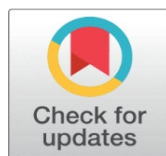


FINANCIAL INCLUSION IN RURAL INDIA: A BANK GROUP WISE ANALYSIS

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ABSTRACT

The study aims to construct a financial inclusion index for rural areas to make a bank group-wise comparative analysis of rural financial inclusion. The data is taken at four data points: 2005, 2010, 2015, and 2019. The scope of the study is confined to scheduled commercial banks. The construction of financial inclusion index is based on three fundamental elements of banking penetration, accessibility of banking services, and utilisation of the banking system. The proposed IFI spans from 0 to 1, where zero denotes the minimal degree of financial inclusion and one indicates complete financial inclusion.

Keywords: Financial Inclusion Index, Commercial Banking Growth, Bank Group Wise, Rural Area



1. INTRODUCTION

Financial inclusion denotes the integration of the financially excluded segments of society into the financial and banking system, providing them with access to a range of banking and financial services at a reasonable cost. Rangarajan (2008), in the report of the Committee on Financial Inclusion, described financial inclusion as "the process of ensuring access to financial services and timely and adequate credit when required by vulnerable groups, such as marginalised sections and low-income groups, at an affordable cost." Financial inclusion is a process that ensures access to appropriate financial products and services at an affordable cost in a fair and transparent manner by mainstream institutional players. Such products are needed by all sections of society including vulnerable groups such as weaker sections and low income groups (Chakrabarty, 2013). The definitions suggest that financial inclusion primarily emphasizes the accessibility to financial services, with the banking sector playing a crucial role. Both the Government of India and the Reserve Bank of India have implemented policy measures to foster an environment conducive to advancing financial inclusion via a bank-led approach nationwide.

The government has implemented several initiatives, including the Nationalisation of Banks in 1969 and 1984, the Lead Bank Scheme, the expansion of bank branch networks in 1969, the establishment of Self-Help Groups (SHGs), the creation of Regional Rural Banks in 1975, and the SHG-Bank linkage in 1992, to ensure the accessibility of banking

services in underserved areas. Despite the earnest efforts of the Reserve Bank of India and the Government of India to enhance banking services nationwide, the comprehensive advantages of banking have not been accessible to the majority of the people, particularly the marginalised and underprivileged segments of society.

The official credit system has failed to adequately infiltrate the informal financial markets. Impoverished individuals, aspiring entrepreneurs, small businesses, and others are marginalised within the financial sector, resulting in their exclusion and deprivation of opportunities for growth and prosperity.

The NSSO 59th Round Survey, conducted in 2003, illuminated specific facts on the degree of financial exclusion in India. Of the six hundred thousand villages in India, hardly thirty thousand had bank branches. Out of a population of 1.20 billion, only 320 million were bank account holders. Over 40 percent of the government's subsidies and social schemes, were being misappropriated by ineligible beneficiaries. Despite the extensive network of bank branches, just 27% of all farm families were indebted to official sources. The percentage of farm families not obtaining credit from official sources was particularly high at 95.91%, 81.26%, and 77.59% in the northeastern, eastern, and central areas, respectively. The more impoverished the group, the more pronounced the exclusion.

The current emphasis on financial inclusion in India originates from the activities of the United Nations Capital Development Fund (UNCDF) where enhanced focus was placed on providing access to a variety of financial services for all 'bankable' families and firms at a fair cost. The UN General Assembly proclaimed 2005 as the International Year of Microcredit, asserting that the year will serve as a significant chance to advance microfinance initiatives globally.

Since 2005, India has adopted a more concentrated and organised approach to financial inclusion, initiated by the Reserve Bank of India, which implemented rules to support this objective and encouraged the banking industry to prioritise it.

