ABHINAV
NATIONAL MONTHLY REFEREED JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT
www.abhinavjournal.com

THE ROLE OF REGIONAL RURAL BANKs (RRBs) IN FINANCIAL INCLUSION: AN EMPIRICAL STUDY ON WEST BENGAL STATE IN INDIA

Dr. Manas Chakrabarti

Associate Professor, University of Gour Banga, Malda, West Bengal, India
Email: manaschakrabarti38@gmail.com

ABSTRACT

Financial inclusion has become one of the most critical aspects in the context of inclusive growth and sustainable development in the developing countries like India. Financial inclusion is a process of ensuring access to suitable financial products and services needed by susceptible groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream financial institutional players. In our country, Reserve Bank of India (RBI) has formulated the policy of financial inclusion with a view to provide banking services at an affordable cost to the disadvantaged and low-income groups. Since 1975 Regional Rural banks (RRBs) are being regarded as a significant Rural Financial institution for promoting sustainable economic growth. This research topic is a study on the role of RRBs in West Bengal State of India in financial inclusion. An effort has been made in the instant project to study and find out whether RRBs in this region has made any progress towards ensuring broader banking services for the rural poor people in strengthening the India's position in relation to financial inclusion.

Keywords: Broader banking services, financial inclusion, regional rural banks (RRBs), Reserve Bank of India (RBI), sustainable development

INTRODUCTION

An essential pre-requisite for inclusive and sustainable economic growth is capital formation through credit and financial services. Therefore, access to a well-functioning financial system, by creating identical opportunities, enables economically and socially excluded people to integrate better into the economy, so as to actively contribute to development and protect themselves against economic shocks (RBI, 2008). Amartya Sen (2000) persuasively argued that poverty is not just insufficient income, but rather the lack of wide range of capabilities, including security and ability to partake in economic and political systems. Today the term 'bottom of the pyramid' refers to the global poor most of whom subsist in the developing countries. These large numbers of poor are required to be provided with much needed financial assistance in order to steer them out of their conditions of poverty. Accordingly, there is always a need for policy support in channelling the financial resources towards the economic up liftment of resource poor in any developing economy. Financial inclusion is a planned exercise guided by the central bank to connect people with banks for consequential benefits. It is a process of ensuring access to suitable financial products and services needed by susceptible groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players.

Financial inclusion has become one of the most critical aspects in the context of inclusive growth and development in the developing countries. India has, for a long time, recognized the social and economic imperatives for broader financial inclusion and has made a huge contribution to economic development by finding pioneering ways to empower the poor. Starting with the nationalization of banks, priority sector lending requirements for banks, lead bank scheme, establishment of regional rural banks (RRBs), service area approach, self-help group-bank linkage programme, etc., multiple steps have been taken by the Reserve Bank of India (RBI) over the years to improve access to the poorer segments of society. The RBI has, therefore, formulated the policy of financial inclusion with a view to provide banking services at an affordable cost to the disadvantaged and low-income groups.

Since 1975 regional rural banks (RRBs), popularly known as gramin banks have been regarded as key sources of institutional financing of rural credit in India. These institutions were established exclusively to meet the excess demand for institutional credit in the un-banked rural areas, particularly among the economically and socially marginalised section. After much experimentation RRBs are emerged as institutions that combine local feel and familiarity with the rural problems which the cooperatives posses and the degree of business organisation, ability to mobilize deposits, access to central money markets and modernized outlook which the commercial banks have. Among the 82 RRBs operating as scheduled commercial banks as on March 2012, within the framework of multi-agency system in India, three are functioning in West Bengal namely Bangiya Gramin Vikash Bank (BGVB), Pashimbanga Gramin Bank (PBGB) and Uttarbanga Kshetriya gramin bank (UBKGB).

The present study aspires to make an overall evaluation on the role of RRBs in West Bengal in financial inclusion. A period of six years from 2006-07 to 2011-12 is taken for the study. To be specific, the main objectives of the study are:

- To explain the conceptual aspect of financial inclusion
- To describe need of financial inclusion particularly for the developing countries.
- To describe financial inclusion in global perspective and in the context for India.
- To examine the role of RRBs in West Bengal in financial inclusion.

