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FINANCIAL INCLUSION OF UNDERPRIVILEGED –A STUDY OF SOLAPUR DISTRICT

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1. INTRODUCTION TO FINANCIAL INCLUSION:

A sizeable majority of the population, particularly the low income groups, continue to remain excluded from the opportunities and services provided by the financial sector. India has adopted a multi-layer approach towards financial inclusion. The major financial inclusion initiatives taken were introduction of SHG-bank linkage programme, Farmers Club programme and introduction of Kisan Credit Card programme. While these systems meet the needs of modern economy, they leave the financially excluded sections of the population untouched. This calls for a conscious attempt to build simple, user friendly and cost-effective products and services that cater to the needs of the poor and excluded sections of the society.

2. RBI INITIATIVES FOR FI:

The Reserve Bank has initiated a number of measures in recent years to improve the credit delivery mechanism and bring about maximum financial inclusion of the poorer sections of the society. Banks have been urged to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances as well as charges. As a result of the measures taken for financial inclusion, there was an increase of 6 million new 'no frills' bank accounts between March 2006 and March, 2007. Regional Rural Banks have been advised to allow limited overdraft facilities in 'no frills' accounts, without any collateral. The 'Know Your Customer' (KYC) procedure for opening accounts has been simplified so that people from low-income groups do not face problems in opening new accounts. Banks have been asked to consider introducing a General Purpose Credit Card (GCC) facility in the nature of revolving credit up to Rs.25,000/- without insisting on security or purpose, at their rural and semi-urban branches. GCC loans are treated as part of the banks' priority sector lending.

Table no.1.Performance of financial inclusion in India

SR No.	Particulars	Year ended Mar 10	Year ended Mar 11	Year ended Mar 12	Prog. Upto Dec 2012
1	Total No. of Branches	85457	91145	99242	103359
2	No. of Rural Branches	33433	34811	37471	39127
3	No. of branches in unbanked villages	0	0	3381	4323
4	Total number of CSPs deployed	34532	60993	116548	152328
5	Banking Outlets >2000 -Total	37791	66447	112130	118718
6	Banking Outlets <2000- Total	29903	49761	69623	92516
7	Banking Outlets - Branches	33378	34811	37471	39127
8	Banking Outlets - BCs	34174	80802	141136	168380
9	Banking Outlets - Other Modes	142	595	3146	3727



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10	Banking Outlets -TOTAL	67694	116208	181753	211234
11	Urban Locations covered through BCs	447	3771	5891	17950
12	BSBDA Total (No. in lakh)	734.53	1047.59	1385.04	1714.27
13	BSBDA Total Amt. (Amt. in ` crores)	5501.71	7612.00	12040.62	17008.35
14	OD facility availed in Basic Savings Bank Deposit A/c (No. in lakh)	1.83	6.06	27.05	32.82
15	OD facility availed in Basic Savings Bank Deposit A/c (Amt. in ` crores)	9.98	26.48	108.41	135.17
16	KCCs-Total-No. in Lakh	243.07	271.12	302.35	317.33
17	KCCs-Total-Amt In ` Crores	124007.06	160005.04	206839.03	249139.78
18	GCC-Total-No. in Lakh	13.87	16.99	21.08	31.14
19	GCC-Total-Amt In ` Crores	3510.87	3507.06	4184.41	7660.35
20	ICT A/Cs-BC-Total Transaction -No. in lakhs	265.15	841.64	1410.93	1837.55
21	ICT A/Cs-BC-Total Transactions – Amt. in ` crores	692.07	5800.42	9285.93	16533.34

Source- RBI bulletin-various volumes

3. DEFINITION OF FI:

United Nations – “A financial sector that provides access for credit for all bankable people and firms and saving and payment services to everyone. Inclusive finance does not require that everyone is eligible to use each of services but they should be able to choose them if desired”.

Asian Development Bank “provision of broad range of financial services such as deposits, loans, payment services, money transfer and insurance to poor and low income house-holds and their micro enterprises”.

