

FINANCIAL INCLUSION IN HARYANA: A STUDY ON BANKER'S INITIATIVES

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Abstract

Financial inclusion is a policy which needs to be considered as the boom for the India as it helps people to connect with the main stream of banking. The various schemes has introduced by RBI to reduce poverty and getting inclusive growth. Equitable growth of the people leads to the sustainable development of the country .In Haryana, lot of measure has taken to uplift the people and connect them with the formal banking. The present study has been carried out in order to look into the various initiatives taken up by Bankers in the State of Haryana. The present paper also attempts to look into the progress and status of financial inclusion in the State.

Keywords: *Financial Inclusion, Microfinance, Access to Finance, Inclusive Growth*

Introduction

Easy Access to sources of finance is believed to be an important tool to poverty alleviation and inclusive growth. In order to combat poverty and to achieve uniform growth all over, various measures have been taken from time to time which include building and strengthening rural cooperative sector, nationalization and privatization and expansion of financial sector.

Following the recommendation of Khan Commission-2004, Reserve Bank of India and Government of India has been taken various reformative measures. Most of the recommendations of the Khan Commission were incorporated into the mid-term review (2005-06) of Reserve Bank of India. In this report, Banks were encouraged to take up various strategies in order to achieve Greater Financial Inclusion. Banks throughout the Country scaled up their initiatives which include State Level Bankers' Committee (SLBC) allocation of the villages without Bank branches, opening of no-frills account etc. Also the Committee on Financial Inclusion under the chairmanship of Dr. C. Rangarajan (popularly known as Rangarajan Committee - 2008) was set up by the Government of India to look into the issues of financial exclusion to achieve their targets for Financial Inclusion and have succeeded in doing so to a large extent. The committee suggested introducing the new model to increase the outreach and leveraging on technology for achieving the goal. In reality, access to formal financial institutions allows poor households to expand consumption, saving, absorb disruptive shocks, manage risks and invest in basic goods, health and education. The World Bank global findex database shows that over 90 % people out of 721 million have opened new accounts between the years 2011 to 2014. This is the great increase in status of financial inclusion. UK. Throat is of the opinion that financial inclusion is important to India for many reasons such as: Restricted or controlled access to affordable financial services such as savings, loan, remittance and insurance services by the vast majority of the population in the rural areas and unorganized sector is believed to be acting as a constraint to the growth process. So to remove this barrier, we need financial inclusion. Access to affordable financial services — especially credit and insurance — enlarges livelihood opportunities and empowers the poor to

take charge of their lives. Such empowerment leads social and political stability. There is a need to literate them about the benefits of connecting with the formal financial system.

Apart from these benefits, financial inclusion imparts formal identity, provides access to the payments system and to savings safety like deposit insurance. That's why financial inclusion is considered to be critical for achieving inclusive growth; which itself is required for ensuring overall sustainable growth in the country. The fast growing Indian economy can only ensure the growth process to be equitable and sustainable if different sections of the society, especially the vulnerable and poor, are included in the growth process. The existence of a bank account can facilitate the government to provide assistance and resources directly to the needy, eliminating intermediaries' interventions.

Haryana is one of the most progressive States in the Country. However, the State of Haryana is working hard to achieve its vital Financial Inclusion Indicators; Credit-Deposit Ratio at a meagre 35.71 against the benchmark 60, and Financial Exclusion to the extent of 68% which is highest in the Northern Region. According to Crisil report 2013, Rohtak has scored maximum that is 63.4 and Mewat has minimum scored 25.7 in Haryana district. In September 2016, HPPI(Humana people to people India) was awarded the 'Disha project' by United Nations Development Programme, to reach out to 14,000 disadvantaged women in Faridabad, Gurugram, Mahendergarh, Mewat and Rewari districts of Haryana through training and entrepreneurship skill development. In Haryana most of the people are engaged in agricultural activities. So to increase the financial activities people should have better jobs, good education and accessibility of financial services.

Objectives of the study

This study has been aimed with following objectives in mind:

1. To briefly study the various financial inclusion initiatives taken by the banking Industry in the State.
2. To assess the progress and current status of Financial Inclusion in the Haryana state.