2. PROGRESS OF FINANCIAL INCLUSION IN INDIA

Some important measures undertaken so far are:

- 1) As of March 2011, domestic commercial banks have opened 74.4 million 'No Frill' accounts, with an outstanding balance of Rs6566 crore. As of May 1, 2019, this number rose to 356 million no-frills accounts.
- 2) General Credit Card/Kisan Credit Cards: As of March 2011, banks maintained 0.95 million GCC accounts with an outstanding credit of Rs. 1308 crores. In 2020, 11.19 million Kisan Credit Cards were approved with a total credit limit of Rs 89,810 crore.
- 3) Streamlined branch authorisation: To expand the banking network, domestic scheduled commercial banks have been allowed to establish branches in Tier 2 to Tier 6 locations (with populations under 100,000) and in rural, semi-urban, and urban areas of the North-Eastern states by general permission from the Reserve Bank.
- 4) Business Correspondents/Business Facilitators: In January 2006, the Reserve Bank authorised banks to use Business Facilitators and Business Correspondents (BC) as middlemen for delivering financial and banking services. As of September 2011, banks reported the deployment of 75,316 Business Correspondents, covering 97,979 localities. In 2020, there were about 800,000 active agents serving around 340 million individuals.
- 5) To attain a sustained, planned, and structured financial inclusion, all public and private sector banks were instructed to establish a Board-approved three-year Financial Inclusion Plan (FIP) focusing on the development of specialised products aimed at addressing the needs of financially excluded segments.

The progress made by banks on important parameters under FIPs is given in Table1

Table :1 Financial Inclusion Plan: A Progress Report

Table :1 Financial Inclusion Plan: A Progress Report		
Particulars	End-March 2010	End- March 2018
Banking Outlets in Villages – Branches	33,378	50,805
Banking Outlets in Villages > 2000-BCs	8,390	100,802
Banking Outlets in Villages < 2000- BCs	25,784	414,515
Total Banking Outlets in Villages – BCs	34,174	515,317

KCC - Total (No. in Million)	24	46
KCC - Total (Amt. in ₹ Billion)	1,240	6,096
GCC - Total (No. in Million)	1	12
GCC - Total (Amt. in ₹ Billion)	35	1,498

Source Annual report of RBI

According to the NSSO's 70th round data (2017) at the All India level, institutional and non-institutional sources of credit had almost equal shares, at 49% and 51%, respectively. Institutional sources provided 83 percent of loans to big farmers. Approximately 60% of marginal farmers use institutional agencies.

Despite several initiatives aimed at enhancing financial inclusion in the nation, much more efforts are required to guarantee sufficient access to and utilisation of these financial services by diverse groups of the underserved and unserved populations in India.

Present paper focuses on how the commercial banks have progressed in terms of financial inclusion measures taken so far in rural areas.

3. LITERATURE REVIEW

Kodan and Chhikara (2011) used deposit and credit accounts per thousand clients, population per bank office, and user ratio to assess financial inclusion in Haryana from 2001 to 2009. The data indicated that there was no substantial difference between Haryana and India; nevertheless, Haryana's standing was superior than that of aggregate India. Dr. Vighneswara Swamy (2012) performed research from 1974-75 to 2007-08 and determined that the policy approach to supporting the priority sector in India must be significantly strengthened, as it has positively impacted the attainment of equitable growth. Disha et al. (2012) used a logistic regression model and found that North-East India had a comparatively low degree of financial inclusion. Income level, access to diverse media outlets, self-help groups (SHGs), and education were seen as significant factors contributing to inclusion.

Satya R. Chakravarty and Rupayan Pal (2013) cited geographical penetration and loan accessibility as two policy goals for advancing financial inclusion in India. The research demonstrated that social banking policy significantly influenced the advancement of financial inclusion across Indian states from 1977 to 1990. Uma and Rupa (2013) endeavoured to investigate the function of Self-Help Groups (SHGs) in financial inclusion, demonstrating a favourable correlation between SHG participation and financial inclusion. Beck et al. (2014) investigated the determinants of financial inclusion in Africa and found that African nations saw enhanced access to finance, particularly due to the contributions of international banks from developing economies.