Indian Definition:

The Committee on Financial Inclusion (Chairman: Dr. C. Rangarajan) has provided a working definition for “Financial Inclusion” as

It is also termed as delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups.

4. NEED OF THE STUDY:

Developing countries of late have been attaching greater importance to finance in the pursuit of an effective means in capitalizing economic opportunities and addressing poverty. Access to financial services not only supports economic efficiency and distributional equity but also contributes to financial stability and social cohesion. It is acknowledged that access to financial resources enhances the welfare of both producers and consumers. Access to the financial services helps individuals apply their skills in engaging in small entrepreneurial activities and thereby providing them enhanced opportunities to improve their income. Easy, reliable and timely access to the finance



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reduces poverty through increased income and hence positively contributes to reduce the income inequality.

5. TITLE OF THE RESEARCH STUDY:

FINANCIAL INCLUSION OF UNDERPRIVILEGED –A STUDY OF SOLAPUR DISTRICT

6. OBJECTIVES OF THE STUDY:

1. To study the nature and extent of social exclusion and inclusion in India.
2. To examine the role the of the banks in financial inclusion of weaker section in Solapur district.

7. METHODOLOGY:

1. COLLECTION OF DATA:

As the study is related to financial inclusion the data related to financial exclusion and inclusion in Solapur District has collected. For the present study secondary data has been used. **Secondary data** which has collected from Government offices relating to inclusive growth policies and programmes and financial inclusion. The literature related to the present study has been collected books, Government reports, journals, magazines, internet etc, unpublished thesis, dissertations from various Universities.

2. Data processing and statistical Tools:

All the questionnaires were processed and tabulated. The data has been analyzed by using various statistical tools viz. percentages, averages and ratio analysis etc. to establish the relationship between the variables. The stratified random sampling was employed only.

1. SAMPLE SELECTION-

Table No.2-Selection of managers

Sr. No.	Taluka	Sample Of Bank Managers
1	AKKALKOT	5
2	BARSHI	5
3	KARMALA	5
4	MADHA	5
5	MALSIRAS	5
6	MANGALWEDHA	5
7	MOHOL	5
8	PANDHARPUR	5
9	SANGOLA	5
10	SOUTH SOLAPUR	5
11	NORTH SOLAPUR	5
TOTAL		55

Source-field survey



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4. METHODS OF ANALYSIS:

For the analysis and interpretation of the data various statistical tools and techniques has been used. Various computer software e.g. S.P.S.S., MS-Office, EXCEL etc. has used for the same. The combination of qualitative and quantitative, method of research has been used for the study.

5. AREA OF THE STUDY:

The Solapur district has been selected for the present study.

6. PARAMETERS OF THE STUDY:

The parameters considered for the present study are financial exclusion, inclusion, banks credit to deprived classes, women, SC, ST, OBC, Minority, role of banks .

7. SPAN OF THE STUDY:

The five years from 2007 to 2012 i.e. period of 11th five year plan has been selected for the present study.

8. LIMITATIONS OF THE STUDY:

. The focus of study is limited only to the FINANCIAL INCLUSION OF SOLAPUR DISTRICT. The data has been collected relating to the period of 11th Five Year Plan i.e. 5 years from 2007-2012 only.

8. ANALYSIS AND INTERPRETATION OF DATA:

Table no. 3 .BANK BRANCHES NETWORK IN THE DISTRICT AS ON 28-02-2011

Sr. No.	Bank	Total Branches	Sr. No.	Bank	Total Branches
1	ALLAHABAD BANK	1	18	S.B.H	4
2	ANDHRA BANK	1	19	S.B.M	1
3	B.O.I	54	20	UNION BANK	13
4	B.O.M	37	21	UCO BANK	2
5	B.O.B	10	22	IDBI BANK	9
6	C.B.I	12	23	UNITED BOI	1
7	CANARA BANK	4	24	VIJAYA BANK	2
8	CORPORATION BANK	1	25	ING VYSYA BANK	1
9	DENA BANK	4	26	ICICI BANK	7
10	INDIAN BANK	1	27	HDFC BANK	2
11	I.O.B	2	28	FEDERAL BANK	0
12	KARNATAKA BANK	1	29	ORIENTAL BANK	1
13	P.N.B.	2	30	KARUR VYSYA BANK	1
14	RATNAKAR BANK	2		Total	216
15	AXIS BANK	4	31	W.K.GRAMIN	30
16	SYNDICATE BANK	2	32	SDCC BANK	219
17	STATE BANK	32		Grand Total	465



