

EMPEROR INTERNATIONAL JOURNAL OF
FINANCE AND MANAGEMENT RESEARCH
[EIJFMR]

ISSN: 2395-5929

Volume-IV

Regular Issue - VI

June-2018

SJIF 2016:3.343 | SJIF 2017: 4.253 | ISI 2017-2018: 0.673 | IFS - 2018: 1.14

Chief- In – Editor

Dr. C. THIRUCHELVAM

Former Register

Bharathidasan University

Tiruchirapalli – 620 024

Advisory Board

Dr. S. GURUSAMY

Professor and Head

Chairperson - School of Business and Management

Dean – Academic, University of Madras, Chennai - 600 005

Editor

Dr. R. MAYAKKANNAN

Assistant Professor in Commerce

Sri Sankara Arts & Science College (Autonomous)

Enathur, Tamil Nadu – 631561



Published by

Mayas Publication®

Tamilnadu | Kerala | Karnataka | New Delhi

www.eijfmr.com

maya1984kannan@gmail.com | editoreijfmr@gmail.com | customersupport@eijfmr.com

Editorial Board Members	
Managing Editor	
<p>Dr. R. MAYAKKANNAN M.Com., M.Phil., MBA., MFC., MA(Eco)., PGDFM ., PGDCA., Ph.D. Mayas Publication® www.eijfmr.com Ph.No.: 9944387367 e-mail : maya1984kannan@gmail.com customersupport@eijfmr.com</p>	
Chief-In-Editor	
<p>Dr. C. THIRUCHELVAM Former Register Bharathidasan University Tiruchirapalli – 620 024</p>	
Advisory Board	
<p>Dr. S. GURUSAMY Professor and Head Department of Commerce Chairperson - School of Business & Management Dean - Academic University of Madras. e-mail : professorsg@yahoo.com</p>	
SCHOOL OF COMMERCE, MANAGEMENT, ECONOMICS	
<p>Dr. Balakrishnan Department of International Business, Administration, Nizwa College of Applied Science, Sultanate of Oman. subramanyayp@lycos.com</p>	<p>Dr. R. Periyasamy Head & Assistant Professor, Department of Commerce, Barathiyar University Constitutional College, Coimbatore, Tamilnadu, India. nsebpge2017@gmail.com</p>
<p>Dr. Pratapsinh Chauhan Vice Chancellor, Saurashtra University, Rajkot, Gujarat. India. drpratapsinhchauhan@yahoo.co.in</p>	<p>Dr. T. J. Arun Associate Professor of Commerce, Annamalai University, Chidambaram, Tamilnadu, India.</p>
<p>Dr. Kuppusamy Singaravello Department of Administrative Studies and Politics, Faculty of Economics and Administration, University of Malaya, Malaysia. kuppusamy_s@um.edu.my</p>	<p>Dr. A. Ravikumar Associate Professor of Commerce, Bishop Heber College (Autonomous), Puttur, Trichy-17. ravikumarbhc@gmail.com</p>
<p>Dr. Bharati Pathak Professor, School of Commerce, Gujarat University, Ahmadabad, India. bharativpathak@rediffmail.com</p>	<p>Dr. N. Bharathidhasan Assistant Professor in Commerce, Dr. Ambedkar Government Arts College (Autonomous), Vyasarpadi, Chennai, Tamilnadu. nbd2001@gmail.com</p>
<p>Dr. P. Mohan Reddy Professor of Commerce, Management and Information Sciences, Sri Venkateswara University, Thirupati, Andhra Pradesh, India. dr_mohanreddy@yahoo.com</p>	<p>Dr. Leela Professor of Commerce, T. S. Narayanaswami College, Chennai, Tamilnadu , India. yen.leela@gmail.com</p>