Corrado and Corrado (2015) analysed the factors influencing financial inclusion in 18 Eastern and 5 Western European nations, using demographic and socio-economic data from 25,000 European households during the years 2007 and 2008 during the global financial crisis. The research revealed that families experiencing unemployment or income shocks, without any assets to pledge, faced financial exclusion, particularly in Eastern Europe.

Badar et al (2015) examined the degree of financial inclusion and its effect on development in Dhaka (Bangladesh), from 2008 to 2014. The study's findings indicated that the number of bank branches and the credit deposit ratio significantly impacted the country's GDP, whereas ATM growth had a little effect on GDP.

Priyanka Yadav and Anil Kumar Sharma (2016) sought to amalgamate the fundamental indicators used in India from 2011 to 2014 to assess financial inclusion through a composite index. The study, using the TOPSIS approach and multiple regression analysis, determined that India's financial inclusion score increased by 0.045 points. The contribution of agriculture to Gross Domestic Product, literacy rates, population density, and infrastructure development were critical factors influencing financial inclusion. Sahoo (2017) highlighted education, family income, private land ownership, and employment guarantee schemes as significant factors of financial inclusion.

Sanjaya Kumar Lenka and Rajesh Barik (2018) evaluated the accessibility, mobility, and utility of financial products and services in India from 1991 to 2014, in both rural and urban regions. Principal component analysis (PCA) was used. The research indicated that, despite a notable rise in financial inclusion in India after 1991, financial accessibility for rural populations did not considerably improve in comparison to urban residents. Thai-Ha Le et al. (2019) analysed the evolution of financial inclusion across 31 Asian countries from 2004 to 2016 and its impact on

financial proficiency and sustainability. This research used principal component analysis (PCA) and feasible generalised least squares (FGLS). The results indicated that increased financial inclusion negatively impacted financial efficiency while positively influencing financial sustainability.

3.1. RESEARCH GAP

The studies conducted so far at national level have focused on calculation of financial inclusion index at All India level or based in selected states. The role of banks in financial inclusion is of great significance. The study will be focusing on the progress of different bank groups (under the commercial banking category) in achieving financial inclusion in rural areas and will identify the disparities in commercial banking growth in rural areas.

4. RESEARCH METHODOLOGY

• Objectives of Study

- 1) To study the commercial banking growth in rural India in terms of branch expansion, deposit mobilization and credit deployment.
- 2) To construct a financial inclusion index for rural areas to make bank group wise comparative analysis of the rural financial inclusion.

• Period of Study

The data is taken at four data points. Years 2005, 2010, 2015 and 2019 have been taken. Year 2005 was the beginning of financial inclusion in India. Then to see the progress of financial inclusion, data with 5-year gap has been taken.

• Scope of Study

The study is confined to scheduled commercial banks only. Private sector banks, Nationalised banks, SBI and Associates, Regional Rural Banks and Foreign Banks have been considered for study.

• Research Technique

Index of financial inclusion has been calculated using the normalized inverse Euclidean distance of the dimension indices from their ideal values (following Sarma, 2008).

This indicator is based on three fundamental elements of an inclusive financial system: banking penetration, accessibility of banking services, and utilisation of the banking system. A concise overview of these three parameters as used in the research is shown below.

- 1) **Banking Penetration (dimension 1):** An inclusive financial system should penetrate broadly throughout its consumers. The size of the banked population, defined as the number of adults possessing a bank account, serves as an indicator of banking penetration. In the lack of statistics on the banked population, the number of deposit accounts per ten thousand of the total population has been used as a measure of banking penetration.
- 2) **Accessibility of Banking Services (dimension 2):** The offerings of an inclusive financial system must be readily accessible to its users. The number of commercial bank branches per 10,000 individuals has been used as an indication of this dimension.
- 3) **Utilisation of the Banking System (dimension 3):** This component arises from the concept of "underbanked" individuals as noted by Kempson et al. (2004). Possessing a bank account alone is insufficient for a comprehensive financial system; it is essential that banking services be effectively used. The utilisation dimension is measured by the volume of credit and deposits as a fraction of the state's GDP and the credit-deposit ratio. Two distinct indices are computed, and then, the weighted average of these indexes is derived.