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Table – 4.TALUKA WISE BANK NETWORKIN THE DISTRICT AS ON 28-02-2011

Sr. No.	Branch	Total no.of Branches
1	AKKALKOT	30
2	BARSHI	51
3	KARMALA	26
4	MADHA	42
5	MALSIRAS	61
6	MANGALWEDHA	24
7	MOHOL	35
8	PANDHARPUR	12
9	SANGOLA	37
10	SOUTH SOLAPUR	41
11	NORTH SOLAPUR	22
12	SOLAPUR CITY	84
	TOTAL	465

8.1 SC/ST ADVANCES

Scheduled Castes (SCs) & Scheduled Tribes (STs) Advances has been given special emphasis for the development of this particular group. Banks are mandated to take the following measures to step up their advances to SCs / STs:

- The district credit plans formulated by the lead banks should be elaborated to indicate clearly the linkage of credit with employment and development schemes.
- Banks will have to establish closer liaison with the District Industries Centers, which have been set up in different districts for promoting self-employment.
- Credit planning should be weighted in favor of Scheduled Castes / Scheduled Tribes. Loan proposals of these communities should be considered sympathetically and expeditiously. Non release of subsidy upfront amounts to under-financing and hampers asset creation / income generation.

Advances sanctioned to State sponsored organizations of SC / ST, for the specific purpose of purchase and supply of inputs to and / or the marketing of outputs of the beneficiaries viz. artisans, village and cottage industries of these organizations, should be treated as Priority Sector Advances.

Table No. 5.SC/ST Advances Analysis in Solapur District from2007-2012(Rs in '000')

Sr.No.	Bank	2007	2008	2009	2010	2011
1	Allahabad Bank	2862	1342	1047	1042	1247
2	Andhra Bank	80	426	1541	1610	1346
3	Bank Of India	206800	271694	166477	195831	263782
4	Bank Of Baroda	29104	46037	52672	48018	98495
5	Bank Of Maharashtra	132663	186300	209202	190736	688573
6	Central Bank	13564	15406	12999	22301	20541
7	Canara Bank	19568	18963	4125	54750	58383
8	Corporation	493	0	0	2413	1800
9	Dena Bank	5017	6975	0	2216	10225
10	Indian Bank	2899	335	3797	1632	6577
11	Indian Overseas	380	1100	1008	4207	1786

