



ORIGINAL RESEARCH PAPER

Commerce

A STUDY ON IMPLEMENTATION OF SOCIAL BANKING AND ITS PROGRESS IN INDIAN ECONOMY

KEY WORDS: Social, Banking, Society, Government, Population, People

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ABSTRACT

The traditional banking is profit oriented commercial banking concept. It has concentrated on high income group and business people especially large industries. After independence vast portion of population are excluded from the banking services and not access credit need of their business. To overcome this situation the social banking concept is introduced to give banking services to the vast section of society by way of various schemes by the RBI and government of India to the excluded section of people. Social banking is society oriented banking without motive of profit to give financial services to the weaker section of the society to access credit and opening a basic account. The paper mainly exhibit the social banking implementation and their progress in Indian economy.

1. INTRODUCTION

Indian population majority lives in villages. They are not access the financial services at an affordable cost. After economic crisis many of them left many homeless, jobless and without any savings. Financial institutions which were severely hit were the ones which completely discontinued with the ground realities in society and real sector. The India need to develop the society with financial stability. They should work toward making society poverty free and to increase standard of living giving them opportunity to access banking services. Social banking is one provide banking to the weaker section of the society at an affordable cost. This bank has subsidised the provision of banking services to poor and the orientation towards serving the masses.

2. OBJECTIVE OF THE STUDY

1. Exhibit the implementation of social banking in India
2. Social banking progress in India

3. IMPLEMENTATION OF SOCIAL BANKING

Social banking is implemented to reduce or to educate the weaker section of the society about the financial services. It has given a opportunities to people who has no account to open the account with nil or minimum balance and given a credit delivery to the small enterprises which do not access credit earlier. This social banking has been accessed by the public by various mode such as basic account, credit delivery and social security etc.

The social bank has been delivered to the society following categories

- Lead bank scheme
- Priority sector lending
- Financial inclusion

- **Lead bank scheme**

In India rural areas are not enjoying a banking benefit. Commercial banks have enough banking services in urban area. Rural area not have adequate banking services. In 1969 on the recommendation of Gadgil study group and banker committee the lead bank scheme has introduced. According to that public sector bank to discharge their social responsibilities each bank should concentrate on certain district where it should act as lead bank. This lead bank scheme original objective is to improvement in branch expansion, deposit mobilisation and lending to the priority sector especially rural & urban area. So bank was given some area in which that bank had play a lead role in providing financial services to the people making them aware about the banks and their services. The objectives of Lead Bank Scheme is eradication of unemployment and under employment, Appreciable rise in the standard of living for the poorest of the poor Provision of some of the basic needs of the people who belong to poor sections of the society.

- **PRIORITY SECTOR LENDING**

Priority sector lending is aimed to provide institutional credit to the

sector and segment who has difficult to access credit. As per RBI regulation the bank has identified priority sector lend the credit to that sector. According to priority sector norms commercial banks have to give 40% of their loan to the priority sector this limit has been modified periodically. In April 2016, RBI has introduced Priority Sector Lending Certificates so that banks can trade the loan certificates given to the different sectors to meet their targets Priority Sector includes the following categories:

- (i) Agriculture
- (ii) Micro, Small and Medium Enterprises
- (iii) Export Credit
- (iv) Education Loan
- (v) Housing
- (vi) Social Infrastructure
- (vii) Renewable Energy
- (viii) Others

- **FINANCIAL INCLUSION**

In India RBI estimated that about 40% of Indians lack access even to the simplest kind of formal financial services. Expectations of poor people from the financial system is safety of deposits, low transaction costs, convenient operating time, minimum paper work, and quick and easy access to credit and other products, including remittances suitable to their income and consumption. A sizeable section of the population, particularly the vulnerable groups, such as weaker sections and low income groups, continue to remain excluded from even the most basic opportunities and services provided by the financial sector. To address the issue of such financial exclusion in a holistic manner, it is essential to ensure that a range of financial services is available to every individual. For this purpose India introduces the scheme of financial inclusion. Inclusive financing is the delivery of financial services, at affordable costs, to sections of disadvantaged and low income segments of 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 public policy.