<p>Dr. Meenu Meheshwari Assistant Professor, Department of Commerce and Management, University of Kota, Kota. drmeenumaheshwari@gmail.com</p>	<p>Dr. K. Krishnamurthy Assistant Professor of Commerce, Periyar Government Arts College, Cuddalore. drkkrishnamurthy@gmail.com</p>
<p>Dr. G. Raju Professor of Commerce, School of Management Studies, University of Kerala Thiruvananthapuram, Kerala, India. rajmukal@yahoo.co.uk</p>	<p>Dr. C. Saraswathy Assistant Professor of Commerce, VELS University, Chennai, Tamilnadu, India. saraschand1@gmail.com</p>
<p>Dr. Vijaya Professor of Commerce, Gulbarga University, Gulbarga, Karnataka state, India. drbvijaya@yahoo.com</p>	<p>Dr. R. Mathavan Assistant Professor of Commerce, KandaswamiKandar's College, P.Velur, Namakkal (DT) Tamilnadu, India. r.mathugk@gmail.com</p>
<p>Dr. F. Elayaraja HOD of Commerce TKU Arts College Karanthai, Thanjavur, Tamilnadu</p>	<p>Dr. S. Prabhu Head & Assistant Professor of Commerce Bharthi College of Arts and Science, Thanjavur, Tamilnadu</p>
<p>Dr. R. Hariharan Associate Professor of Commerce, National College, Trichy, Tamilnadu</p>	<p>Dr. A. Vijaykanth Assistant Professor of Economics, Dr. Ambedkar Government Arts College (Autonomous), Vyasarpadi, Chennai, India. vijayakanth_us@yahoo.com</p>
<p>Dr. L. Gomathy Assistant Professor of Commerce, AgurchandManmull Jain College, Meenambakkam, Chennai. gomathypugal@gmail.com</p>	<p>Dr. V. Rengarajan Assistant Professor, Management Studies SASTRA University, Thanjavur, Tamilnadu, India. vrr1971@gmail.com</p>
<p>Dr. S. Raju Assistant Professor of Commerce, A.V.V.M Sri Pushpam College (Autonomous) , Poondi, Thanjavur, India. dr.rajuss@gmail.com</p>	<p>Dr. K. V. Ramanathan, Professor of Finance, Statistician and Research Adviser, Bangalore. kvr08@rediffmail.com</p>
<p>Dr. V. Dheenadhayalan Assistant Professor in Commerce, Annamalai University, Chidambaram, Tamilnadu, India. deena_mint@yahoo.com</p>	<p>Dr. P. Arunachalam Professor & Head , Department of applied Economics Cochin University, Kerala. arunachalam14@yahoo.co.uk</p>
<p>Dr. Bama Sampath Assistant Professor of Commerce Dr. Ambedkar Govt. Arts College Chennai, Tamilnadu, India. sbgs92@yahoo.in</p>	<p>Dr. S. R. Keshava Professor of Economics Bangalore University, Bangalore. sr_keshava@yahoo.com</p>
<p>Dr. R. Vasudevan Assistant Professor in Corporate Secretary Ship, D. G. Vaishnav College, Chennai. rvasu66@yahoo.com</p>	<p>Dr. S. Chinnammai Associate Professor of Economics, University of Madras, Chennai. pragathauom@gmail.com</p>
<p>Dr. A. L. Mallika Associate Professor and Head, Department of Management Studies, Mother Teresa Women's University, Kodaikanal. mvmallika21@gmail.com</p>	<p>Dr. A. Ranga Reddy Professor Emeritus, Sri Venkateshwara University Andhra Pradesh, India.</p>

<p>Dr. P. Uma Meheshwari Assistant Professor of Economics Barathiyar University College, Coimbatore, Tamilnadu, India. umasreekrishnaram@gmail.com</p>	<p>Dr. V. Vijay Durga Prasad Professor & Head Department of Management Studies PSCMR College of Engineering and Technology Kothapet, Vijayawada , Andhra Pradesh, India. vijaydurgaprasad@gmail.com</p>
<p>Dr. Dhanalakshmi Acharya Bangalore Business School, Andhrhalli Main Road, Bangalore Karanataka, India. dhanalakshmi2311@gmail.com</p>	<p>Dr. A. Alagumalai Associate Professor Department of Political Science, P.T.M.T.M.College, Kamudhi,</p>
<p>Ch. Anjaneyulu Assistant Professor, Department of Business Management Telangana University DichpallyNizamabad, Telangana India. anzu686@gmail.com</p>	<p>Dr. G. Parimalarani Chairman, Board of Studies in Commerce Department of Commerce, Telangana University Dichpally, Nizamabad, Telangana, India. ramcommerce@rediffmail.com</p>
<p>Dr. Ishwara P Professor in Commerce Department of Commerce, Mangalore University Karnataka. ishwara_p@rediffmail.com</p>	<p>Ms. Bhagyshreehiremath Assistant Professor of Economics Indian Institute of Information Technology Dharwad. bhagyashreehiremath176@gmail.com</p>
<p>Dr. G. Parimalarani Associate Professor Department of Bank Management Alagappa University Karaikudi, Tamilnadu. vini_parimal@yahoo.com</p>	<p>Prof. M. Yadagiri Head & Dean Faculty of Commerce Telangana University Dichpally Nizamabad, Telangana. prof.yadagirimadarapu@gmail.com</p>
<p>Dr. M. Prathapan Assistant Professor in Commerce St. Ann's College of Arts & Science, Tindivanam-604 001, TamilNadu.</p>	<p>Dr. M. Murugadass Assistant Professor of Commerce, Annai Theresa College of Arts & Science Thirukazhukundram- Kanchipuram</p>
SCHOOL OF COMPUTER SCIENCE, ENGINEERING AND TECHNOLOGY	
<p>Prof. Naveen Kumar Associate Professor Department of Computer Science, University of Delhi, India. nk.cs.du@gmail.com</p>	<p>Dr. ArdhenduMandal Assistant Professor School of Computer Science and Application University of North Bengal (N.B.U). am.csa.nbu@gmail.com</p>
<p>Dr. Rakesh Kumar Mandal Secretary, CSI, Siliguri Chapter Assistant Professor School of Computer Science & Application North Bengal University P.O.,Darjeeling West Bengal. rakeshkumardocor@yahoo.in</p>	<p>Dr Jose Luis Lopez-Bonilla Superior School of Mechanical and Electrical Engineering, National Polytechnic Institute, Mexico city. joseluis.lopezbonilla@gmail.com , jlopezb@ipn.mx</p>
<p>Dr. D. Roy Chowdhury Assistant Professor School of Computer Science & Application University of North Bengal. diliproychowdhury@gmail.com</p>	<p>D. Hiremath Assistant Professor Department of Computer Science and Engineering Indian Institute of Information Technology Dharawd.</p>
<p>Dr. Ms. Bhagyashree, Assistant Professor Department of Computer Science and Engineering Indian Institute of Information Technology Dharawd.</p>	<p>Dr. M. Mohamed Associate Professor of Commerce, Khadir Mohideen College, Adirampattinam, Tamilnadu.</p>