The dimension index for the i th dimension, d_i , is calculated using the formula $d_i = (A_i - m_i) / (M_i - m_i)$. A_i represents the actual value of a dimension, m_i denote the lowest value of that dimension, and M_i signify the maximum value of the dimension. The formula guarantees that $0 < d_i < 1$.

The greater the value of d_i , the better the state's accomplishments in dimension i . As examining the aforementioned three dimensions, a state may be represented as a point (d_1, d_2, d_3) in three-dimensional Cartesian space. In three-dimensional Cartesian space, the point $(0, 0, 0)$ represents the most unfavourable condition, whereas the point $(1, 1, 1)$

signifies the most favourable or optimal condition. The Index of Financial Inclusion (IFI_i) for the ith state is quantified by the normalised inverse Euclidean distance of the point D_i from the ideal point I = (1, 1, 1, ..., 1). The exact formula is

$$IFI_i = 1 - \frac{\sqrt{(1-d_1)^2 + (1-d_2)^2 + (1-d_3)^2}}{\sqrt{n}}$$

In the aforementioned formulations, the numerator of the second component denotes the Euclidean distance of D_i from the ideal point I. Normalising this distance by $\sqrt{n}$ and removing it from 1 results in the inverse normalised distance. Normalisation is executed to limit the values within the range of 0 to 1, while the inverse distance is used to guarantee that a greater value corresponds with increased financial inclusion.

The proposed IFI spans from 0 to 1, where zero denotes the minimal degree of financial inclusion (complete financial exclusion) and one indicates entire financial inclusion.

5. RESULTS AND DISCUSSION

Rural regions play a vital part in India's overall development plan in terms of income and job creation and poverty eradication. Financial inclusion in these places must be prioritised by establishing suitable institutions and processes to address financial needs. Despite advancements in access to financial services, a substantial segment of the impoverished and marginalised population residing in rural regions of India remains excluded from formal financial system.

The total number of branches of all the scheduled commercial banks increased from 31,967 in 2005 to 32,320 in 2010 and then 48533 in 2010 to 49862 in 2019.

1) Branch Expansion

Table 2 Bank group wise Branch Expansion in Rural Areas of India

Bank Group	2000	Percentage of total	2010	Percentage of total	2015	Percentage of total		2019	Percentage of total
Private sector banks	1,105	3.46	1,190	3.68	4284	8.83	Private sector banks	5497	11.02
Nationalised banks	13,568	42.44	13,633	42.18	21604	44.51	Public sector banks	28706	57.57
SBI and Associates	5,470	17.11	5,863	18.14	8026	16.54	Small finance banks	388	0.78
Regional Rural Banks	11,824	36.99	11,629	35.98	14614	30.11	Regional Rural Banks	15262	30.61
Foreign Banks	0	0.00	5	0.02	5	0.01	Foreign Banks	9	0.02
All India	31,967	100.00	32,320	100.00	48533	100.00	All India	49862	100.00

In percentage terms the share of branches of Nationalised banks has been highest throughout followed by Regional Rural Banks, SBI and associates and Private sector banks. The percentage of foreign branches was the least throughout. The percentage share of branches of nationalised banks increased from 42.44% in 2005 to 44.51% in 2015. The share of branches of SBI and Associates decreased from 17.11% to 16.54% and of Regional Rural Banks also fell from 36.99% to

30.61% from 2005 to 2019. The share of branches of private sector banks increased from 3.46% to 11.02% from 2005 to 2019. In percentage terms the number of branches of public sector banks (57.57%) have been highest in the year 2019 followed by Regional rural banks (30.61%), Private banks (11.02%), Small finance banks (0.78%) and foreign banks (0.02%). The percentage of foreign branches was the least throughout and that of Public Sector Banks was the highest.

