ANALYSIS OF VARIOUS INITIATIVES ON FINANCIAL INCLUSION

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ABSTRACT

Poverty is not merely insufficient income, but rather the absence of wide range of capabilities, including security and ability to participate in economic and political systems. Today the term 'bottom of the pyramid' refers to the global poor most of them live in the developing countries. These large numbers of poor are required to be provided with much needed financial assistance in order to sail them out of their conditions of poverty. Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction and social cohesion. This has to become an integral part of our efforts to promote inclusive growth. In fact, providing access to finance is a form of empowerment of the vulnerable groups. Financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include credit, savings, insurance and payments and remittance facilities. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty.

The broad strategy for financial inclusion in India in recent years comprises the following elements: (i) encouraging penetration into unbanked and backward areas and encouraging agents and intermediaries such as NGOs, MFIs, CSOs and business correspondents (BCs); (ii) focusing on a decentralised strategy by using existing arrangements such as State Level Bankers' Committee (SLBC) and District Consultative Committee (DCC) and strengthening local institutions such as cooperatives and RRBs; (iii) using technology for furthering financial inclusion; (iv) advising banks to open a basic banking 'no frills' account; (vi) emphasis on financial literacy and credit counseling; and (vii) creating synergies between the formal and Informal segments. It is essential for any economy to aim at inclusive growth involving each and every citizen in the economic development progression. There are lot of initiatives taken around above mentioned elements by Government and RBI. Still there is long way to go.

INTRODUCTION

The recent developments in banking technology have transformed banking from the traditional brick-and-mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines (ATM), credit/debit cards, internet banking, online money transfers, etc. The moot point, however, is that access to such technology is restricted only to certain segments of the society. Indeed, some trends, such as increasingly sophisticated customer segmentation technology –allowing, for example, more accurate targeting of sections of the market – have led to restricted access to financial services for some groups. There is a growing divide, with an increased range of personal finance options for a segment of high and upper middle income population and a significantly large section of the population who lack access to even the most basic banking services. This is termed "financial exclusion". These people, particularly, those living on low incomes, cannot access mainstream financial products such as bank accounts, credit, remittances and payment services, financial advisory services, insurance facilities, etc. Importance of financial inclusion arises from the problem of financial exclusion of nearly 3 billion people from the formal financial services across the world.

Access to economic & financial resources by the poor and vulnerable groups has been considered as a prerequisite for economic inclusion in India. As they evolved, some of government's policies were aligned closely to the economic development of the underprivileged sections of the society. This was evidenced by the nationalization of the insurance sector in 1956, the partial nationalization of the banking sector in 1969 and nationalization of the non-life insurance sector in 1973.

From an annual average growth rate of 3.5 per cent during 1950 to 1980, the growth rate of the Indian economy accelerated to around 6.0 per cent in the 1980s and 1990s. In the last 10 years, the Indian economy grew by over 8 per cent. In 2005-06 and 2006-07, the Indian economy grew at a higher rate of 9.4 and 9.6 per cent, respectively. Reflecting the high economic growth and a moderation in population growth rate, the per capita income of the country also increased substantially in the recent years. Despite the impressive numbers, growth has failed to be sufficiently inclusive, particularly after the mid-1990s. Agricultural sector which provides employment to around 60 per cent of the population lost its growth momentum from that point, though there has been a reversal of this trend since 2005-06. The percentage of India's population below the poverty line has declined from 36 per cent in 1993-94 to 26 per cent in 1999-2000. While India has witnessed unprecedented economic growth in recent past, its development has been lopsided with the country trailing on essential social and environmental parameters of development. The approach paper to the Eleventh Plan indicated that the absolute number of poor is estimated to be approximately 300 million in 2004-05.

Committee on "Financial Inclusion" , headed by Dr. C Rangarajan in 2008 has defined Financial Inclusion as under:

"Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost."