Methodology

The present study data has been collected primarily from secondary sources. The secondary data was obtained from reports, journals, State Level Banker's Committee Reports, Census 2011, Supplementary Statements, NABARD Economic Surveys and Financial services websites. The Primary data required for the study was collected from unstructured discussions with various Bank Executives, NABARD Officials, Business Correspondents, etc. The discussions regarding various strategies have been done in Haryana only. Relevant banking functionaries from top and middle level management were consulted during these discussions.

Results and Discussions

Profile of Haryana State: The State has a population of 2.54 crores with a population density of 573 and literacy rate 67.9. Within these there are 22 districts, 72 sub-divisions, 93 tehsils, 50 sub-tehsils, 140 blocks, 154 cities and towns, 6,841 villages. The State has One Lead Banks; Punjab National bank working rigorously for achieving the target of financial inclusion. The State has 14.7% of its population living Below Poverty Line (Economic Survey). In such a scenario, the Banking Profile of the State (exhibited in Table 1) consists of 21 Public Sector Banks having 2945

branches, 15 Private Sector Banks with 1120 branches, 1 Regional Rural Banks having 653 branches. In total there are 37 banks operating in the State with 4718 branches.

Table 1 - Banking sector Profile of Haryana State

Banking profile of the state	Public sector	Private Sector	RRB	Total
Bank	21	15	1	37
Branches	2945	1120	653	4718

Branch Networks

Branch Networks (in Nos)	Rural	Semi-Urban	Urban	Total
	1676	1188	1854	4718

Banking Sector Parameters (Amount in Rs Crores)	Total Deposit	Total Advance	C.D.Ratio	Advance to Priority	Percentage of priority sector advance to total advance
	340128	237187	70%	130010	66%
		Advance to weaker section	Share in total advance	Agriculture Advance	Share in total Advance
	25466	13%	49429	25%	

Financial Inclusion Initiatives

Bankers all over the Country have been blooming to achieve the allocated targets towards Financial Inclusion and so have been the bankers' of the State of Haryana.

Financial Inclusion Programme was taken on pilot basis for 100% Inclusion initially in the district in 2005. Subsequently, 100% Inclusion of the remaining 20 districts in the state has been assigned to the banks in 2008. Banking Community of the State has been working in line with the various strategies pursued elsewhere in the country. Some of the major initiatives in this direction and the progress made in the same are discussed as under:

No Frills Accounts: In accordance with RBI guidelines, banks are offering no-frills accounts in the state to its vast majority of excluded population. The basic banking 'no frills' account is offered with zero minimum balances, relaxed Know Your Customer (KYC) norms and minimum charges to the low income population to expand the outreach of financial access. The position of No-Frills Accounts in the State is exhibited in Table 2.

Position of No Frill Account

	No of Branches	Total No. of no frills A/c's opened	Amount
Public Sector Bank	2945	5329472	149322
Private sector Bank	1120	340028	14818
RRB	653	826497	50075

Micro-credit and advances to weaker sections

It forms a significant portion of Priority Sector lending. As against the annual target of Rs.476.41 Crore in favour of 26,005 beneficiaries, banks have disbursed total amount of Rs.108.41 Crore in favour of 6,576 beneficiaries which works out to be 22.75% achievement in financial and

25.28% in physical terms. The total advances outstanding against micro-credit are Rs.183583 Cr. with total of 588042 Micro-Credit accounts which accounts for approximately 1.2% and 11% of Priority Sector advances and Total advances respectively. Advances to weaker sections form a major portion of priority sector advances; the total amount towards advances to weaker sections is Rs.3280 Cr. outstanding in 2482962 accounts. The advances to weaker sections forms approximately 23% of the priority sector advances and 16% of the total advances .Table 3 below shows the sector-wise distribution of advances outstanding under micro-credit and advances to weaker sections.

Table 3: Status of Micro-Credit and advances to weaker sections

Banks	Micro credit		Advance to weaker sections	
	A/C's	Amount	A/C's	Amount
Public Sector Bank	281813	31728	770766	1903305
Private sector Bank	219065	151005	278484	468614
RRB	59869	620	383695	174676
Co-operative banks	27295	230	1050017	734282
Total	588042	183583	2482962	3280877

Bank wise progress under KCC schemes

Kisan Credit Card came into existence in 1998-99 as a credit product and as an important tool and a variant of Agricultural Credit Delivery Mechanism, which gave farmers the required financial liquidity and avail credit when it was absolutely needed. The timely and hassle free access to institutional credit through the medium of Kisan Credit Card has resulted in increasing the agricultural productivity of the beneficiaries.