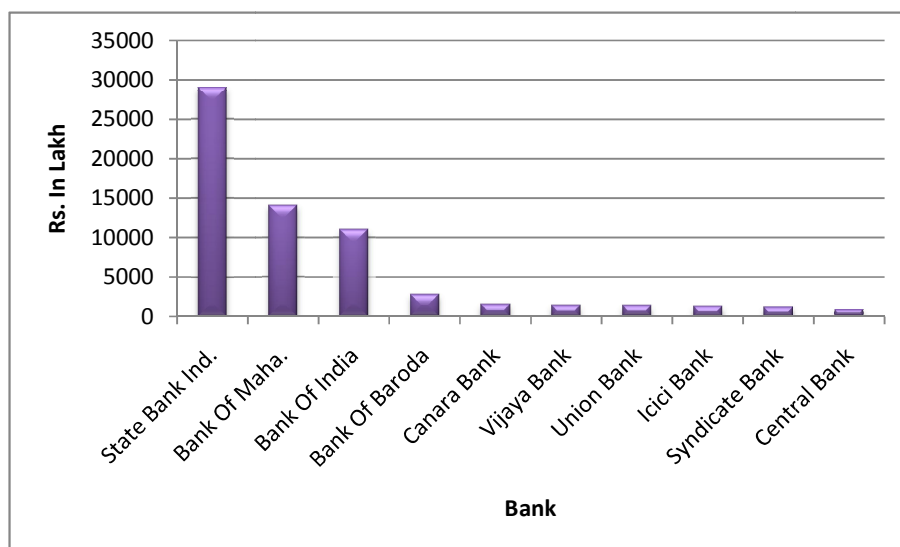


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12	Karnataka Bank	476	338	0	235	264
13	Punjab National	7245	7065	9598	29552	7592
14	Ratnakar Bank	112	120	57	68	940
15	State BankInd.	35565	180489	187090	470200	2025415
16	State Bank Hyderbad	1530	3793	3059	6076	11577
17	State Bank Mysore	1423	2468	398	3100	0
18	Syndicate Bank	17472	27451	20005	33252	19730
19	Sangli Bank Ltd.	1412	-	-	--	--
20	Union Bank	33039	43175	19355	9213	29428
21	United B. O. I.	1460	1255	257	0	0
22	UCO Bank	2806	15020	2830	19958	25693
23	IDBIBankLtd.	12036	13775	20740	16061	8170
24	Vijaya Bank	43796	7737	11837	54752	24759
25	ING Vysya	28	0	7	0	0
26	ICICI Bank	0	0	46797	41400	42031
27	UTI Bank Ltd.	1832	-	-	-	-
28	HDFC Bank Ltd.	399	248	138	23255	543
29	Axis Bank Ltd	-	915	0	0	0
30	Federal Bank Ltd	-	0	0	319	44
31	Oriental Bank	-	-	-	0	4301
32	KarurVysya	-	-	-	0	0
	Total Commercial Banks	574061	852427	775036	1232197	3353242
33	SolapurGramin	36812	42278			
	W. K. Gramin	-	-	27963	12908	48747
34	SolapurDcc	0	0	0	0	158958
	Grand Total	610873	894705	802999	1245105	3560947

Source: Computed on the basis of Bank Annual Reports and District Collectorate Office Reports

Graph No. 1: Analysis of SC/ST Advances by Top 10 Banks in Solapur District from 2007-2012



Graph No.1 shows that State Bank of India topped in total number of SC/ST advances with lakhs 2007-2011. Bank of Maharashtra stood second in topped total number of SC/ST advances with 110412 lakhs from 2007-2011. Bank of India ranked third total number of SC/ST advances with 94625 lakhs from 2007-2011. Bank of Baroda ranked fourth total number of SC/ST advances with



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93021 lakhs from 2007-2011. Canara Bank stood fifth total number of SC/ST advances with 38022 lakhs from 2007-2011. While Vijaya Bank, Union Bank, ICICI Bank and Syndicate Bank ranked sixth, seventh, eighth and ninth total number of SC/ST advances respectively.

8.2 WEAKER SECTION ADVANCES

According to the RBI following are included under weaker sections in Priority Sector and given loans

- Beneficiaries of Swarnjayanti Gram SwarozgarYojana (SGSY), now National Rural Livelihood Mission (NRLM);
- Scheduled Castes and Scheduled Tribes;
- Beneficiaries of Differential Rate of Interest (DRI) scheme;
- Beneficiaries under Swarna Jayanti Shahari Rozgar Yojana (SJSRY);
- Beneficiaries under the Scheme for Rehabilitation of Manual Scavengers (SRMS);
- Loans to Self Help Groups;
- Loans to distressed farmers indebted to non-institutional lenders;
- Loans to distressed persons other than farmers not exceeding `50,000 per borrower to prepay their debt to non-institutional lenders;
- Loans to individual women beneficiaries up to ` 50,000 per borrower;

A key component of the financial inclusion plan of the Reserve Bank of India was to ask banks across India to open 'no frills account'. While some banks did fix a bare minimum balance for such accounts, other banks permitted customers to maintain zero balance. The Banks are extending an automatic overdraft facility to the tune of Rs 500 to Rs 2,000 depending on their banking transactions, and none of these overdrafts have gone in to default.