2) Deposit Mobilisation

In rural areas, the number of deposit accounts of private sector banks increased from 4998 thousand in 2005 to 6245 thousand in 2010 and then 15429 thousand in 2015 and 31529 thousand in 2019. The number of deposit accounts of Nationalised banks increased from 67802 thousand in 2005 to 99984 thousand in 2010 and then 224654 thousand in 2015. The number of deposit accounts of SBI and Associates increased from 25568 thousand in 2005 to 44419 thousand in 2010 .119673 thousand in 2015 The number of branches of Public sector Banks (Nationalised banks and SBI and Associates) were 459057 thousand in 2019.

Table 3 Bank group wise Deposit Accounts (in thousands) in Rural Areas of India

Bank Group	2005	Percentage of total	2010	Percentage of total	2015	Percentage of total		2019	Percentage of total
Private sector banks	4998	3.52	6245	2.786	15,429	3.124	Private sector banks	31529	4.72
Nationalised banks	67802	47.78	99984	44.605	224,654	45.479	Public sector banks	459057	68.78
SBI and Associates	25568	18.02	44419	19.816	119,673	24.226	Small finance banks	524	0.08
Regional Rural Banks	43540	30.68	73,496	32.788	134,209	27.169	Regional Rural Banks	176342	26.42
Foreign Banks	0	0	11	0.005	11	0.002	Foreign Banks	9	0.00
All India	141908	100	224155	100	493,977	100	All India	667461	100.00

In percentage terms the number of deposit accounts of Nationalised banks has been highest throughout followed by Regional Rural Banks, SBI and associates and Private sector banks. The percentage of foreign deposit accounts was the least throughout. The number of deposit accounts of nationalised banks increased in absolute number but in percentage terms, the share of deposit accounts fell from 47.78% in 2005 to 44.06% in 2010 and then increased to 45.47% in 2015. The percentage share of deposit accounts of Private sector banks increased from 3.52% to 4.72 % from 2005 to 2019. The Regional Rural Banks also fell from 30.68% to 26.42% from 2005 to 2019. The percentage share of deposit accounts of SBI and associates increased from 18.02% to 24.22% from 2005 to 2015. In rural areas the deposit mobilization of Public sector banks (459057) have been highest in the year 2019 followed by Regional rural banks (176342), Private banks (31529), Small finance banks (524) and foreign banks (9). In percentage terms the deposit mobilization of public sector banks (68.78%) have been highest in the year 2019 followed by Regional rural banks (26.42%), Private banks (4.72%), Small finance banks (0.08%) and foreign banks (0.00%). The percentage share of foreign branches was the least throughout.

3) Credit Deployment

In rural areas, the number of credit accounts of private sector banks increased from 835 thousand in 2005 to 995 thousand in 2010 and then 2350 thousand and 11435 thousand in 2015 and 2019 respectively. The number of credit accounts of Nationalised banks increased from 11798 thousand in 2005 to 14788 thousand in 2010 and then 22609 thousand in 2015. The number of credit accounts of SBI and Associates increased from 5522 thousand thousand in 2005 to 7130 thousand in 2010 and then 8903 thousand in 2015. The number of credit accounts of Public sector Banks (Nationalised banks and SBI and Associates) were 33210 thousand in 2019.