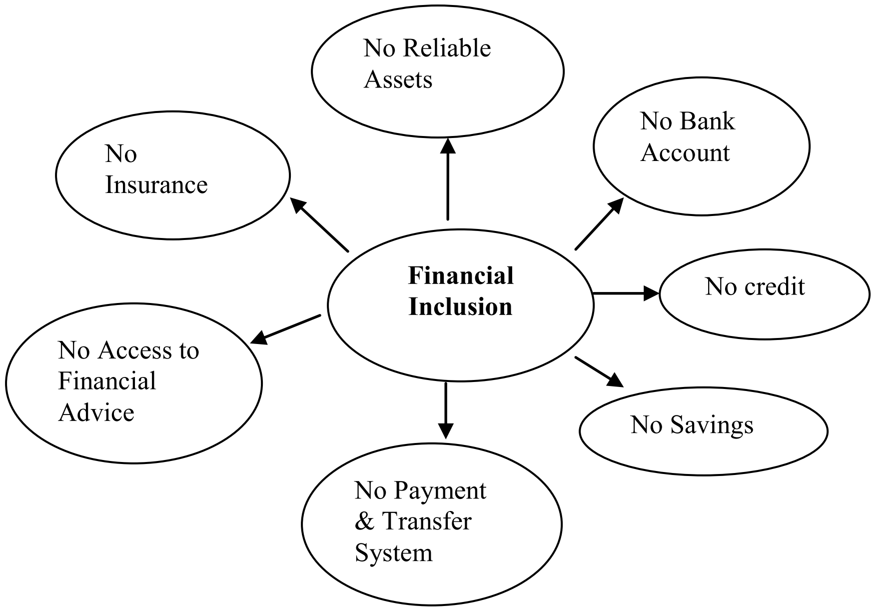

Fig.1. Features of Financial Exclusion in India

OBJECTIVES

1. Analysis of various initiatives on financial inclusion taken by Government, RBI, regulatory bodies, banks and financial institutions.
2. Evaluate progress on goals set on financial inclusion by Government and RBI.

HYPOTHESIS

1. All institutions started implementing most of the initiatives on financial inclusion.
2. We are still way behind on goals (targets) set.

DATA COLLECTION

- Major source of data for this paper is secondary data from various websites. It includes websites of RBI, NABARD, IRDA, various banks etc. Various reports and articles published on financial inclusion.
- Some primary data is also collected through few interviews of officials of Bank, MFIs, Business Correspondents and Lead Bank.

Financial Inclusion and Initiatives

A well-functioning financial system empowers individuals, facilitates better integration with the economy, actively contributes to development and affords protection against economic shocks. Inclusive finance - through secure savings, appropriately priced credit and insurance products, and payment services - helps vulnerable groups such as low income groups, weaker sections, etc., to increase incomes, acquire capital, manage risk and work their way out of poverty.1.02 Notwithstanding the efforts made so far, a sizeable majority of the population, particularly vulnerable groups, continue to remain excluded from the opportunities and services provided by the financial sector. With only 34% of population engaged in formal banking, India has, 135 million financially excluded households, the second highest number afterChina.Further,the real rate of financial inclusion in India is also very low and about 40% of the bank account holders use their accounts not even once a month. It is universally opined that the resource poor need financial assistance at reasonable costs and that too with uninterrupted pace. However, the economic liberalization policies have always tempted the financial institutions to look for more and more greener pastures of business ignoring the weaker sections of the society. In India, the financially excluded sections comprise largely rural masses comprising marginal farmers, landless laborers, oral lessees, self-employed and unorganized sector enterprises, urban slum dwellers, migrants, ethnic minorities and socially excluded groups, senior citizens and women.

Initiatives taken by Government of India and RBI

Dr. C. Rangarajan committee on Financial Inclusion has given road map to achieve financial inclusion in India. There are few initiatives to be implemented by GoI, RBI and NABARD.

Following are the major initiatives suggested-

1. Semi Urban and Rural Bank Branches
2. No frills Bank Accounts
3. Financial literacy and credit counseling centers
4. Business correspondents (BC)/Business facilitator (BF) model
5. DLCC/Lead Bank scheme
6. Financial inclusion funds
7. Regional rural banks (RRBs)
8. Self Help Group – Bank Linkage Model
9. Micro finance Institutions
10. Micro Insurance

All the institutions like Banks, MFIs, RRBs, Insurance Companies, have started implementation of these initiatives. Review of these initiatives is important to ensure 100% financial inclusion in India; as per goals set by GoI.

1. Semi- Urban and Rural Bank Branches

As per RBI data there are 171 different banks that operate in India, as on March 2011. The details of Scheduled Commercial Bank branches, as on 31st March, 2011, are as under

Category	Rural Branches	Semi- Urban Branches	Urban Branches	Metropolitan Branches	Total
No of Branches	33,495	22,631	17,712	15,784	89,622
Percentage of branches	37.4%	25.3%	19.8%	17.6%	

Only 38% (33,495) of the 89,622 bank branches of Scheduled Commercial Banks are in rural areas. While there are about 600,000 villages in India, as per the 2001 Census, there are only 33,495 rural bank branches. Average Population per Bank Branch Office (APBBO) in India, as on 31.3.2011, is 13,503.