SCHOOL OF AGRICULTURAL & RURAL DEVELOPMENT AND EDUCATIONAL TECHNOLOGY, ENVIRONMENTAL SCIENCE	
<p>Dr. V. M. Indumathi Dept. of Agricultural and Rural Management Tamil Nadu Agricultural University, Coimbatore, India. induarm@tnau.ac.in</p>	<p>Dr. K. Boomiraj Assistant Professor Department of Environmental Sciences, Tamil Nadu Agricultural University, Coimbatore. kb78@tnau.ac.in</p>
<p>Dr. M. Mirunalini Assistant Professor Department of Educational Technology Bharathidasan University, Khajamalai Campus, Thiruchirappalli. miru.bdu@gmail.com</p>	<p>R. Ganesan Professor and Head, Department of English, Kongu Engineering College, Perundurai. ganesanec@gmail.com</p>
<p>Dr. S. Angles Assistant Professor Department of Agricultural Economics, Tamil Nadu Agricultural University, Coimbatore, Tamil Nadu, India. angles.s@tnau.ac.in</p>	<p>Prof. V. Murugaiyan Assistant Professor Post Graduate & Research, Department of History H.H.Rajah's College, Pudukottai. Perundurai</p>
SCHOOL OF MATHEMATICS, PHYSIC, EARTH SCIENCE, BOTANY, CHEMISTRY, MOLECULAR BIOLOGY, ZOOLOGY	
<p>Dr. P.K. Omana Scientist Ministry of Earth System Science, Government of India, National Centre for Earth Science Studies, Trivandrum, Kerala. India. pkomana2010@gmail.com</p>	<p>Dr. Dhiraj Saha, Assistant Professor (Senior Scale), Insect Biochemistry and Molecular Biology Laboratory, Department of Zoology, University of North Bengal. dhirajento.nbu@gmail.com; dhirajsaha_nbu@rediffmail.com</p>
<p>Dr. S. Loghambal Assistant professor Department of Mathematics V V College of Engineering Tisaiyanvilai, Tamil Nadu, India</p>	<p>Dr. Biju V Assistant Professor of Mathematics College of Natural & Computational Sciences DebreMarkos University, Federal Democratic Republic of Ethiopia. bijuwillwin@gmail.com</p>
<p>Dr. Cenap Ozel Faculty Member, Mathematics Department, King Abdulaziz University Turkey.</p>	<p>Dr. S. Priyan Department of Mathematics MepcoSchlenk Engineering College, Virudhunagar. India.</p>
<p>Dr. Pradip Sarawade Assistant Professor, School of Physics University of Mumbai, India. pradipsarawade@yahoo.co.in</p>	<p>Dr. M. Aruna Associate Professor & Head Department of Botany Telangana University Nizamabad. Telangana State India. drarunatu@gmail.com</p>
<p>Prof. B. Vidyavardhini Professor in Botany, Principal, University College of Science Head, Department of Botany, Telangana University Dichpally, Nizamabad, Andhra Pradesh, India. drvidyavardhini@rediffmail.com</p>	<p>Dr. Dhiraj Saha, Assistant Professor (Senior Scale), Insect Biochemistry and Molecular Biology Laboratory, Department of Zoology, University of North Bengal. dhirajento.nbu@gmail.com; dhirajsaha_nbu@rediffmail.com</p>

