Credit Card:- The Swarozgar Credit Card (SCC) scheme was introduced by NABARD in 2003 for facilitating hassle free credit for meeting investment and working capital requirements of small borrowers and rural micro-entrepreneurs like small artisans, handloom weavers, fishermen, self employed persons, rickshaw owners, SHGs, service sector, etc

The Third Phase

In the year 2005 Government of India announced importance to be given for Financial Inclusion with The Reserve Bank of India (RBI) as the major policy maker in the banking sector has laid special emphasis on financial inclusion since 2005. Reserve Bank and GoI has undertaken number of measures with the objective of attracting the financially excluded population into the structured financial system;

Vaidhyanathan Committee: Revival of Rural Co-operative Credit Institutions Based on the recommendations of the Task Force on Revival of Rural Co-operative Credit Institutions in the year 2005 under the Chairmanship of Shri A. Vaidyanathan and in consultation with State Governments, the Government of India approved a package for revival of the short-term rural co-operative credit structure to strengthen the rural credit delivery system. The revival package for long-term rural co-operative credit structure has also been announced.

Rangarajan Committee: The Government of India constituted a 'Committee on Financial Inclusion' in June 2006 under the chairmanship of Dr. C. Rangarajan to look into the problem of exclusion of rural poor from access to financial services and frame guidelines for enhancing financial inclusion in the country. Based on the recommendations of the Interim Report of Dr. Rangarajan Committee, the Government has constituted two funds viz., Financial Inclusion Fund (FIF) for meeting the cost of developmental and promotional interventions of financial inclusion and Financial Inclusion Technology Fund (FITF) to meet the cost of technology adoption.

Raghuram G Rajan Committee: High Level Committee on Financial Sector Reforms In 2007, the Planning Commission constituted a High Level Committee on Financial Sector Reforms under the Chairmanship of Dr. Raghuram G. Rajan. While its focus was on identifying emerging challenges in meeting the financing needs of the Indian economy as a whole, several of its recommendations also emphasized the need for and strategies for achieving financial inclusion.

Electronic Benefit Transfer (EBT): Adopting the recommendation of the Rangarajan Committee that the State Governments should make payments under NREGA and Social Security Payments through technology based solutions, the Government of India announced several measures in this regards in the Union Budget 2008-09. The Reserve Bank also requested the State Governments to explore the possibility of routing/transferring government benefits electronically (Electronic Benefit Transfer) through banks directly to the bank account of the beneficiary by leveraging ICT based solution and deliver it at their doorstep, thereby reducing dependence on cash and lowering transaction costs.

Unique Identity Number (UID)/Aadhaar: In 2009, the Government of India constituted Unique Identification Authority of India (UIDAI) to provide a unique identity number of each resident of country. The UID is to leverage existing technological links to reach out to the unbanked population and is actually promising bank accounts to the residents if they indicate consent to open one. By providing proof of resident and identity the Aadhaar number has the potential of transforming the delivery mechanism of social welfare programmes by making them more inclusive and efficient in reaching out to the intended beneficiaries, who are presently let out due to their lack of identification. Potentially, it would enable the government to shift from indirect to direct benefits and help verify whether the intended beneficiaries actually receive the welfare benefits by using the biometric online authentication services to be facilitated by the UIDAI (Khound, 2012).

Banking Services in Unbanked Villages: banks were advised to draw up a road map to provide banking services in every unbanked village having a population of over 2000 by March 2012. RBI advised banks that such banking services need not necessarily be extended through a bricks and mortar branch, but could also be provided through any of the various forms of ICT-based models. About 73,000 such unbanked villages were identified and allotted to various banks through state-level bankers' committees.

Swabhiman: One of the flagship programmes of the UPA II government, Swabhiman, which aims at providing branchless banking through use of technology, was launched on 10th February, 2011. In this scheme, banks are supposed to provide basic services like deposits, withdrawals and remittances using the services of Business Correspondents (BCs). The initiative enables government subsidies and social security benefits to now be directly credited to the accounts of the beneficiaries, who would be able to draw the money from the Business Correspondents in their village itself.