As per Reserve Bank of India, there were 296 under banked districts in the under banked States in the country as on July, 2010.

The Finance Minister in his **Budget Speech 2010-11** announced that: "All **villages** with population **over 2000** to have access to financial services through a **banking outlet** by **March2012 - Harness Low Cost technology** and innovate Low Cost business model. RBI has also simplified authorization process to open new bank branches in semi-urban and rural areas. Reserve Bank of India has permitted domestic Scheduled Commercial Banks to freely open branches in Tier 3 to Tier 6 centers with population of less than 50,000 under general permission, subject to reporting. In the North Eastern States and Sikkim, domestic Scheduled Commercial Banks can now open branches in rural, semi urban and urban centers without the need to take permission from Reserve Bank in each case, subject to reporting. Advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centers.

All the banks have big plans for FY 2011-12, to open new branches in rural areas. Approximately 2500 branches will be opened in rural areas in FY 2011-12.

Bank	**No of Branches in Rural Areas**
State Bank of India	500
Bank of Baroda	80
Indian Overseas Bank	100
Canara Bank	100
IDBI Bank	50
PSU Banks	1500
Private Banks	800

2. No frills Bank Accounts

Approximately only 40% (approx.) of the country's population has bank accounts.

Reserve Bank of India, advised all Scheduled Commercial Banks to make available a basic 'no frills' account with 'nil' or very low minimum balances that would make such accounts accessible to vast sections of the population. RBI has reported that banks have opened 74.3 million such accounts as on March 31, 2011. 'No frills' savings accounts appear capable, at least on paper, to cater to the small and also irregular income flows of the poor.

Banks have also been advised to provide small overdrafts in such accounts. All scheduled commercial banks are offering 'No frills' account as mandated by RBI for financial inclusion.

Parameter	Mar 12 - Targets	Mar 13 - Targets
Number of No-Frills Accounts (NFAs)opened (in million)	109.6	153.3
Amount in NFAs (Rs. in million)	93,110	113,233
Number of NFAs with Overdraft(OD) facility (in million)	36.3	53.3
NFAs with OD- Amount outstanding (Rs. million)	14,458	22,282

3. Financial Literacy and Financial Counseling Centers

All other initiatives are for Supply side of financial inclusion. Demand side can be improved through Financial Literacy and Financial Counseling.

Many banks/institutions have launched Financial Literacy and Credit counseling centers (FLCC) for this objective. e.g. Disha Financial Counseling by ICICI Bank, Ashwas by Federal Bank.

These FLCCs have following objective:

1. Provide financial counseling services through face-to-face interaction as well as through other available media like e-mail, fax, mobile, etc. as per convenience of the Interested persons, including education on responsible borrowing, proactive and early savings, and offering debt counseling to individuals who are indebted to formal and/or informal financial sectors;
2. Educate the people in rural and urban areas with regard to various financial products and services available from the formal financial sector;
3. Make the people aware of the advantages of being connected with the formal financial sector

Financial Literacy Initiatives by RBI

Outreach Programmes:

1. 76 programmes have been conducted across the country focusing on twin objectives of financial inclusion and financial literacy in which the Governor/ Deputy Governors / Executive Directors of RBI participated.
2. Besides this, more than 150 Outreach programmes have been conducted as on date by the Regional Offices and Offices of the Banking Ombudsman as part of the Financial Literacy initiatives.
3. 160 remote unbanked villages selected for transformation into model villages characterized by 100% financial inclusion through ICT initiatives, leveraging on BCs and BFs.

4. Business correspondents (BC)/Business facilitator (BF) model

RBI has permitted scheduled commercial banks including Regional Rural Banks (RRBs), Local Area Banks (LABs) banks to use the services of NGOs / SHGs, MFIs and other civil society organizations as intermediaries in providing financial and banking services through the use of BF and BC Models.

This model will help to provide - Banking services through Banking outlet in every village having population above 2000. As of now banks are using this model for deposits, withdrawals and remittance services. ICICI Bank has appointed BCs for 393 villages in India and opened more than 40 Lac accounts till date in FY 2011-12. BCs model very important and cost effective model to provide financial services.