Bankwise implementation of Kisan Credit Card Scheme is shown in Table 4 below

Name of bank	During The Quarter (01.01.18-31.03.18)		Cumulative Position since the inception of the scheme	
	No of KCC issued	Amount Disbursed(In lakhs)	No of KCC issued	Amount Disbursed(In Lakhs)
Public sector Banks	21643	75514	1641088	3245803
Private sector Banks	35137	135941	397873	2089013
RRB	12029	36651	781794	1082273
Co operative	NA	242869	1346302	8824451
Total	68809	490975	286400	1900061

Source: RBI

Name of the Bank	Sanctioned		Disbursed		Outstanding	
	No.	Amount	No.	Amount	No.	Amount
Public Sector Bank	1650203	3535139	1641088	3245803	778305	2128431
Private sector Bank	397880	2096569	397873	2089013	189349	901086
RRB	781794	1089603	781794	1082273	241338	245770
Co-operative banks	1346302	623300	1346302	8824451	1195895	933544
Total	4176179	7344611	4167057	15241539	2404887	4208831

Number of ATM installed in Haryana state as on 31st March 2018 (17-18)

	Rural	Semi urban	Urban	Total
Public sector Banks	713	1135	2016	3864
Private sector banks	206	434	1713	2353
RRB	-	-	3	3
Total	919	1569	3732	6220

Source: Basic statistical return, RBI

Other Initiatives

The new Branch Authorization Policy of Reserve Bank of India encourages banks to open branches in under banked states and the under banked areas of other states (Agrawal – 2008). Haryana state bankers have been working hard in bringing the unbanked areas within the formal banking reach. In this regard, a comprehensive plan has been developed in respect of unbanked blocks and under banked areas of Haryana State declared by Reserve Bank of India. A comprehensive action plan has been framed and all the 235 such villages have been allocated to the respective banks. Haryana Bank is taking a lead in this as well.

Major Findings

1. Under the State Financial Inclusion Plan, 622 villages from 795 villages have been covered by ending Q2 of 2018.
2. The banks operating in the state have adopted the BC model for delivery of financial services to uncovered villages, 3116 out of a total of 4077 covered villages have been covered through BC model.
3. The bank credit has been bullish as represented by the Credit-Deposit Ratio of 72% against the benchmark of 60
4. Advances to Priority Sector and Advances to Weaker Sections are 66% and 13% respectively, thus showing that banks are keen in furthering credit disbursement to priority sector
5. Micro-Credit and advances to weaker sections comprise of almost 2.8% and 13% of the priority sector respectively.
6. Significant progress has been made in making available no-frills accounts to the excluded sections of the State; 84072 no-frills accounts have been opened in the state during Q2 of 2018
7. Kisan Credit Card Scheme has witnessed a very low achievement of approximately 7% of the targeted Rs.490975 Crore for 68,809 beneficiaries.
8. SHG-Bank Linkage Programme and other Government Scheme has also seen a tremendous progress in the State.
9. The banking community off the state has developed a time bound comprehensive action plan for achieving the objective of 100% Financial Inclusion in the State.

Conclusion

The RBI has taken various efforts to boost financial inclusion but Financial Inclusion aim at 'connecting people' and not just opening accounts (Subbharao – 2009). No doubt, a significant progress has already been achieved in the State of Haryana to achieve the wider objective of Inclusive growth through financial inclusion; even the bankers and the government agencies have shown seriousness in implementing the Financial Inclusion Plan in a planned and coordinated

manner. But it is also important to keep in mind that the objective behind all such efforts doesn't gets diluted and that Banks operating in the State don't resort to camouflaging tactics. A lot has already been done but a lot is yet to be achieved, so bankers need to keep reforming their plans and ensure that the poor are not left to the clutches of informal sources of finance. There is a need to work in coordinated way to remove the constraints (both supply side and demand side) in order to achieve the objective of Greater Financial Inclusion for Poverty alleviation.

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