Direct Cash Transfer (DBT): The government started a new scheme, Direct Cash Transfer Scheme, from January 1, 2013 to transfer 29 welfare programmes largely related to scholarships and pensions for the old and disabled operated by different ministries. In this the benefits or subsidies due are be transferred to the bank accounts of the ultimate beneficiaries directly, taking advantage of the Aadhaar scheme for electronic identification of all individuals. In due course the scheme will be expanded to cover 42 benefits, and will cover the whole country. Cash transfer scheme will help in better targeting of subsidies and reducing delay in delivery of benefits besides curbing wastages and leakages.

No Frills Accounts: In November 2005, RBI insisted the banks to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances and charges with a view to make such accounts accessible to vast sections of the population. The nature and number of transactions in such accounts would be restricted and made known to customers in advance in a transparent manner. Banks have also been advised to provide small overdrafts in such accounts. Regional Rural Banks have also been advised to allow limited overdraft facilities in 'no frills' accounts, without any collateral. All banks have urged to give wide publicity to the facility of such no frills account so as to ensure greater financial inclusion. The banks have also been advised to print all bank materials in regional languages. The low cost or free of cost account is considered to be helpful in expanding the access of banking services, particularly to the low income groups.

Simplification/Relaxation on KYC Norms: Know Your Customer norms have also been simplified to enable the persons belonging to low income groups, both in urban and rural area to open the bank accounts with balance not exceeding Rs. 50000 and credit limits not exceeding Rs. 100000 in a year without any procedural hassles. KYC norms have also been revised to accommodate the UID card as well as the job card issued by NREGA as 'officially valid documents' for opening small accounts.

General Credit Card (GCC): With a view to help the poor and the disadvantaged with access to easy credit, banks were advised to issue general purpose credit card (GCC) akin to Kisan credit card (KCC) in the nature of revolving credit up to Rs.25000 without insisting on security or purpose at deregulated interest rates to bank customers at their rural and semi-urban branches. Fifty percent of the GCC loans are treated as part of the banks' priority sector lending.

State-Level Bankers' Committee (SLBC): conveners in all states have been assigned the responsibility of reaching 100% financial inclusion in at least one district in their area. The responsibility is given to the banks in the area for ensuring that all those who want to have a bank account are provided with one by allocating the villages to the different banks.

Business Facilitator (BF)/Business Correspondent (BC) Model: Banks operate through a number of channels for delivery of financial services; branches, ATMs and the internet are the popular channels where the literates and people who are living in that vicinity can have access these facilities. With the vision of achieving milestone of financial inclusion (banking unbanked poor people), Government of India issued a new set of guidelines to launch third party banking from 2006 onwards. This includes increasing the sphere of formal banking sector to include the unbanked. Two categories of intermediaries; Business Correspondents (BCs) and Business Facilitators (BFs) are created for this purpose. According to the guidelines, the BCs are permitted to carry out transactions on behalf of the bank as agents, the BFs can refer clients, pursue the clients' proposal and facilitate the bank to carry out its transactions, but cannot transact on behalf of the bank. Business Correspondents are organizations or individuals that organize and offer one or more points of transaction outside of bank branches. The BCs organize and manage a network of such transaction points in partnership with a bank.

Simplified Branch Authorization/ATM Expansion: Since December 2009, domestic scheduled commercial banks (SCBs) are permitted to freely open branches in Tier 3 to Tier 6 centres with population of less than 50,000 under general permission, subject to reporting. Improve banking penetration and financial inclusion rapidly; the need is opening of more brick and mortar branches. Banks have been mandated to allocate at least 25 per cent of the total number of branches to be opened in unbanked rural (Tier 5 and 6) centres. Banks are also freed from prior authorization for location of ATMs. In the North Eastern States and Sikkim. Domestic SCBs can now open branches in rural, semi urban and urban centres without the need to take permission from RBI in each case, subject to reporting.

Use of Information Technology The Reserve Bank considers that IT-enabled services can be used to meet the challenges such as lack of adequate infrastructure, higher transaction costs and low volumes of transactions. The technology has the potential to address the issues of outreach and credit delivery in rural and remote areas in a viable manner, banks are encouraged to make effective use of Information and Communication Technology (ICT) to provide doorstep banking services (for making payments to rural customers and receiving cash from them) through their BCs or others where the accounts can be operated by even illiterate customers by using bio-metric smart cards and mobile hand electronic devices, thus ensuring the security of transactions and enhancing confidence in the banking system.