Accordingly, the reminder of the paper is organised as under. Section two laid down the review of literature and methodology of the study. Section three narrates meaning of financial inclusion and need for the same; while section four represents a brief sketch of financial inclusion in the world as well as in India. Section five focuses on the role of RRBs in West Bengal towards financial inclusion. The last section is devoted for concluding observations.

REVIEW OF LITERATURE

The importance of an inclusive financial system is duly recognized in the policy circle, and, recently, financial inclusion has become a policy priority in many developing countries. Initiatives for financial inclusion have come from the financial regulators, the governments, and the banking industry. Legislative measures also have been initiated in some countries. In the Indian scenario, the term 'financial inclusion' is popular in financial circles, especially after the Reserve Bank of India (RBI) announced a series of measures in its credit policy for 2006-07 to hug many of the hitherto excluded groups in the banking net. Over a period of time several measures are being taken by the banks in India to improve access to affordable financial services through financial education, leveraging technology, and generating awareness. The financial services include the entire gamut of savings, loans, insurance, credit, payments, etc. The financial system is expected to provide its function of transferring resources from surplus to deficit units, but both deficit and surplus units are those with low incomes, poor background, etc. By providing these services, the aim is to help them come out of poverty. Indian Institute of Banking & Finance (IIBF) opines, "Financial inclusion is delivery of banking services at an affordable cost ('no frills' accounts,) to the vast sections of disadvantaged and low income group. Unrestrained access to public goods and services is the sine qua non of an open and efficient society"

Literature review on finance and economic development reveals that the earlier economic theories for sustained development concentrated on labour, capital, institutions, etc., as the factors for inclusive growth and sustained development. There have been numerous researches analyzing how a extensive financial system helps in developing an economy. A great deal of uniformity exists among economists regarding financial development prompting economic growth. Many theories have established that, financial development creates favourable conditions for economic growth either through a supply leading or a demand-following channel (Rajan & Zingales, 2003). According to the works of King and Levine (1993) and Levine and Zervos (1998), At the cross-country level, evidence indicates that various measures for financial development, which includes assets of the financial intermediaries, liquid liabilities of financial institutions, domestic credit to private sector, stock and bond market capitalization etc. are strongly and positively related to economic growth (King & Levine 1993, Levine & Zervos 1998). Another study also establishes a positive relationship between financial development and growth in the banking industry through financial inclusion (Rajan & Zingales, 1998). The topical endogenous growth literature structured on 'learning by doing' processes, assign a special role to finance (Aghion and Hewitt, 1998 and 2005). Researchers so far have not only explored the finance facilitates for economic activity, but also social aspects like poverty, hunger, etc. The accord is that financial services fuels economic growth, but the magnitude of impact differs at various levels.

METHODOLOGY OF THE STUDY

This study is basically exploratory in nature and the entire gamut of discussion has been made on the basis of secondary sources. Secondary data are collected from various reports on RRBs published by NABARD and the RBI bulletin, annual reports of RRBs, reports of the various committees set up by the government on RRBs and the publications of Banker Institute of Rural Development (BIRD). Parameters like ratios, percentage of growth and others are considered for some meaningful comparison and analysis to evaluate the role of RRBs in West Bengal in financial inclusion and also to derive some concrete conclusion.

Meaning of Financial Inclusion and Need for the Same

Meaning of Financial Inclusion

Financial inclusion is the process of ensuring access to suitable financial products and services needed by susceptible groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream financial institutional players. Financial inclusion has become one of the most decisive aspects in the context of inclusive growth and development. It is liberation of banking services at an affordable cost to the vast sections of the disadvantaged and low income groups (Leeladhar, 2006). It is a Provision of reasonably priced financial services viz., access to payments and remittance facilities, savings, loans and insurance services by the formal financial system to those who are likely to be excluded (Thorat, 2006). A committee on Financial Inclusion was formed under the chairmanship of C. Rangarajan in 2008 and that committee defined the term as “The process of access to financial services, and timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”. It is a hymn that envisages fetching everyone irrespective of financial status into the network of banking.