RBI has mandated following targets

Total Number of villages covered	Mar 12 - Targets	Mar 13 - Targets
Total Number of villages covered	2,23,473	3,48,283
Villages covered through branches	24,618	25,694
Villages covered through Business Correspondents (BCs)	1,97,523	3,20,441
Other modes like Rural ATMs, Mobile Van,s etc.	1361	2177
Number of villages > 2000 population covered	89,657	93,630
Number of villages < 2000 population covered	1,33,816	2,54,653
No. of BCs employed by banks	1,25,988	1,87,972

Number of unbanked villages is mapped to Banks in State Level Financial Inclusion Plan.

State Level Financial Inclusion Plan for Maharashtra State

S.No.	Particulars	No. of unbanked villages	% to total villages
1	Public Sector Banks	3687	85.9
2	Regional Rural Banks	510	11.88
3	Private Sector Banks	95	2.22
	Total	4292	100

Time frame for providing banking services through various outlets in their 4292 villages is as under

Year	No. of villages	Delivery Models		
		Branch	BC	Others
2010-11	2742	18	2720	4
2011-12	1550	16	1532	2
Total	4292	34	4252	6

5. DLCC (District Level Consultative Committee)/Lead Bank scheme

Each DLCC should be in a position to draw up block-wise / village wise maps of households not having access to formal credit sources. This information should be disseminated widely and transparently by the DLCC in the district.

Thereafter, at the State-level, a financial inclusion document (State Level Rural Financial Inclusion Plan – SLRFIP) should be prepared jointly by the State Level Bankers' Committee (SLBC) and NABARD, for arriving at the target of financial inclusion for the State. The target should clearly indicate the number of rural households not having currently any access to formal sources of credit and based on the mapping; indicate the number of households that will be provided such access by 2012. With a minimum target coverage of 50% of currently excluded, States will be free to set themselves higher targets.

The target will thereafter be allocated institution-wise, with each bank -commercial banks and RRBs. Other institutions like cooperative banks, NBFCs and MFIs may also be asked to join in the task of financial inclusion with self-set targets. Target setting by itself will not be sufficient. There is a need to bring about coordinated efforts of all the above players. Appropriate support instruments for achieving these targets have to be designed. The progress in implementation shall be reported and monitored at the DLCC and SLBC.

Lead bank is identified for each district. One branch of the lead bank at the block / taluka level may be identified as the nodal branch to address the issue of exclusion. Lead Banks will extend appropriate help to DLCC for all its activities. Lead Bank monitors progress of each bank against given targets, convenes DLCC meeting, prepares quarterly report for review and formulates plan for forthcoming quarter.

6. Financial inclusion funds

Based on the recommendations of the Interim Report of the Committee on Financial Inclusion, headed by Dr. C. Rangarajan, Government of India has constituted two funds viz., Financial Inclusion Fund (FIF) for meeting the cost of developmental and promotional interventions of financial inclusion and Financial Inclusion Technology Fund (FITF) to meet the cost of technology adoption. Each Fund consists of an overall corpus of ₹500 crore, to be contributed by the GOI, RBI and NABARD in the ratio of 40:40:20 in a phased manner over five years, depending upon utilisation of funds. Banks will be eligible for support from the Funds on a matching contribution of 50% from the Fund in regard to districts other than tribal districts and 75% in case of branches located in tribal districts identified under the Tribal Sub Plan.

Major initiatives under FITF

1. ICT Solution adopting BC / BF model by RRBs
2. Support for CBS (Core Banking System) for weak RRBs

Major initiatives under FIF

1. Engaging Farmers Club as BF by RRBs
2. Training of BC / BF - Certification Course of IIBF
3. Engaging SHGs as BC/BF by RRBs
4. Support to Financial Literacy and Credit Counseling Centres (FLCCs) from FIF
5. Financial Literacy through Audio Visual medium – Doordarshan

Utilisation of FIF and FITF

The year-wise achievements are given below: (₹ in crore)

Name of the Fund	2008-09		2009-10		2010-11		2011-12 (Upto Feb.2012)		Cumulative up to Feb. 2012	
	S	**D**	**S**	**D**	**S**	**D**	**S**	**D**	**S**	**D**
FIF	1.3	0.36	18.36	7.99	19	9.21	63.99	9.03	102.65	26.59
FITF	4.22	0.09	17.08	1.67	101.11	54.01	183.67	88.02	306.08	143.79
Total	**5.52**	**0.45**	**35.44**	**9.66**	**120.11**	**63.22**	**247.66**	**97.05**	**408.73**	**170.38**

S: Sanctions, D: Disbursements

7. Regional rural banks (RRBs)

The RRBs mobilize financial resources from rural / semi-urban areas and grant loans and advances mostly to small and marginal farmers, agricultural labourers and rural artisans. The area of operation of RRBs is limited to the area as notified by GoI covering one or more districts in the State.