This financial inclusion have accessed by the weaker section of the society through No-frill account which means nil balance account. Person opening a account without money. In 2012 they change their nomenclature as Basic Saving Bank Deposit Account (BSBDA). This account has accessed by the people enjoying various social benefit schemes through direct benefit transfer. Another account called Pradhan Mandri Dhan Jan Yojana called as (PMJDY) extension version of BSBD account some extra features is added to this account when compare to BSBDA.

4. PROGRESS OF SOCIAL BANKING

- **PRIORITY SECTOR LENDING**

- Priority sector lending aims to give loan to the vulnerable section of society. This sector give small loan to farmers especially agriculture and allied activities, MSME, poor people

for housing, students for education other low income group and weaker section. The performance in achievement of priority sector lending targets by various groups of scheduled commercial banks (SCBs) is given in Table 1.

Table 1 : Performance in Achievement of Priority Sector Lending Targets

(Rs.Billion)

End-march	Public Sector Banks	Private Sector Banks	Foreign Banks
1	2	3	4
2016	19,850 (39.3)	6,480 (44.1)	1,104 (35.3)
2017*	19,889 (39.5)	7,110 (42.5)	1,238 (36.9)

* : Provisional. Notes: Figures in parentheses are percentages to adjusted net bank credit (ANBC) or credit equivalent of off balance sheet exposures (OBE), whichever are higher, in the respective groups

Source: RBI annual report

FINANCIAL INCLUSION

The Reserve Bank continued with its efforts towards fulfilling the financial inclusion agenda during the year to help realise the intended economic and social objectives. The Board approved Financial Inclusion Plans (FIPs) prepared by the domestic scheduled commercial banks provide a structured and planned approach to financial inclusion. The Plans capture self-set targets of the banks on parameters such as the number of outlets (branches and Bcs), Basic Savings Bank Deposit Accounts (BSBDAs) opened by bank branches and BCs, overdraft facilities availed in those accounts, transactions in Kisan Credit Card (KCC). The progress made on these parameters is reported to the Reserve Bank by banks on a monthly basis and the progress in this regard as on end-March 2017 is set out in Table 2.

Table 2: Financial Inclusion Plan : A Progress Report

PARTICULARS	END-MARCH 2010	END-MARCH 2016	END-MARCH 2017
1	2	3	4
BSBDA-Through branches (No. in million)	60	238	254
BSBDA-Through branches(Amt. in ₹ billion)	44	474	691
BSBDA-Through BCs (No. in million)	13	231	280
BSBDA-Through BCs (Amt. in ₹ billion)	11	164	285
BSBDA-Total (No. in million)	73	469	533
BSBDA Total (Amt. in ₹ billion)	55	638	977
OD facility availed in BSBDA's (No. in million)	0.2	9	9
OD facility availed in BSBDA's (Amt. in ₹ billion)	0.1	29	17
KCCs -Total (No. in million)	24	47	46
KCCs -Total (Amt. in ₹ billion)	1,240	5,131	5,805

Source: RBI annual report

PRADHAN MANDRI DHAN JAN OJANA

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. Accounts opened under PMJDY are being opened with Zero balance. However, if the account-holder wishes to get cheque book, he/she will have to fulfil minimum balance criteria. The progress of PMJDY is exhibited in Table 3.

Table 3: Progress-Report of PMJDY, Pradhan Mantri Jan - Dhan Yojana (Beneficiaries as on 20.09.2017) (All figures in Crore)

Bank category	Total beneficiaries	Beneficiaries rural / semi at urban centre bank branches	Beneficiaries at urban/ metro centres bank branches	No of rupay cards issued to beneficiaries	Balance in beneficiaries account
Public Sector Bank	24.43	13.35	11.09	18.30	52874.07
Regional Rural Bank	4.86	4.12	0.74	3.60	11721.43
Private Banks	0.97	0.59	0.38	0.91	2010.52
Total	30.26	18.06	12.21	22.81	66606.01

Source: PMJDY Website

5. CONCLUSION

Social banking is giving a wide areas of banking services to the all section of society especially vulnerable section of society. Now a days this bank has made a new ideas to reach the rural peoples giving priority lending access of credit. Apart from this they give social security schemes and savings in the name of Financial inclusion introducing BSBDA account and PMJDY account the extension version of BSBDA account. Under lead bank scheme large number of bank branches has opened in the rural areas. Social banking has very good progress has contribute their share to uplift the vulnerable section of society.

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