Need for Financial Inclusion

Financial exclusion is a serious concern among the low-income households as well as small businesses, mainly located in semi-urban and rural areas. Basically, it is unavailability of any banking services to the people living in poverty. According to K. C. Chakraborty “Financial inclusion (exclusion) is the lack of access by certain consumers to appropriate, low cost, fair and safe financial products and services from mainstream providers”. There are 3 types of exclusions: (a) people who do not have any access to a regulated financial system; (b) people who have limited access to banks and other financial services; and (c) individuals who have unsuitable products. Major causes for financial inclusion are – (a) lack of banking facility in the locality (i.e. geographical exclusion including a rural-urban divide), (b) financial illiteracy, (c) Nonchalant attitude of the staff, (d) cumbersome documentation and procedures, (e) unsuitable products, (f) language, (g) feeling uncomfortable by a section of population in visiting a bank branch, (h) lack of awareness and initial inhibitions in approaching a formal institution, (i) low incomes/assets, (j) distance from branch and branch timing, (k) fear of refusal. Financial inclusion is channelized mainly to provide affordable banking services to marginal farmers, landless labourers, Oral lessees, urban slum dwellers, migrants, self-employed and unorganized sector enterprises, ethnic minorities and socially excluded groups, Senior citizens and women etc.

The importance of an inclusive financial system is extensively recognized in policy circles and has become a policy priority in many developing countries. Several countries across the globe now look at financial inclusion as the means for sustainable growth, wherein each citizen of the country is able to use earnings as a financial resource that can be put to work to improve likely financial status and adding to the nation’s economic progress.

According to the United Nations the main motto of inclusive finance are as follows:

1. Access at a reasonable cost of all households and enterprises to wide range of financial services for which they are "bankable," including savings, short and long-term credit, leasing and factoring, mortgages, insurance, pensions, payments, local money transfers and international remittances.
2. Sound institutions, guided by appropriate internal management systems, industry performance standards, and performance monitoring by the market, as well as by sound prudential regulation where required.
3. Financial and institutional sustainability as a means of providing access to financial services over time.
4. Multiple providers of financial services, wherever possible, so as to bring cost-effective wide variety of financial alternatives to the customers (which could include any number of combinations of sound private, non-profit and public providers).

Financial Inclusion: The Global Perspective and India's Perspective

Financial Inclusion: The Global perspective

Now a day's financial inclusion is a burning issue even in developed counties. In USA, 9% of the population do not have any bank account (Mohan, 2006). In Sweden, for example, lower than 2% of adults did not have an account and in Germany, the figure was about 3%. It is interesting to note that the countries with high levels of inequality record higher levels of banking exclusion. To accentuate, in Portugal, about 17% of the adult population had no account of any kind.

However, at present, the banking sector all over the world has taken a lead role in promoting financial inclusion all over the world. Legislative measures have been initiated in some countries. In the United Kingdom, the government has established a framework in 2005 for ensuring improved financial inclusion, by setting up a Financial Inclusion Fund of 120 million pound sterling over three years along with a Financial Inclusion Task Force to oversee its progress. In the US, the Community Reinvestment Act (1997) necessitates banks to offer credit throughout their entire area of operation and prohibits them from targeting only the rich neighbourhoods. In France, the law on exclusion (1998) emphasizes an individual's right to have a bank account. The German Bankers' Association launched a voluntary code in 1996 providing for a so-called "everyman" current banking account that facilitates basic banking transactions. In South Africa, a low-cost bank account, called *Mzansi*, was initiated for financially excluded people in 2004 by the South African Banking Association. Several African countries have harness the unique aspects of mobile banking to drive financial inclusion. A G-20 (Group of Twenty) Financial Inclusion Experts Group has been launched. The Principles for Innovative Financial Inclusion serve as a guide for policy and regulatory approaches with the objectives of fostering safe and sound embracing of innovative, adequate, low-cost financial delivery models, helping provide conditions for fair competition and a framework of incentives for the various banking, insurance, and non-banking entities involved and release of the full range of reasonably priced and quality financial services. It is said that a platform for teamwork between local governments and the financial institutions has also been set up in order to ensure that everyone has easy access to financial services and that such inclusion corresponds with the needs of local economic growth.