EMPEROR INTERNATIONAL JOURNAL OF
FINANCE AND MANAGEMENT RESEARCH
[EIJFMR] ISSN: 2395- 5929

CONTENTS

SI.NO	NAME OF THE PAPER	PAGE NO
1	A study on investors perception towards ICICI mutual funds in Karur District Dr. J. LALITHA, M. THIRUMALAIKUMAR	1-10
2	Land acquisition and displacement: An overview S. SHIVANAGAMMA, Dr. BASWARAJ KUMNOOR	11-19
3	Advantages and disadvantages of demonetization: A case study of Vijayapura City, Karnataka State ANNAPURNA KUMBAR	20-25
4	An in-depth study of HRM in Indian Banking Sector BANITA PAREEK	26-30
5	A study on problem and prospects of Marine fish catchers in Kanyakumari District Dr. R. DHARMARAGINI	31-34
6	Marine fish marketing in Tamilnadu V. REMYJAMES, Dr. N. PALANIVELU	35-39
7	Growth of women Entrepreneurship in Tamilnadu M. SATHIYAN VIMALAN, Dr. N. PALANIVELU	40-44
8	Inclusive growth and service sector with special reference to Banking Industry in India HITHA K ABRAHAM	45-52
9	Human resource approaches in Textile Industries R. SENTHILKUMARAN, Dr. N. PALANIVELU	53-58
10	Strategy of managing NPA by Public Sector and Private Sector Banks in India. VANDANA KUMARI	59-63
11	Women Workers in Unorganised Sector – A Study Dr. C. SURENDRAN	64-68
12	A survey on feature selection to perform classification using Meta Heuristic algorithms in Data Mining Domain Dr. SANTHI BASKARAN, V. YASASWINI	69-80
13	A study on Internet Banking of Customer Services in Kanchipuram District Dr. N. SRIDHARAN, N. VINCILIN	81-85
14	A study on Customer Relationship management of Banking Sector with special reference to Commercial Banks in Cuddalore R. THIRUVARASAMURTHY, Dr. S. PRABHU	86-92
15	An Economic Analysis of MSMEs: A case study of Dindigul District P. PALANIVEL, D. SUSHEELA, M. THINESHKUMAR	93-96
16	Impacts of rural credit in India-an analysis P. NIRANJANADEVI, G. SENTHILKUMAR, P. PALANIKUMAR	97-104
17	Hausdorff Space And Homeomorphism In Topological Space Dr. V. RAMADASS, G. AHANA	105-107
18	Gender discrimination in Mahesh Dattani's Plays "Dance like a Man and Tara" K. JAYAPRIYA, P. BUVANESWARI	108-114
19	Functions of Holomorphic and Harmonic Dr. V. RAMADASS, V. VANITHA	115-117

SL.NO	NAME OF THE PAPER	PAGE NO
20	A study on consumers satisfaction and attitude towards Online Shopping in Chennai P. RAJENDRA PRASAD, Dr. S. BAMA	118-122
21	Impact on competency mapping among the middle-level managers: a study with special reference to Auto Electrical Industries in Chennai City R. PRABAKARAN, Dr. G. P. RAMAN	123-130

INCLUSIVE GROWTH AND SERVICE SECTOR WITH SPECIAL REFERENCE TO BANKING INDUSTRY IN INDIA

HITHA K ABRAHAM
Associate, State Bank of India

Abstract

Financial sector act as a facilitator and multiplier for overall economic stability and growth of a nation. Financial inclusion has been identified as a priority sector by the government towards achieving the goal of inclusive growth. It is one area that has the ability to service the whole economy. India being a fastest growing nation, it is very vital to ensure that every section of the county grows together with its nation. Banking sector has already set its route map in ensuring financial inclusion in every part of the country. Lot many programs and schemes have been introduced towards achieving this goal this paper studies the main changes that have taken place in the banking sector over the last few decades, towards ensuring inclusive growth in the country. This paper also checks the major schemes and policies of the government which has a major impact on the economy. Also an analysis of the areas that still need to be tackled of is made in the paper.

Keywords: *Financial Inclusion, Economic development*

I. INTRODUCTION

Income inequality is one of the biggest challenges facing the world today. It has the potential to destabilise the economies and damage future economic progress. We often think that education and redistribution are the only ways to overcome this. But there are many other ways also to ensure social inclusion and encourage growth a

the same time. The inclusive growth report identifies seven key areas that need to be concentrated in order to make a difference.

- Generating employment opportunities
- Giving people the tool of education
- Assisting then in financial services
- Infrastructure and workforce for health connection of workforce
- Tackling corruption
- Asset building and entrepreneurship
- Transparency in taxes and transfers

Growth and inclusion go hand in hand economic growth increases production, push businesses and create jobs. But too few are benefitting from the wealth, the growth generates. It is the whole society that suffers when the gap between the rich and the poor widens. When the benefits are shared by all, the nation flourishes.