Table No. 6: Weaker Section Advances by Banks in Solapur District from 2007-2012
(Rs in '000')

Sr. No.	Bank	2007	2008	2009	2010	2011
1	Allahabad Bank	4832	2687	1265	5028	5180
2	Andhra Bank	0	918	1506	1610	1946
3	Bank Of India	407899	465277	40152	499953	519130
4	Bank Of Baroda	187367	82620	139577	188962	268019
5	Bank Of Maharashtra	812340	1069400	1430763	1114553	1479685
6	Central Bank	17505	55838	45442	14529	14529
7	Canara Bank	20284	29696	22945	23175	23528
8	Corporation	1972	970	77	2388	2011
9	Dena Bank	10721	14408	10350	3135	11773
10	Indian Bank	3648	3863	11546	5705	96375
11	Indian Overseas	430	1100	1008	4207	90751
12	Karnataka Bank	583	403	100	1115	1289
13	Punjab National	7121	8498	20754	21931	12206
14	Ratnakar Bank	0	1714	126	212	20394
15	State BankInd.	740235	130275	150640	223879	372815
16	State Bank Hyderabad	2870	17114	3515	3210	10230
17	State Bank Mysore	35	342	755	700	105
18	Syndicate Bank	2513	12790	24954	6048	40312
19	Sangli Bank Ltd.	18466	-	-	-	-



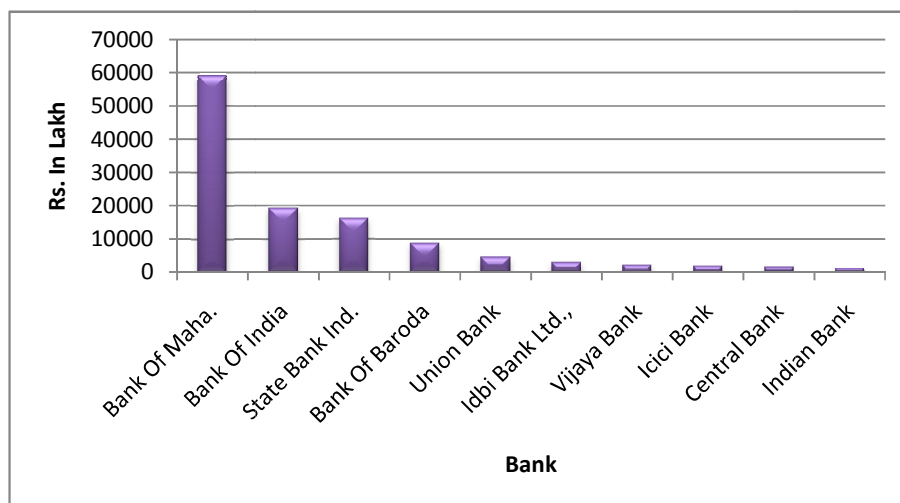
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20	Union Bank	84565	92817	102214	82649	80754
21	United B. O. I.	721	1658	0	0	0
22	Uco Bank	226	1959	3138	3218	4398
23	IDBIBankLtd.	62952	77640	89171	38354	19877
24	Vijaya Bank	11428	40088	50566	71209	51003
25	IngVysya	0	0	7	0	5
26	ICICI Bank	0	0	47042	48162	99943
27	Uti Bank Ltd.	1155	-	-	-	-
28	Hdfc Bank Ltd.	399	248	138	332	80874
29	Axis Bank Ltd		1716	0	0	0
30	Federal Bank Ltd		0	0	25	76
31	Oriental Bank				0	302
32	KarurVysya				0	0
	Total Commercial Banks	2400267	2114039	2197751	2364289	3307510
33	SolapurGramin	384867	395175			
	W. K. Gramin			47210	85033	90762
34	SolapurDcc	2151023	2483177	1975182	1928335	2937182
	Grand Total	4936157	4992391	4220143	4377657	6335454

Source: Computed on the basis of Bank Annual Reports and District Collectorate Office Reports

Solapur DCC had highest number of Advances to Weaker Section from 2007 to 2011. While State Bank of Mysore, HDFC, ING Vysya, Federal Bank and ING Vysya had lowest number of Advances to Weaker section in 2007, 2008, 2009, 2010 and 2011 respectively.