Table 1. Degree of Financial Inclusion in some selected countries

Country	Percentage of population with an account
Denmark	99.00
USA	91.00
Europe (average)	89.6
Botswana	47.00
Brazil	43.00
South Africa	31.70
Namibia	28.4
Mexico	21.3

Source: 'Economic Growth, Financial Deepening and Financial Inclusion' Rakesh Mohan, Deputy Governor, Reserve Bank of India at the Annual Bankers' Conference 2006, November 3, Hyderabad

Financial Inclusion: India's perspective

India has, for a long time, recognized the social and economic imperatives for inclusive financial inclusion and has made a huge contribution towards economic development by finding innovative ways to empower the poor. Starting with the nationalization of banks, priority sector lending requirements for banks, lead bank scheme, establishment of regional rural banks (RRBs), service area approach, self-help group-bank linkage programme, etc., numerous steps have been taken by the RBI over the years to increase access to the poorer segments of society.

In India, financial inclusion first featured in 2005, when it was launched by K C Chakraborthy, the chairman of Indian Bank. Mangalam Village became the first village in India where all households were provided with banking facilities. RBI has been undertaking financial inclusion initiatives in a mission mode through a combination of strategies ranging from provision of new products, relaxation of regulatory guidelines and other supportive measures to achieve sustainable and scalable financial inclusion. Some of these steps are: facilitating no-frills accounts and General Credit Cards (GCCs) for small deposits and credit, norms were relaxed for people intending to open accounts with annual deposits of less than ₹. 50,000. GCCs were issued to the poor and the disadvantaged with a view to help them access easy credit. In January 2006, RBI permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations as intermediaries for providing financial and banking services. These intermediaries act as business facilitators or business correspondents by commercial banks. The bank directed the commercial banks in different regions to start a 100% financial inclusion campaign on a route-finder basis. As a result of the campaign states or U.T.s like Pondicherry, Himachal Pradesh and Kerala announced 100% financial inclusion in all their districts. RBI's vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states and there is also inadequate legal and financial structure.

Geographic and demographic penetration indicates the outreach of banking sector. Geographic penetration can be measured in terms of number of bank branches per 1000 sq km and number of ATMs per 1000 sq km. On the other hand demographic penetration indicates number of bank branches per 100,000 sq km and number of ATMs per 100,000 sq km. The following table represent the comparison of geographic and demographic penetration of banking Services in various countries (including India).

Table 2. Geographic and demographic penetration of banking services in some selected countries

Country	Geographic penetration		Demographic penetration	
	No. of bank branches per 1000 sq. km.	No. of ATMs per 1000 sq. Km.	No. of bank branches per 100,000 people	No. of ATMs per 100,000 people
U.K.	45.16	104.46	18.35	42.45
India	22.57	NA	6.30	NA
Indonesia	10.00	5.73	8.44	4.84
USA	9.81	38.43	30.86	120.94
Mexico	4.09	8.91	7.63	16.63
Brazil	3.05	3.72	14.59	17.82
China	1.83	5.25	1.33	3.80
Russia	0.19	0.53	2.24	6.28

Source: 'Measuring Financial Inclusion'- Kunt and Klapper, Policy Research Working Paper, 6025, World Bank, April, 2012.

Role of Regional Rural Banks (RRBs) in West Bengal in financial inclusion

Concept of RRBs

Regional Rural Banks (RRBs) were established in 1975 and were incorporated under the RRB Act, 1975. RRBs are commercial banks in nature and are included under the Second Schedule to the RBI Act, 1934. Their branches are licensed by RBI under Section 23 of the Banking Regulation Act, 1949. The National Bank for Agriculture and Rural Development (NABARD) supervises them under Section 35 of the Banking Regulation Act, 1949 having concurrent powers with RBI. RRBs were originally established as a hybrid structure with the objective of combining the local feel of the cooperative and the business acumen of commercial banks to exclusively cater to the credit needs of rural poor. Established originally to drive the moneylender 'out of business' and bridge the capital gap unfilled by the rural cooperative and commercial banks in rural areas. These banking institutions have expanded remarkably during the last decade. Since the early 1990s, RRBs are permitted to lend 60 per cent of their loans to the rural non-poor. These banks were set-up with a rural-orientation having the benefits of low cost profile of cooperatives and at the same time benefiting from the professionalism and modernity of commercial banks. The weaker sections have been a target group for assistance in the multi-agency approach. The regional rural banks would be a 'model financial infrastructure' for rural development with patronage and encouragement given by planners in the field. As at end- March 2012, there were 82 RRBs functioning in 26 states covering 638 districts in the country with a network of 16909 branches. Among the 82 RRBs operating as scheduled commercial banks within the framework of multi-agency system, *three* are functioning in West Bengal namely *Bangiya Gramin Vikash Bank (BGVB), Pashimbanga Gramin Bank (PBGB) and Uttarbanga Kshetriya gramin bank (UBKGB).* Out of these three banks, BGVB and PBGB were emerged on the merger of eight RRBs operating in this region. The merger took place in February, 2007.