Table :4 Bank group wise Credit Accounts (in thousands)in Rural Areas of India

Bank Group	2005	Percentage of total	2010	Percentage of total	2015	Percentage of total	Bank Group	2019	Percentage of total
Private sector banks	835	2.87	995	2.75	2,350	4.71	Private sector banks	11435	18.21
Nationalised banks	11798	40.59	14788	40.86	22,609	45.28	Public sector banks	33210	52.90
SBI and Associates	5522	19.00	7130	19.70	8,903	17.83	Small finance banks	972	1.55
Regional Rural Banks	10913	37.54	13,280	36.69	16,067	32.18	Regional Rural Banks	17164	27.34
Foreign Banks	0	0.00		0.00		0.00	Foreign Banks	1	0.00
All India	29068	100.00	36193	100.00	49,928	100.00	All India	62782.262	100.00

In percentage terms the share of credit accounts of Nationalised banks has been highest throughout followed by Regional Rural Banks, SBI and associates and Private sector banks. The percentage share of foreign credit accounts was the least throughout. The percentage share of credit accounts of Private sector banks also increased from 2.87% to 18.21% from 2005 to 2019. The percentage share of credit accounts of nationalised banks increased from 40.59% in 2005 to 45.28% in 2015. The percentage share of credit accounts of SBI and associates decreased from 19.00% to 17.83% during the same period. The percentage share of Regional Rural Banks fell from 37.54% to 27.34% from 2005 to 2019. In rural areas the number of credit accounts of Public sector banks (33210) have been highest in the year 2019 followed by Regional rural banks (17164), Private banks (11435), Small finance banks (972) and foreign banks (1). In percentage terms the credit deployment of public sector banks (52.90%) has been highest in the year 2019 followed by Regional rural banks (27.34%), Private banks (18.21%), Small finance banks (1.55%) and foreign banks (0.00%). The percentage of foreign branches was the least throughout.

4) Credit- deposit ratio

In rural areas, the credit deposit ratio of private sector banks increased from 0.40 in 2005 to 0.41 in 2010 and then 0.55 and 0.96 in 2015 and 2019 respectively. The credit deposit ratio of Nationalised banks increased from 0.53 in 2005 to 0.59 in 2010 and then 0.66 in 2015. The credit deposit ratio of SBI and Associates increased from 0.48 in 2005 to 0.60 in 2010 and remained the same in 2015. The credit deposit ratio of Regional Rural Banks increased from 0.56 in 2005 to 0.60 in 2010 and then 0.76 and 0.73 in 2015 and 2019 respectively.

Table :5 Bank Group wise Credit-deposit ratio in Rural Areas of India

Bank Group	2005	2010	2015	Bank Group	2019
Private sector banks	0.40	0.41	0.55	Private sector banks	0.96
Nationalised banks	0.53	0.59	0.66	Public sector banks	0.54
SBI and Associates	0.48	0.60	0.60	Small finance banks	1.58
Regional Rural Banks	0.56	0.64	0.76	Regional Rural Banks	0.73
Foreign Banks	0	0	0	Foreign Banks	0.23
All India	0.46	0.59	0.65	All India	0.61

The credit deposit ratio of Regional Rural Banks has been highest throughout followed by Nationalised banks, SBI and associates and Private sector banks. In rural areas credit deposit ratio of Small finance banks (1.58) have been highest in the year 2019 followed by Private sector banks (0.96), Regional rural banks (0.73), Public sector banks (0.54) and foreign banks (0.23).

6. FINANCIAL INCLUSION INDEX IN RURAL AREAS

On the basis of technique mentioned in the research methodology section, the rural financial inclusion index was calculated. The values obtained are presented in the table below.

Table:6 Rural Financial Inclusion Index					
	2005	2010	2015	2019	
Private sector banks	0.003	0.015	0.011	Private sector banks	0.294
Nationalised banks	0.877	0.923	0.750	Public sector banks	0.555
SBI and Associates	0.413	0.509	0.298	Small finance banks	0.195
Regional Rural Banks	0.843	0.849	0.680	Regional Rural Banks	0.446
Foreign Banks	-----	----	-----	Foreign Banks	0.00011
All India	0.084	0.083	0.102	All India	0.025