Graph No. 2: Weaker Section Advances by Top 10 Banks in Solapur District from 2007-2012



Graph No.2 shows that Bank of Maharashtra topped in total number of Weaker Section advances with lakhs 2007-2011. Bank of India stood second in topped total number of Weaker Section advances with 110412 lakhs from 2007-2011. State Bank of India ranked third total number of Weaker Section advances with 94625 lakhs from 2007-2011. Bank of Baroda ranked fourth total number of Weaker Section advances with 93021 lakhs from 2007-2011. Union Bank stood fifth total number of Weaker Section advances with 38022 lakhs from 2007-2011. While Vijaya Bank, ICICI Bank, Central Bank and Indian Bank ranked sixth, seventh, eighth and ninth total number of Weaker Section advances respectively.



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8.3 WOMEN ADVANCES

Table No. 7. : Women Advances Analysis of Solapur District from 2007-2012(Rs in '000')

Sr.No.	Bank	2007	2008	2009	2010	2011
1	Allahabad Bank	1492	1264	8482	20504	1701
2	Andhra Bank	11476	8714	8673	7982	7438
3	Bank Of India	480700	711161	165321	184700	256174
4	Bank Of Baroda	59216	42683	41551	2410	55475
5	Bank Of Maharashtra	364573	374300	546895	547674	762531
6	Central Bank	33714	32859	10769	27847	27847
7	Canara Bank	0	23969	0	25180	28010
8	Corporation	16023	25102	37050	9041	3200
9	Dena Bank	14500	16269	0	5438	8834
10	Indian Bank	9427	7585	10135	1905	3821
11	Indian Overseas	288	5000	1124	13505	3573
12	Karnataka Bank	3072	2504	73	923	198
13	Punjab National	12446	10563	21729	29575	20843
14	Ratnakar Bank	792	587	992	82	0
15	State BankInd.	243025	385840	51320	568010	3287458
16	State Bank Hyderabad	7083	16799	12419	8216	13305
17	State Bank Mysore	19069	1572	1750	691	140
18	Syndicate Bank	18503	21208	23143	42643	48214
19	Sangli Bank Ltd.	14560	-	-	-	-
20	Union Bank	55677	61782	49439	102247	46502
21	United B. O. I.	18178	6658	5804	0	2880
22	Uco Bank	54986	3008	1629	45495	43584
23	IDBIBankLtd.	90348	115185	31421	30296	34566
24	Vijaya Bank	16718	28676	28771	27703	37804
25	IngVysya	435	301	0	0	0
26	ICICI Bank	0	0	0	140200	196863
27	Uti Bank Ltd.	0	-	-	-	--
28	Hdfc Bank Ltd.	4178	3343	4935	23255	31405
29	Axis Bank Ltd		0	0	4917	0
30	Federal Bank Ltd		0	2098	8916	4770
31	Oriental Bank				0	2109
32	KarurVysya				0	0
	Total Commercial Banks	1550479	1906932	1065523	1879355	4929245
33	SolapurGramin	75084	97577			
	W. K. Gramin			77615	59334	89227
34	SolapurDcc	87870	0	0	0	158328
	Grand Total	1713433	2004509	1143138	1938689	5176800