Role of RRBs in West Bengal in financial inclusion

The appearance of RRBs marked an important landmark in the history of banking development of the state. In West Bengal, the RRBs combined the core banking discipline of commercial banks with local feel of co-operatives and a novel culture of their own to popularize them among rural people. West Bengal has adopted an appropriate policy in selecting the districts while establishing the RRBs and giving due weight-age to the backwardness of an area. In many of these districts, co-operative movement was not at par as compared to others. This was in consonance with the objectives of the RRBs and also in conformity with state's policy of economic development of redressing regional imbalances. The RRBs in West Bengal have undertaken multifarious activities in elevating the living standard of the local rural people. In attaining those objectives, strategies are adopted to improve the economic and social life of local people, the rural poor, including small and marginal farmers, the tenants and landless, rural artisans, petty shopkeepers and traders by generating maximum possible employment opportunities in these areas especially for the weaker sections of the rural society. The RRBs in West Bengal have also extended activities to Integrated Rural Development Programmes (IRDP), 20-point economic programme, District Credit Plans and NABARD schemes. They have contributed a substantial share to provide advances to priority sectors and to the people belonging to schedule caste and schedule tribe communities within their areas of operation as per the annual action plan of the respective sponsor banks. RRBs in West Bengal have chosen their areas of operation on the basis of the existence of a large number of small and marginal farmers and agricultural labourers, large credit gaps, backwardness of the area in socio-economic terms and the extent of co-operative movements.

Banking service facilities of RRBs in West Bengal for financial inclusion

As per the advice/ guidelines of RBI, Regional Rural Banks in West Bengal state has initiated several measures to achieve greater financial inclusion. Some of these steps are:

1. **Opening of no-frills accounts**: Basic banking no-frills account with nil or very low minimum balance & banking charges that make such accounts accessible to vast sections of the rural population. RRBs are providing small overdrafts in such accounts.
2. **Relaxation on know-your-customer (KYC) norms**: Since August 2005, KYC requirements for opening bank accounts were relaxed for small accounts. RRBs are now permitted to take any evidence as to the identity and address of the customer to their satisfaction. It has now been further relaxed to include the letters issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.
3. **General Credit Cards (GCCs):** With a view to helping the poor and the disadvantaged rural people with access to easy credit, RRBs introduced general

purpose credit card facility up to 15,000 at their rural and semi-urban branches. The objective of the scheme is to provide hassle-free credit to the customers based on the assessment of cash flow without insistence on security, purpose or end use of the credit.

4. **Engaging business correspondents (BCs)**: In January 2006, RBI permitted scheduled commercial banks to engage business facilitators (BFs) and business correspondents (BCs) as intermediaries for providing financial and banking services. The BC model allows banks to provide doorstep delivery of services, especially cash in-cash out transactions, thus addressing the last-mile problem. The list of eligible individuals and entities that can be engaged as BCs is being widened from time to time. RRBs in West Bengal state slowly and steadily introducing BC model n most of their branches.

RRBs in this region are providing advances under various schemes like - 'no deposits no frill A/c's' 'general credit cards (GCCs)' 'swarnajyoti credit cards (SCCs)' and 'kishan credit cards (KCCs)' in meeting the very objectives of financial inclusion. It can be seen from table 3 & table 4 that total advances of RRBs in West Bengal beneath the scheme 'no deposits no frill A/c's' and 'GCCs' improved considerably (both in number and in amount) during the period

Table 3. Total Advances under the scheme 'of deposits no frill A/c' in financial inclusion of RRBs in West Bengal: 2006-07 to 2011-12