Mobile Banking: The Reserve Bank of India issued the guidelines for Mobile Banking transactions in October 2008. The guidelines permit banks to provide mobile banking transactions and mandates that all transactions have to originate from one bank account and terminate in another bank account. The guidelines also permit banks to extend this facility through their business correspondents.

Financial Literacy and Credit Counselling Centres (FLCCs): Each State Level Bankers Committee conveners have been asked to set up a credit counselling centre in one district as a pilot and extend it to all other districts in due course. These centres are expected to provide free financial education to people in rural and urban areas on the various financial products and services. As on March 2011, banks have reported setting up 225 credit counselling centres in various States of the country. A model scheme on financial literacy and credit counselling centres (FLCCs) was formulated and communicated to all scheduled commercial banks and RRBs with the advice to set up the centres as distinct entities maintaining an arm's-length relationship with the parent bank so that the FLCC's services are available to even other banks' customers in the district.

JanDhan: in the year 2015 JanDhan Scheme introduced for encouraging people for open basic savings deposit account, the scheme was highlighted with the promotion of scheme with offering the overdraft facilities for active account holders.

Payment Banks: was set up in 2014 as per Nachiket committee report is a type of non-full service niche bank. A bank licensed as a payments bank can only receive deposits and provide remittances, it cannot carry out lending activities this bank was created to help in achieving financial inclusion targets. Migrant labourers, low income households, small, and other unorganized sector entities are the target group for these banks.

FINANCIAL INCLUSION PROGRESS IN INDIA

Financial inclusion progress in country after the initiatives of Government of India towards inclusive growth and Reserve Bank's policy initiatives made a tremendous changes in Indian banking system and which made available of banking services to the all sections of the society, even the lacking in programme there has identified the growth in financial Inclusion, here the indicators like outlet coverage, opening of Basic bank accounts, holders of Kisan Credit Cards, General Credit Cards and ICT enabled services delivered are taken for analyse the progress in Financial inclusion in India

Table No.1, Details of Banking Outlets Coverage in India by Banks and Branchless Banking Modes

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Banking Outlets in Villages – Branches	33,378	34811	37471	40837	46126
Banking Outlets in Villages – BCs	34316	813397	144283	227617	337678
Urban Location Covered - BCs	447	3771	5891	27143	60730
Total	68141	119979	187645	295597	444534

RBI Report

The above table (no.1) states about the banking outlets coverage in Indian villages and urban location. In the year 2010-11 Branches covered 33,378 villages where the BCs coverage on the year was 34316 and in the year 2014-15 bank branch coverage was 46126 and BCs made 337678 village outlets, this shows the inclusion of excluded villages from formal financial services BCs or the branchless banks are better modes and also the table show the coverage of Urban locations by BCs was increased from 2010-11 to 2014-15 from 68141 to 4,44,534

Table No.2, details of Basic Savings Banks Deposit by Bank Branch and BCs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Basic Savings Deposit A/C (No in Millions) Branches	60.10	73.13	81.20	100.80	125.00
Basic Savings Deposit A/C (Amount in Billions) Branches	44.33	57.89	109.87	164.69	273.30
Basic Savings Deposit A/C (No in Millions) BCs	13.3	31.63	57.30	81.27	116.9
Basic Savings Deposit A/C (Amount in Billions) BCs	10.69	18.23	10.54	18.22	39.00

RBI Report

The above table (No.2) shows the number of Basic Savings Deposits and Amount of Deposits made through the Bank Branches and BCs. The deposits account opened by branches in 2010-11 was 60.10 Million and the BCs were opened 13.3 Million accounts, the opening of bank accounts were more than 100% increased from 2010-11 to 2014-15 though both modes of banking.

Table No.3, Details of Overdraft Facilities availed in Bank Savings Deposits

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
OD Facilities availed in BSBD A/C (No. in Millions)	0.18	0.61	2.71	3.92	5.90
OD Facilities availed in BSBD A/C (Amount. in Billions)	0.10	0.26	1.08	1.55	16.00

RBI Report

The above table (No.3) depict utilisation of overdraft facilities availed in Bank Savings Deposits. In the year 2010-11, billion 0.10 amount of Overdraft drawn from 0.18 million Basic Deposit accounts and were increase in each year. In the year 2014-15 from 5.90 million Deposit account 16 billion overdraft amount drawn by the customers.