Financial inclusion is imperative for achieving inclusive growth. With more than 25% of its population below poverty line, it is a huge burden on the government to balance growth and development with improving the social indicators. Financial inclusion is one major measure, which if targeted and achieved in the right manner can bring improvement in poverty and unemployment.

II. OBJECTIVE

The present study aims the following objectives

1. To study the need and importance of inclusive growth
2. To study the role of financial inclusion in inclusive growth
3. To observe the progress of financial inclusion programs over the years

Financial Inclusion

Financial inclusion in short means including the excluded in the financial system of the country. The Rengarajan Committee (2008) viewed 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 affordable costs.”

Most poor people rely on unpredictable jobs or at the mercy of their whether for their harvest; which often provides them with money once or twice a year. Yet they do not have savings account or a means to borrow. Poor people send their children to far away cities, in the hope that they will send money. Financial inclusion means having access or, using one or more form of financial services.

Two billion adults worldwide do not have a bank account. It is also estimated that around 200 million micro and medium enterprises all over the globe lack access to affordable financial services and credit. The whole world is working towards programs that tackle the situation and make growth an inclusive one. The World Bank has made an ambitious vision of making universal access to financial services by 2020. The group has rolled out many financial inclusion programs to achieve this goal.

Financial inclusion mainly focuses on four main areas

- Banking: mobilising of savings and promotion of payments through ATMs, cheques, e-transfer etc.
- Credit: provide loans at affordable rates.
- Investment: make investments in mutual funds, equity funds etc known to the common man.
- Insurance: provide them with both life and general insurance.

Indian scenario

Inclusive growth in the banking sector started with the nationalisation of banks in 1960s. It made things more transparent. Later on in order to facilitate banking services especially in the rural areas, Rural Banks and Co operative societies were started followed with Business Corresponding Agents. Later on the government introduced the Swabhiman scheme in collaboration with the national pension scheme or NPS. Micro finance institutions started popping up by and then. People started realising the importance of banking and how convenient it is, when used.

Government in order to support the welcoming attitude of the common man, introduced many affordable schemes for them, including no frills account, 25% rural branch rule etc. To empower the women community, an exclusive bank, Bharatiya Mahila Bank was also introduced.

Financial inclusion has always been included in the inclusive growth process by both reserve bank of India and the Government of India. Providing universal access to banking services and improving the forms of credit delivery, especially for the weaker sections of the population, form the basis of the Reserve Bank's financial inclusion agenda. With a view to achieving sustainable and scalable financial inclusion, multiple strategies are being used such as appropriate relaxations in

guidelines, provision of new products and other supporting measures.

Following are some important measures that are taken in the banking sector to bring more inclusive growth.

Interventions by RBI to ensure inclusive growth

The Reserve Bank has since the last decade made the following policy interventions in the area of financial inclusion. Some of them include

Correspondent banking

The Reserve Bank permitted banks to utilise the services of intermediaries in providing banking services through the use of business facilitators and Business Correspondents (BCs). The BC model allows banks to do 'cash in-cash out' transactions at a location much closer to the rural population, thus addressing the problems of last mile reach.

Providing banking services in villages with population more than 2,000

In order to provide door step banking facilities in all the unbanked villages in the country, a phase wise approach has been adopted. During Phase-I (2010-13), all unbanked villages with population more than 2,000 were identified and allotted to various banks (public sector banks, private sector banks and regional rural banks) through State Level Bankers' Committees (SLBCs) for coverage through various modes – Branch or BC or other modes such as ATMs, mobile vans, etc. During Phase-I, as reported by SLBCs, banking outlets have been opened in 74,414 unbanked villages with population more than 2,000. Such newly opened banking outlets comprised of 69,589 outlets opened through BCs and 2,332 by other modes, apart from 2,493 branches.

Opening banking outlets in unbanked villages with population less than 2,000

After the completion of the first phase of the roadmap, the second phase (2013-16) to provide banking services in unbanked villages with populations less than 2000 was rolled out. About 4,90,298 unbanked villages with population less than 2000 have been identified and allotted to various banks (public sector banks, private sector banks and regional rural banks) through SLBCs across the country for coverage in a time bound manner. As on June 30, 2016, as reported by SLBCs, 4,52,151 villages have been provided banking services; 14,976 through branches, 4,16,636 through BCs and 20,539 by other modes viz. ATMs, mobile vans, etc. thereby achieving 92.2% of the target.