RRBs covered 618 districts as on 31 March 2010. After amalgamation, RRBs have become quite large covering most parts of the State in many cases. Increased coverage of districts by RRBs makes them an important segment of the Rural Financial Institutions (RFI) for financial inclusion.

RRBs has total 15480 branches as on 31 March 2010 out of which more than 80% of the branches are located in rural areas. In rural areas, RRBs account for a substantial 37% of total offices of all scheduled commercial banks. In semi-urban areas, their share comes to 15%. It goes without saying that exclusion is more severe in rural areas.

At all India level, RRBs account for 12% of all deposit accounts of scheduled commercial banks and a meager 3.5% of deposit amount. However, in rural areas, RRBs share in deposit accounts is a significant 31% and that in deposit amount 19%. This shows that the average deposit amount is lower in RRBs than other commercial banks, thereby implying RRBs' better reach to small depositors.

At all India level, RRBs account for 18% of loan accounts of all scheduled commercial banks and 3% of loans outstanding. However, in rural areas the share of RRBs in loan accounts is an impressive 38%. More significantly, despite having 38% of all loan accounts, RRBs account for only 21% of total credit outstanding in rural areas, implying thereby their better reach to small borrowers.

Key Performance Indicators of RRBs as on 31 March 2010

No of RRBs	82
No of Branches	15480
Outstanding total borrowings (Rs. Lac)	1877006
No of accounts	100215962
Total amount (Rs. Lac)	14503494
Net NPA	1.80%

Of the total 22.38 lakh SHGs credit linked by the banking industry as on 31 March 2006, 33% linkages were done by RRBs. This is impressive by any standard. More significantly, the more backward a region is, the greater is the share of RRBs. In North-Eastern Region, the share is 56%, in Central Region it is 48% and in Eastern Region it reaches 40%.

8. Self Help Group – Bank Linkage Model

A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. They pooled financial resources to make small interest bearing loans to their members. To give an impetus to microfinance, the same was categorized under priority sector lending and lending to SHGs was brought under the weaker sections of the priority sector. Banks have been advised to provide adequate incentives to their branches for financing the SHGs. The SHG - Bank Linkage Program is a major plank of the strategy for delivering financial services to the poor in a sustainable manner. The search for such alternatives started with internal introspection regarding the innovations which the poor had been traditionally making, to meet their financial services needs. It was observed that the poor tended to come together in a variety of informal ways for pooling their savings and dispensing small and unsecured loans at varying costs to group members on the basis of need.

The microfinance services provided through SHG - bank linkage has so far been the most successful initiative in financial inclusion.

(Amount in Rs. crore)

Particulars		**2007-08**		**2008-09**		**% Growth (2008-09)**		**2009-10**		**% Growth (2009-10)**	
		No. of SHGs	**Amt.**	**No. of SHGs**	**Amt.**	**No. of SHGs**	**Amt.**	**No. of SHGs**	**Amt.**	**No. of SHGs**	**Amt.**
A. SHG-Bank Linkage Model											
Savings of SHGs with Banks as on 31 March	Total SHGs	5009794	3785.39	6121147	5545.62	22.2	46.5	6953250	6198.71	11.4	11.8
Bank Loans disbursed to SHGs during the year	Total SHGs	1227770	8849.26	1609586	12253.5	31.1	38.5	1586822	14453.3	-1.4	17.9
Bank Loans outstanding with SHGs as on 31 March	Total SHGs	3625941	16999.91	4224338	22679.8	16.5	33.4	4851356	28038.3	14.8	23.6

9. Micro finance Institutions (MFIs)

MFIs could play a significant role in facilitating inclusion, as they are uniquely positioned in reaching out to the rural poor. Many of them operate in a limited geographical area, have a greater understanding of the issues specific to the rural poor, enjoy greater acceptability amongst the rural poor and have flexibility in operations providing a level of comfort to their clients.

In India there are more than 1000 MFIs. Micro Finance's contribution to financial inclusion rivals, if not exceeds that of the rural banking system. With the phenomenal growth recorded by microfinance in recent years–62% per annum in terms of the number of unique clients and 88%per annum in terms of portfolio over the past five years–and around 27 million borrower accounts, India now has the largest microfinance industry in the world. With 27 million borrower accounts served by MFIs by March 2010, Indian microfinance represents a significant sub-sector of the financial system. It exceeds the number of borrower accounts served by the Regional Rural Banks (RRB) by 50%.