RRBs/ Years	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)
Bangiya Gamin Viikash Bank	50380	0.00080	144626	0.0629	666228	00	805786	3.78	905730	3.83	1044378	4.12
Paschimbanga Gramin Bank	7701	00	19786	2.96	235941	0.8682	305765	0.31	383318	0.89	487860	20.13
Uttarbanga Kshetriya Gramin Bank	11200	0.0325	18312	0.0305	50192	0.21	104639	0.87	125557	1.34	287244	30.49
West Bengal	**69281**	**0.0405**	**182724**	**3.0534**	**952361**	**1.0782**	**1216190**	**4.96**	**1414605**	**6.06**	**1819482**	**54.74**
India	**3454377**	**291.14**	**8116591**	**425.69**	**15380955**	**611.53**	**20009200**	**1008.79**	**25506244**	**1651.07**	**28398914**	**2810.21**

Source: Key Statistics on Regional Rural Banks: 2006-07 to 2011-2012, Institutional Development Department, NABARD, Mumbai

Table 4: Total Advances under the scheme 'General Credit Cards (GCCs)' in financial inclusion of RRBs in West Bengal: 2006-07 to 2011-12

RRBs/ Years	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)
Bangiya Gamin Viikash Bank	58681	77.37	4733	11.83	16226	19.92	14481	32.13	25707	47.89	37843	58.76
Paschimbanga Gramin Bank	1585	3.72	972	0.89	370	0.59	1597	3.73	1956	5.85	118	0.35
Uttarbanga Kshetriya Gramin Bank	3205	5.76	2589	4.24	7588	2.57	1865	3.04	3735	5.62	2320	4.64
West Bengal	**63471**	**86.85**	**8294**	**16.96**	**24184**	**23.08**	**17943**	**38.90**	**31398**	**59.36**	**40281**	**63.75**
India	**223593**	**506.56**	**257617**	**597.38**	**310648**	**2523.73**	**406655**	**1149.68**	**362833**	**975.88**	**364996**	**1220.44**

Source: Key Statistics on Regional Rural Banks: 2006-07 to 2011-2012, Institutional Development Department, NABARD, Mumbai

Table 5. Advances under the scheme 'Swarnajyoti credit cards (SCCs)' in financial inclusion of RRBs in West Bengal: 2006-07 to 2011-12

RRBs/ Years	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)
Bangiya Gamin Viikash Bank	990	2.43	5114	11.32	8454	19.27	7110	12.23	42503	96.27	76423	47.66
Paschimbanga Gramin Bank	860	1.79	2701	4.54	5715	8.63	6887	9.36	7962	23.92	8532	21.33
Uttarbanga Kshetriya Gramin Bank	1246	1.74	2890	7.20	5223	5.50	5315	7.02	8095	9.28	5391	10.27
West Bengal	**3096**	**5.96**	**10705**	**23.06**	**19392**	**33.40**	**19312**	**28.61**	**58560**	**129.47**	**90346**	**79.26**
India	**108285**	**277.84**	**235280**	**435.92**	**322102**	**608.46**	**411691**	**793.71**	**459081**	**4504.08**	**516477**	**927.13**

Source: Key Statistics on Regional Rural Banks: 2006-07 to 2011-2012, Institutional Development Department, NABARD, Mumbai

Table 6. Advances under the scheme ' Kishan Credit Cards (KCCs)' in financial inclusion of RRBs in West Bengal: 2006-07 to 2011-12

RRBs/ Years	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)	NOs.	₹. (crores)
Bangiya Gamin Viikash Bank	N.A.	N.A.	208709	437.40	195322	398.73	247419	561.82	247419	561.82	177521	635.10
Paschimbanga Gramin Bank	N.A.	N.A.	79971	134.87	53534	73.75	89755	170.70	96208	220.91	24207	77.48
Uttarbanga Kshetriya Gramin Bank	N.A.	N.A.	40560	43.53	55295	70.15	22915	62.72	122106	93.68	32535	100.52
West Bengal	N.A.	N.A.	**329240**	**615.80**	**304151**	**542.63**	**360089**	**795.24**	**465733**	**876.41**	**234263**	**813.10**
India	N.A.	N.A.	**6983835**	**20525.22**	**6787249**	**23592.21**	**8372102**	**29609.37**	**9033340**	**35275.07**	**5283976**	**34196.89**

Source: Key Statistics on Regional Rural Banks: 2006-07 to 2011-2012, Institutional Development Department, NABARD, Mumbai