Financial inclusion plans

These plans broadly include self-set targets with respect to: opening rural brick and mortar branches; Business Correspondents (BCs) employed; coverage of unbanked villages through branches/ BCs/ other modes, opening of Basic Savings bank deposit accounts (BSBDAs) including through BC-ICT; issuance of Kisan Credit Cards (KCC) and General Credit Cards (GCC) and other specific products aimed at the financially excluded segments. In April 2011, domestic SCBs were mandated¹ to open at least 25 per cent of the total branches opened during a year, in unbanked rural (Tier-5 and Tier-6) centres.

Relaxed know your customer (KYC) requirements

Recognising that the KYC requirements and related documentation may potentially become a hindrance in encouraging sections of the population in opening bank accounts, KYC for opening bank accounts was simplified to the extent possible.

Revised priority sector lending guidelines

The priority sector lending policy of the Reserve Bank envisages that banks extend credit to the priority sector as part of their normal business operations and not as a corporate social responsibility. Towards this end, pricing of all credit has been made free, though with the expectation that it will not be exploitative.

National Mission for Capacity Building of bankers for financing the MSME sector

With a view to develop entrepreneurial sensitivity amongst banks' field-level functionaries for lending to the MSME sector, in August 2015, the Reserve Bank rolled out a capacity building programme named as 'National Mission for Capacity Building of Bankers for Financing the MSME Sector' (NAMCABS) in collaboration with CAB, Pune, which involves:

- Training programme for MSME division in charges of commercial banks.
- Training the trainers of commercial bank owned training colleges.
- Capacity building for in-charges of specialised branches for MSMEs

Financial literacy initiatives

In India, financial literacy has been regarded as a process that provides demand side support for financial inclusion. To assess the extant level of financial literacy and inclusion, a pan-India survey is being conducted by the Reserve Bank. Target-specific content for five target groups' viz. farmers, small entrepreneurs, self-help groups (SHGs), school students and senior citizens is also being designed for tailored financial literacy programmes conducted by Financial Literacy Centres (FLCs). A pilot project for setting up 100 Centres for Financial Literacy (CFL) at the block level to scale up the existing FLC infrastructure has been initiated.

Some of the initiatives undertaken under the aegis of the Technical Group are:

Kiosk project

About 100 kiosks (30 interactive kiosks and 70 non-interactive LFDs) are being set up in five states on a pilot basis in public places like banks, post offices, collector's offices and primary health centres to promote financial awareness. The kiosks will display messages in different languages controlled from a central location.

Financial education in school curriculum

In collaboration with CBSE, NCFE has prepared financial education workbooks for classes VI to X; these are in the process of getting CBSE's final approval. Meanwhile, NCFE and the Reserve Bank are pursuing with state education boards for the adoption of the financial education workbooks in the school curriculum in their jurisdictions by appropriately integrating them with different subjects. Four state governments viz. Goa, Meghalaya, Jammu and Kashmir and Mizoram have agreed in principle to include financial education topics in state board school curricula. Talks with other state governments are at different stages.

Trends Observed

A snapshot of the progress reported by banks under their FIPs for certain key parameters as on September 30, 2016 is given below:

- The number of banking outlets in rural locations went up from 67,694 in March 2010 to 589,849 in September 2016.
- Urban locations covered through BCs went up from 447 in March 2010 to 91,039 in September 2016.
- The total number of Basic Savings Bank Deposit Accounts (BSBDAs) increased from 73.5 million in March 2010 to 495.2 million in September 2016. The surge in opening of BSBDAs can be attributed to the push given

by the Government of India under the Pradhan Mantri Jan Dhan Yojana.

- The total number of KCC issued went up from 24.3 million in March 2010 to 46.4 million in September 2016.
- General credit cards issued went up from 1.4 million in March 2010 to 11.5 million in September 2016.
- BC-ICT transactions recorded a considerable increase during these years. From 26.5 million transactions recorded for the quarter ended

March 2010, it increased to 550.6 million in the quarter ended September 2016.

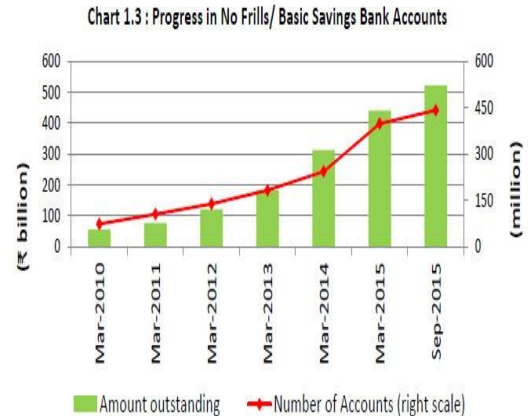


Table 1 - Progress made under financial inclusion plans – as on September 2016
(Scheduled commercial banks including RRBs)