Table No.4, Details of Kisan Credit Card (KCC) Scheme

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
KCC Scheme (No. in Millions)	24.31	27.11	30.24	33.79	39.90
KCCs Scheme (No. in Billions)	1240.10	1600.05	2068.39	2623.00	3684.50

RBI Report

The above table (No.4) represents about the Kisan Credit card Scheme facility users, in the year 2010-11 24.31 million customers used the scheme and availed 1240.10 billion loans from scheme which was increased in each year as like 39.90 million customers used the scheme to borrow 3684.50 billion loans.

Table No.5, Details of General Credit Card Scheme

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
GCC Scheme (No in Millions)	1.40	1.70	2.11	3.60	7.40
GCC Scheme (Amount in Billions)	35.10	35.07	41.84	76.30	1096.90

RBI Report

The above table (No. 5) give a picture of number of beneficiaries and amount that they borrowed through General Credit Card scheme. In the year 2010-11 only 1.40 Million beneficiaries which is increased to 3.60 Million in 2013-14 and 7.40 Million in 2014-15, and the amount borrowed through this was Rs.35.10 billion in 2010-11 and Rs.1096.90 billion in 2014-15.

Table No.6, Details of ICT availed services through Bank Branch and BCs

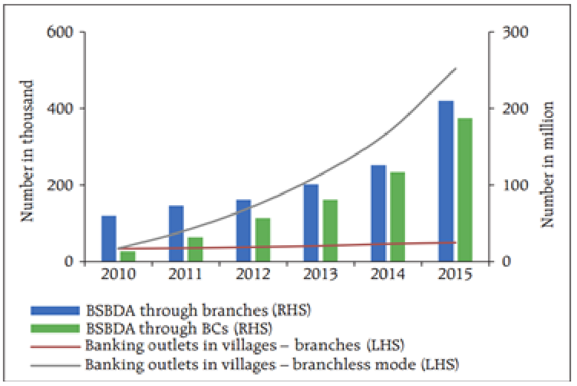
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Information and Communication Technology A/Cs – Branch Transaction (No in Millions)	26.5	88.16	141.09	254.65	328.6
Information and Communication Technology A/Cs BCs –Transaction (No in Millions)	13.26	31.65	119.85		524.4

RBI Report

The above table (no.6) shows the details of ICT availed services through bank branch and BCs to the customers, in the year there are 26.5 Million services availed through Bank branch by the clients and 13.26 Million services availed through BC Model. This also increase in more number that is in 2014-15 the services availed through banks was 328.6 million and we see that BC model have made more ICT based services available i.e, 524.5 million in 2014-15 to the clients.

The chart (no. 1) shows the progress of banking outlets and savings accounts through Branches and Branch free modes, Deposit Accounts were increased more number compared with Branch free modes (details in table No.2) but the village coverage was increasingly more (details in Table no.3) with branch-free modes of banking compared to the branch modes.

Chart no. 1 Progress of banking outlets and basic savings bank deposit accounts



Source; RBI

SUMMARY AND CONCLUSION

The initiatives taken by Reserve Bank of India and Government of India towards universal financial inclusion given the boost to the banks, the introduction of Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2015 made significant financial inclusion possible particularly in rural areas. There were significant numbers of banking outlets operate in branchless mode through business correspondents (BCs)/facilitators (Chart no. 1, & table no. 2), the dominance of BCs in the rural areas considered as 91 per cent of the banking outlets were operating in branchless mode as on March 31, 2015. The reason for financial exclusion is people leaving for from branch location, due to the high cost of collections and distribution of services through Branches made introduction of Business Correspondents Model (Porteous, 2006) at present it was considered as a viable alternative delivery model for bank branches. The constraints of the traditional brick-and-mortar approach have been widely acknowledged, and the RBI has permitted from 2006 onwards to banks for employ business correspondents/business facilitators (BC/BF) to conduct business on behalf of the banks. Branchless banking like Business Correspondents model is the low cost banking facilitators and model for reach of outreach among all other delivery models (Mas, 2009).

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