

An Empirical Investigation of Region Wise Performance of Scheduled Commercial Banks Towards Financial Inclusion in India on Selected Parameters

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Abstract—The development of an economy in the real sense exists when there is uniformity in growth and the benefit of growth accrues to all the sectors of the economy. Thus, to attain inclusive growth, the concept of financial inclusion evolved which is linked with ensuring timely and adequate resource generation and mobilization by vulnerable sections of the society at affordable cost. The present study highlights the steps taken by Reserve Bank of India for financial inclusion and analyses the performance of Scheduled Commercial Bank at all India Level and Regional levels. The study brings out that at all India Level, the performance of Scheduled Commercial Banks in terms of social and economic development is praiseworthy but still there exists regionwise disparities in terms of Inclusive growth.

Key Words—Inclusive Growth, Financial Inclusion, Scheduled Commercial Banks, Region wise disparities, ANOVA

I. INTRODUCTION

Over the past few decades, our economy has witnessed high growth rate, but at the same time social and economic inequalities have also increased which has resulted into unemployment and poverty. As a result of which the Government of India has made the agenda of Inclusive growth as a part of its national policy. The policy makers duly recognized Inclusive growth in Eleventh Five Year Plan. The Government also realized that financial inclusion is the tool to achieve inclusive growth. It was also included in approach paper to the twelfth five year plans (2012-2017) to achieve the majority of Millennium Development Goals. Moreover to achieve Global Sustainable development goals (2015-2030) financial inclusion is the basic thrust.

In India, Financial Inclusion is a public private partnership to provide financial service access, timely and adequate credit facility to the weaker and low income sections of the society at affordable cost.

Over the last two and half decades, Indian banking sector has witnessed intense competition and entry of new private sector banks as a result of banking reforms. But still many studies reveal that inspite of such major improvements in banking sector in terms of financial stability, competitiveness and productivity, a large section of the population does not have an access to basic banking financial products, financial services and delivery channels characterized by improved services. As per World Bank Global index report, In India, the % adults (age 15+) having account at financial institution was 79.84, 52.75 and 35.23 in the year 2017, 2014 and 2011 respectively. Similarly % adults (age 15+) who borrowed from the financial institution was 6.6, 6.37 and 7.70 in the year 2017, 2014 and 2011 respectively. Moreover, the report brings out that 19.60, 14.36 and 11.60 % adult (age 15+) saved at financial institution. The report reveals that inspite of many efforts on the road of financial inclusion in India the data of % adults making savings and borrowings in India is not satisfaction.

II. REVIEW OF LITERATURE

A number of studies have been conducted so far on financial inclusion in India. A brief literature enabled the researcher to acquaint with selected problem.

Anand and Saxena (2012) emphasize on all the steps taken by Indian Commercial Banks in terms of technology, financial literacy, distribution channels etc. and conclude that banking institutions need to redesign their business strategies to promote financial inclusion of weaker section of society by taking it as business opportunity as well as social responsibility. Mukherjee & Chakraborty (2012) critically examine and highlight the role of the commercial banks in the state of Jharkhand towards financial inclusion and suggest that it should be the statutory obligation on the part of every bank, whether public or private, to

report more frequently to RBI on its achievements on financial inclusion.

III. OBJECTIVES OF THE STUDY

The key objectives of the study are:

- (i) To overview the initiatives taken by Reserve Bank of India for financial inclusion.
- (ii) To analyze the progress of scheduled commercial banks towards financial inclusion
- (iii) To study Region wise performance of scheduled commercial banks with respect to number of offices, deposit accounts and credit accounts to achieve financial inclusion.

IV. RESEARCH METHODOLOGY

4.1 Data Collection:

The research in this study is carried out through secondary source. The secondary data has been taken from research papers, referred journals, magazines, various websites, RBI reports and the reports of committees on financial inclusion etc.

4.2 Time period:

Period of study to evaluate the financial performance of Scheduled Commercial Banks is 7 financial years i.e. 2010-11 to 2016-17.

4.3 Tool of Analysis:

To estimate the progress of all scheduled commercial banks under financial inclusion, comparative study has been made with the help of Trend analysis by taking 2011 as base year.

Statistical Tool ANOVA with SPSS software has been used to study Region wise performance of scheduled commercial banks. To further study which region groups differ significantly in terms of financial inclusion Tukey's Post Hoc test has been applied using SPSS software.

V. CONCLUSION

Inclusive Growth and Financial Inclusion are the foremost needs of a developed nation. The current study presents that the performance of banking sector in terms of offices, Number of Deposit Accounts, Number of Credit Accounts at all India Level is appreciable. At the same time, the paper also reveals the other side that Region wise average performance of banking institutions vary significantly. Financial inclusion aims to achieve inclusive growth i.e to

make each and every one a part of growth. The policy makers should design appropriate strategies to remove regional financial inclusion disparities and to ensure financial inclusion in the real sense.

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