2006 - 07 to 2011-12. Total advances under 'no deposits no frill A/c's' jumped from ₹. 0.0405 crores to ₹. 54.74 crores and number of account increased to 1819482 from 69281. On the other hand gross advances in 'GCCs' scheme increased by 13 times to ₹. 79.26 crores from ₹. 5.96 crores and also number of GCCs account jumped from 3096 to 90346. Each and every RRBs in this state are pick up their position under these schemes like most of the banks in India. However, the idea of issuing SCCs by the RRBs for providing loans for financial inclusion is not so attractive like other products among the rural people in this state and the performance showing a reverse trend against all India performance**.** Number of SCCs account dropped by 23190 to 40281 and total advances under this scheme decreased by 26.60 per cent to₹. 63.75 crores from₹. 86.85 crores during the period 2006-2012 **(table 5)**. In the case of KCCs scheme, total advances increased from ₹. 615.80 crores ₹. 813.10 crores during the period 2007 to 2012 however number of accounts dropped by 29 per cent to 234263 from 329240 during the same period (table 6).

CONCLUSION

Financial inclusion is now accepted as a significant for achieving inclusive growth, which itself is required for ensuring overall sustainable growth. Recognising the importance of inclusive growth in India, efforts are being taken by the Government of India (GOI) and RBI to make the financial system more comprehensive. The focus of financial inclusion is on promoting sustainable development and generating employment for a vast majority of the population especially in the rural areas. As a supporting agent for the commercial banks and the co-operatives, RRBs are serving a class of clientele belonging to the rural poor like rural artisans, petty shopkeepers, small traders, village entrepreneur and people engaged in service sector and also people belonging to the lower income group in these rural areas, physically handicapped persons and widows as well. These banks are playing a significant role in ensuring sustainable development through financial inclusion. However, there is a long way to go for the financial inclusion to reach to the core poor and according to K. C. Chakrabarty, Deputy Governor of RBI, "Even today the fact remains that nearly half of the Indian population doesn't have access to formal financial services and are largely dependent on money lenders". Therefore, RRB network will have to be leveraged for benefiting the people of the rural areas through broader banking services; and in West Bengal, these institutions take a long stride towards inclusive economic growth by promoting various financial products meant for broader financial inclusion.

REFERENCES

1. Aghion P and Howitt P (1998), Endogenous Growth Theory, MIT Press, pp. 56-57.
2. Aghion P and Howitt P (2005), 'Appropriate Growth Policy: A Unifying Framework', the 2005 Joseph Schumpeter Lecture, European Economic Association, Amsterdam.
3. Asli Demirguc - Kunt and Klapper, L. (2012), 'Measuring Financial Inclusion', Policy Research Working Paper, 6025, World Bank, April.
4. King Robert G. and Levine R. (1993), 'Finance and Growth: Schumpeter Might Be Right', the Quarterly Journal of Economics, Vol. 108, No. 3, pp. 717-738.
5. Leeladhar, V. (2006), 'Taking Banking Services to the Common Man- Financial Inclusion', RBI Bulletin, January
6. Levine R and Zervous S (1998), 'Stock Markets, Banks and Economic Growth', American Economic Review, Vol. 88, No. 3, pp. 537-558.
7. Mohan R. (2006), 'Economic Growth, Financial Deepening and Financial Inclusion', Address by Rakesh Mohan, Deputy Governor, Reserve Bank of India at the Annual Bankers' Conference 2006, November 3, Hyderabad.
8. Rajan R. G. and Zingales L (1998), 'Financial Dependence and Growth', American Economic Review, Vol. 88, No. 3, pp. 559-586.
9. Rajan R. G. and Zingales L. (2003), 'Saving Capitalism from Capitalists', Crown Business, New York, pp.106-107.
10. Rangarajan, C. (2008), 'Report of the Committee on Financial Inclusion', Ministry of Finance, GOI.
11. Reserve Bank of India (2008), 'Report on Currency and Finance 2006-08', Volume II, RBI, Mumbai.
12. Sen, Amartya, (2000): 'Development as Freedom', Anchor Books, New York, pp. 223-227

13. Thorat, Usha (2006), 'Financial Inclusion and Millennium Development Goals', RBI Bulletin, February.