Sr. No.	Particulars	Year ended March 2010	Year ended March 2016	Half year ended# September 2016
1	Banking Outlets in Rural locations – Branches	33,378	51,830	52,240
2	Banking Outlets in Rural locations – Branchless mode	34,316	534,477	537,609
3	Banking Outlets in Rural locations -Total	67,694	586,307	589,849
4	Urban Locations covered through BCs	447	102,552	91,039
5	BSBDA-Through branches (No. in million)	60.2	238.2	247.4
6	BSBDA-Through branches (Amt. in ₹ billion)	44.3	474.1	537.9
7	BSBDA-Through BCs (No. in million)	13.3	230.8	247.8
8	BSBDA-Through BCs (Amt. in ₹ billion)	10.7	164.0	181.1
9	BSBDA-Total (No. in million)	73.5	469.0	495.2
10	BSBDA Total (Amt. in ₹ billion)	55.0	638.1	719.0
11	OD facility availed in BSBDA (No. in million)	0.2	8.0	8.4
12	OD facility availed in BSBDA (Amt. in ₹ billion)	0.1	14.8	18.1
13	KCCs -Total (No. in million)	24.3	47.3	46.4
14	KCCs -Total (Amt. in ₹ billion)	1,240.1	5,130.7	5,543.4
15	GCC-Total (No. in million)	1.4	11.3	11.5
16	GCC-Total (Amt. in ₹ billion)	35.1	1,493.3	1,613.2
17	ICT-A/Cs-BC- Total number of transactions (in million) *	26.5	826.8	550.6
18	ICT-A/Cs-BC- Total amount of transactions (in ₹ billion) *	6.9	1,686.9	1,199.2

* For the reporting period FY 2009-10/FY 2015-16/Half Year April-September 16. # Provisional.

Financial inclusion and agriculture in India

As per the 2011 Census, around 60 per cent of the population in India depends on agriculture for a living and the agriculture sector provides employment to 55 per cent of the work force. The importance of productivity enhancement

in the agriculture sector as a contributor to economic growth is well established (World Bank, 2007). To this end, access to formal finance is crucial for achieving higher agricultural productivity.

Table 2: Credit flow to agriculture

(₹ billion)				
Year	Banking sector (includes RRBs and co-operative banks)		Commercial banks	
	Target	Achievement	Target	Achievement
2010-11	3750	4683	2800	3459
2011-12	4750	5110	3550	3686
2012-13	5750	6074	4200	4325
2013-14	7000	7116	4750	5090
2014-15	8000	8406	5400	5997

Although agricultural credit has been rising every year, as reflected in an increase in the number of accounts, the extent of financial exclusion remains large, especially for tenant farmers, share-croppers and agriculture labourers who still have limited or no access to the formal credit system. Additionally, indirect credit has risen more impressively as compared to direct credit, due mainly to more and more categories being brought within the ambit of priority sector lending for agriculture. It therefore, becomes exigent to find out ways to reach the small and marginal farmers for agri-credit, taking due care of risk factors. One of the primary reasons is the reluctance of landowners to formally lease out their land for cultivation for fear of losing their rights over the land. As a result, banks are reluctant to grant credit for want of any evidence of cultivation.

MSME Finance

Micro, Small and Medium Enterprises (MSMEs) is the engine of growth and development and play a major role in employment generation, next to agriculture. There are an estimated 48 million MSMEs in the country, providing employment to 111 million people. The sector contributes about 45 per cent to the manufacturing sector output and 40 per cent to the nation's exports. The Committee feels that MSMEs are the

best vehicle for inclusive growth, job creation and poverty alleviation. Notwithstanding various policy support measures for MSMEs, access to adequate credit still remains elusive for the sector, calling for innovative solutions.

In order to achieve greater financial inclusion and financial deepening in a manner that enhances systemic stability, there is a need to move away from a limited focus on any single model to an approach where multiple models and partnerships are encouraged to emerge. In the specific context of ensuring greater credit flow to MSMEs, this calls for the emergence and strengthening of specialised institutions such as NBFCs and MFIs that focus on the provision of credit for different types of MSMEs. The regulatory system needs to ensure that such institutions, as long as they are able to do so in a high-quality manner, expand and multiply. These differentiated institutions have a strong understanding of individual sector needs, an ability to assess risk appropriately, typically through proximity-based strategies, and to customise their offerings to suit specific needs.

As a ratio to non-food gross bank credit of ₹60 trillion, credit to micro and small enterprises (MSEs) was 16 per cent at end-March 2015, while credit to medium enterprises (MEs) was over 3 per cent (Table 4.1).

Table 3. Outstanding credit to MSMEs

(₹ billion)								
March-end	Micro and small enterprises				Medium enterprises			
Year	Public	Private	Foreign	All SCBs	Public	Private	Foreign	All SCBs
2012	3970	1090	217	5277	1363	157	16	1536
2015	6979	2324	308	9612	1547	491	60	2098

Figures reported in the table might not necessarily match those reported elsewhere owing to different sources of data.