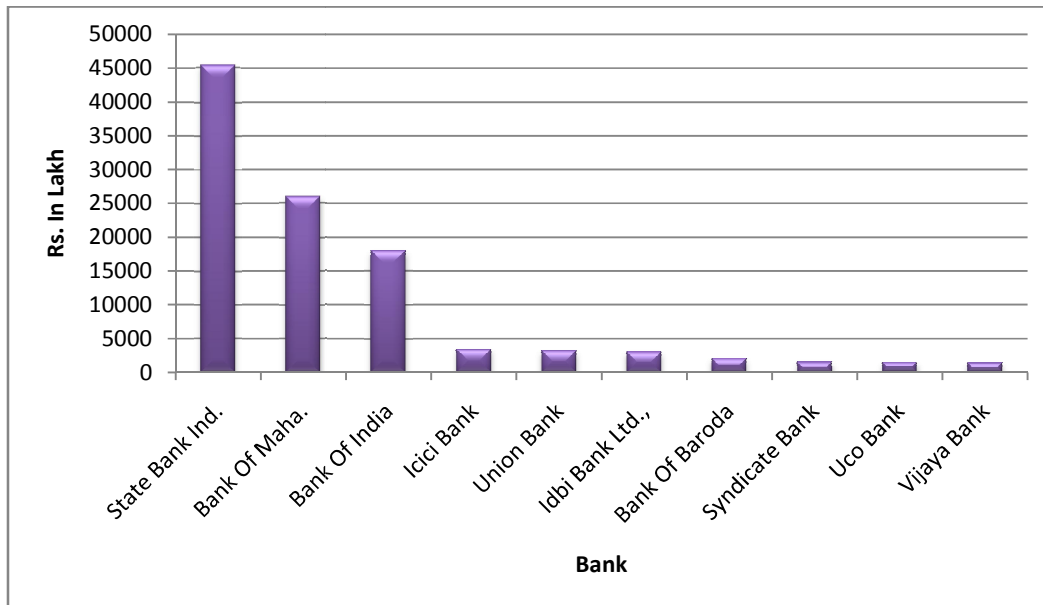
Source: Computed on the basis of Bank Annual Reports and District Collectorate Office Reports

In 2007 and 2008, Bank of India had highest number of Women Advances while ING VYSYA had lowest number of Women Advances. In 2009 Bank of Maharashtra had highest number of Women Advances & Karnataka Bank had lowest number of Women Advances. State Bank of India had highest number of Women Advances in 2010 and 2011. Ratnakar Bank and State Bank of Mysore had lowest number of Women Advances in 2010 and 2011.



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Graph No.3. Analysis of Women Advances by Top 10 Bank in Solapur District



Graph No.5.8 shows that State Bank of India topped in total number of women advances with 208835 lakhs 2007-2011. Bank of Maharashtra Bank stood second in topped total number of women advances with 110412 lakhs from 2007-2011. Bank of India ranked third total number of women advances with 94625 lakhs from 2007-2011. ICICI Bank ranked fourth total number of women advances with 93021 lakhs from 2007-2011. Union Bank stood fifth total number of women advances with 38022 lakhs from 2007-2011. While IDBI Bank, Bank of Baroda, Sydicate Bank, UCO Bank and Vijaya Bank ranked sixth, seventh, eighth and ninth total number of women advances respectively.

9. FINDINGS:

1. Bank of India had highest number of SC/ST Advances in 2007 and 2008. ING Vysya and Ratnakar Bank had lowest of SC/ST Advances in 2007 and 2008 respectively. In 2009, Bank of Maharashtra had highest number of deposits & ING VYSYA BANK had lowest number of deposits. State Bank of India had highest number of SC/ST Advances in 2010 and 2011. Ratnakar Bank and Federal Bank had lowest number of SC/ST Advances in 2010 and 2011 respectively.

2. Solapur DCC had highest number of Advances to Weaker Section from 2007 to 2011. While State Bank of Mysore, HDFC, ING Vysya, Federal Bank and ING Vysya had lowest number of Advances to Weaker section in 2007, 2008, 2009, 2010 and 2011 respectively.

3. In 2007 and 2008, Bank of India had highest number of Women Advances while ING VYSYA had lowest number of Women Advances. In 2009 Bank Of Maharashtra had highest number of Women Advances & Karnataka Bank had lowest number of Women Advances. State Bank Of India had highest number of Women Advances in 2010 and 2011. Ratnakar Bank and State Bank Of Mysore had lowest number of Women Advances in 2010 and 2011.



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