The findings of rural financial inclusion index can be summed up as follows

- 1) In rural India, the financial Inclusion Index of private sector banks decreased from 0.003 in 2005 to 0.015 in 2010 and then 0.011 in 2015. It however improved significantly to 294 in 2019 as compared to previous years.
- 2) The financial Inclusion Index of nationalised banks increased from 0.877 in 2005 to 0.923 in 2010 and then decreased 0.750 in 2015.
- 3) The financial Inclusion Index of SBI and Associates increased from 0.413 in 2005 to 0.509 in 2010 and then decreased 0.298 in 2015.
- 4) The financial Inclusion Index of Regional Rural Banks decreased from 0.843 in 2005 to 0.849 in 2010 and then 0.680 in 2015. IFI however decreased to .44 in 2019.
- 5) The financial Inclusion Index of Public Sector Banks (Nationalised banks and SBI and Associates taken together) was .55 in 2019.
- 6) The financial Inclusion Index of Foreign Banks was least throughout followed by Private sector banks. The rural financial index of Public sector banks (0.55) has been highest in the year 2019 followed by Regional rural banks (0.44), Private sector banks (0.294), Small finance banks (0.195) and foreign banks (0.0001).

Bank Group and Population Group wise Level of Financial Inclusion Index

Bank Group wise and Population Group wise Level of Financial Inclusion Index was calculated and level of Financial inclusion was identified.

Table :7 Basis of classification for level of Financial Inclusion	
Classification	Level of Financial Inclusion
$0.5 < IFI \leq 1$	High
$0.3 < IFI \leq 0.5$	Medium
$0.3 < IFI \leq 0$	Low

On the basis of above classification, the bank group wise categorization of rural financial inclusion is presented below.

Table :8 Bank group wise level of Rural Financial Inclusion					
	Private sector banks	Nationalised banks	SBI and Associates	Regional Rural Banks	Foreign Banks
2005	Low	High	Medium	High	-----
2010	Low	High	High	High	-----
2015	Low	High	Low	High	-----

2019	Private sector banks	Public Sector Banks	State Finance Banks	Regional Rural Banks	Foreign Banks
	Low	High	Low	Low	Low

The major findings can be summarized as follows:

- 1) Private sector banks had low financial inclusion in rural India in 2005, 2010, 2015 and 2019.
- 2) Nationalised banks had high financial inclusion in all the years under study.
- 3) In 2019, Nationalised banks and SBI and Associates are taken together as Public sector banks. The Financial Inclusion was high (.55) in rural India.
- 4) In 2005 SBI and Associates had medium financial inclusion in rural India. The level of financial inclusion was high in 2010 and low in 2015.
- 5) The Regional rural banks had high level of financial inclusion in all the years under study except 2019 when the level of financial inclusion was low.
- 6) Foreign banks started providing their services in rural India in 2019 and IFI was low.

7. CONCLUSION

The Nationalised banks and Regional Rural Banks have done well as far as rural financial inclusion is concerned. The financial inclusion index has been high throughout. SBI and Associates had performed fairly in 2005 and improved in 2010. The private sector banks with maximization of profit motive had low financial inclusion index throughout the period of study. The primary obstacles to extending services to the impoverished by financial service providers are limited access, elevated transaction costs, and the time required to provide these services, in addition to attitudinal challenges. Given the existence of many obstacles, coordinated effort from all parties is necessary. Raising awareness and educating people about access to financial services, as well as offering cheap and cost-effective financial services, is essential for the nation's inclusive development. The enhancement of the Business Facilitator (BF) and Business Correspondent (BC) model may significantly advance Financial Inclusion. The implementation of an information and communication technology (ICT) foundational paradigm to improve outreach and the integration of electronic benefits transfer (EBT) for government payout are notable policy advancements. To continue the country's economic progress, it is essential to integrate these individuals into the financial system, which may then serve as a foundation for offering other services. The initiative for financial inclusion may provide a genuine opportunity for inclusive development.

CONFLICT OF INTERESTS

None.

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