The challenges that MSEs face are two-fold. First, they are often credit-starved and banks often do not have the requisite skills and time to assess their credit-worthiness. Second, even if banks extend credit to these entities, monitoring of these entities is often lax, since the presence of a credit guarantee provides the borrower with back-up comfort. On the other hand, the credit guarantee institution does not have the wherewithal to conduct independent assessment. Consequently, the 'one size fits all' approach towards risk assessment of MSEs coupled with the paucity of domain knowledge perpetuates a cycle of high costs, low credit and high credit risk.

III. RECOMMENDATIONS

- The policy action for the MSE sector would need to consider several possibilities, be it new institutions or intermediaries who can help bridge the information gaps that plague these entities or even innovative ways of providing finance to this sector.
- The present structure of credit guarantee needs to be broadened with the participation of private agencies
- Move to cashless and convenient service delivery
- Financial Literacy and Consumer Protection

Eight elements of a successful financial education program

The guidelines by the United States can be used by any government or organisation to steer the development of new programmes or to enhance existing programme strategies. These eight elements of a successful financial education programme, developed by the Treasury Department's Office of Financial Education, suggest that to be successful programmes need to be focused, be tailored to intended audiences, reflect a commitment to public outreach, set

specific goals, and have results that can be replicated. The eight principles are as follows:

Basic tenets: Focus on one or more of the four building blocks to achieve financial security: basic savings, credit management, home ownership and retirement planning.

Target audience: For greater efficacy, it is important to take account of the language, culture, age and experience of the target audience.

Local distribution: Deliver the programme through a local distribution channel that makes effective use of community resources and contacts.

Follow up: To reinforce the message and ensure that participants are able to apply the skills taught, it is important to follow up with the participants.

Specific programme goals: Establish specific goals and use performance measures to track progress towards meeting those goals.

Demonstrable impact: Use testing surveying and other objective evaluation to demonstrate a positive impact on participants' attitudes, knowledge or behaviour so as to prove a programme's worth. The demonstrable impact would be whether participants increased savings, opened bank accounts or saved for a home, among others.

Reliability: The programme can be easily replicated on a local, regional or national basis.

Built to last: Programmes have continuing financial support, legislative backing or integration into an established course of instruction.

- Institutional framework on financial literacy needs to focus on delivery on the ground. The deposit accounts of beneficiaries of government social payments, preferably all deposits accounts across banks, including the 'in-principle' licensed payments banks and small finance banks, are seeded with Aadhaar in a time-bound manner so as to create the

necessary eco-system for cash transfer. This could be complemented with the necessary changes in the business correspondent (BC) system and increased adoption of mobile wallets to bridge the 'last mile' of service delivery in a cost-efficient manner at the convenience of the common person. This would also result in significant cost reductions for the government besides promoting financial inclusion

The Committee believes that this approach is consistent with the government's vision. This would entail increasing the digitisation of government payments and the consolidation of various benefits, which could put significant disposable income in the hands of the marginalised sections of society at regular intervals.

- Digitisation of government payments and electronic transfer should be at the heart of social welfare programmes

IV. CONCLUSION

Inclusive growth attainment depends a great deal on equitable distribution of growth opportunities and benefits. And financial inclusion is one of the most crucial opportunities which need to be equitably distributed in the country in order to attain comprehensive growth. It needs to be understood by the state that in order to bring orderly growth, order needs to be developed with regard to inclusive finance.

Though the situation is changing, it has not yet reached a safe zone. New schemes and the proper execution of existing ones are needed in order to ensure more financial inclusion, leading to inclusive growth in the country. It calls for coordination of all the stakeholders like sectorial regulators, banks, governments, civil societies, NGOs, etc. to achieve the objective of financial inclusion. Challenges of financial exclusion are faced by most of the states of the country and in

order to solve it states have to develop its own customized solutions drawing upon its own experiences and features and those of its peers across the country.

V. REFERENCE

- 1) RBI publication 'Financial Inclusion: Policy and Progress' dtd dec 29, 2016
- 2) RBI Reports 'Report of the Committee on Medium-term Path on Financial Inclusion' dtd 28 dec 2015.
- 3) Government of India (2014). Handbook on Direct Benefit Transfer. Planning Commission, New Delhi.
- 4) Inclusive Growth Analytics: Framework and Application (2009). Elena Ianchovi china and Susanna Lundstrom, World Bank
- 5) Chakrabarty, Dr K. C. (2009): "Banking: Key Driver for Inclusive Growth", Address delivered at the
- 6) Mint's 'Clarity Through Debate' series in August 2009 at Chennai
- 7) "Financial Inclusion and Banks: Issues and Perspectives", RBI Monthly Bulletin, November 2011.