The total outstanding loan portfolio was Rs.41, 417 million as on March, 2008. As per NABARD as on March 2008 there are 786 MFIs.

State-wise position of MFIs (2008)

S No	State	No of MFIs	Share %
1	Andhra Pradesh	484	62
2	Bihar	44	6
3	Gujarath	8	1
4	Jharkhand	1	0
5	Karnataka	20	3
6	Kerala	18	2
7	Madhya Pradesh	14	2
8	Maharashtra	15	2
9	Orissa	28	4
10	Rajasthan	18	2
11	Tamil Nadu	101	13
12	Uttar Pradesh	5	1
13	West Bengal	30	4
	Total	**786**	**100**

10. Micro Insurance

Micro-insurance is a key element in the financial services package for people at the bottom of the pyramid. The poor face more risks than the well-off, but more importantly they are more vulnerable to the same risk.

Poverty is not just a state of deprivation but has latent vulnerability. Micro insurance should, therefore, provide greater economic and psychological security to the poor as it reduces exposure to multiple risks and cushions the impact of a disaster. There is an overwhelming demand for social protection among the poor. Micro insurance in conjunction with micro savings and micro credit could, therefore, go a long way in keeping this segment away from the poverty trap and would truly be an integral component of financial inclusion.

Micro-insurance is defined as "the protection of low income households against specific perils in exchange for premium payments proportionate to the likelihood and cost of the risk involved." Micro-insurance is not viable as a standalone insurance product. At present, the Personal Accident Insurance Scheme (PAIS) which is being provided as a bundled offering along with the *Kisan* Credit Card (KCC) Scheme and the *Rashtriya Krishi Bima Yojana* (RKBY) for insuring crops are, probably, the only borrowable-linked risk mitigation mechanisms available to rural households. Further, many State Governments are offering health insurance facilities to the rural poor (eg., *Yeshaswini* Scheme of the Government of Karnataka).

A Non-Government Organization (NGO); or a Self Help Group (SHG); or Micro-Finance Institution (MFI), who is appointed by an insurer to act as a micro-insurance agent for distribution of micro-insurance products.

Number of micro insurance (mi) agents (life)

Year (as at 31st March)	Number
2008	4584
2009	7250
2010	8676
2011	10482

Micro-Insurance regulations 2005 by IRDA prescribes outline for non -life and life products-

IRDA Prescribed Range of Micro insurance Cover

Policy	Minimum Sum Assured (Rs)	Maximum Sum Assured (Rs)
Life Term	5000	50000
Endowment	5000	30000
Health (Individual)	5000	30000
Health (Family)	10000	30000
Personal Accident	10000	50000
Crop	5000	50000
Livestock	5000	50000
Asset(Dwelling unit & others)	5000	50000

List of Micro Insurance Products with various insurers

Financial Year	Name of the Product
2007-08	Bajaj Allianz Jana Vikas Yojana
2007-08	Bajaj Allianz Saral Suraksha Yojana
2007-08	Bajaj Allianz Alp Nivesh Yojana
2007-08	Grameen Suraksha
2007-08	Birla Sun Life Insurance Bima Suraksha Super
2007-08	Birla Sun Life Insurance Bima Dhan Sanchay
2008-09	ICICI Pru Sarv Jana Suraksha
2007-08	ING Vysya Saral Suraksha
2006-07	LIC's Jeevan Madhur
2009-10	LIC's Jeevan Mangal
2008-09	Met Vishwas
2007-08	SBI Life Grameen Shakti
2007-08	SBI Life Grameen Super Suraksha
2008-09	SUD Life Paraspar Suraksha Plan

From a modest beginning, micro insurance has been able to grow to a respectable size in the five-year period after issue of the Regulations. In the year 2010-11, the total premium collected under life and non-life micro insurance portfolios put together was of the order of 1,543 crore, out of which life insurance premium was `1,149 crore.

New Business under Micro Insurance Portfolio for 2010-11

(Premium in ` lakh)

Insurer	Individual		Group	
	Policies	Premium	Lives Covered	Premium
Private	699733	735.09	1983537	1719.14
LIC	2951235	12305.76	13275464	13803.67
Total	3650968	13040.85	15259001	15522.81

There is good growth in number of agents as well which will result in further growth.

CONCLUSIONS

Financial Inclusion has definitely gained some ground in India. All the initiatives are in place to achieve target of providing access to financial services to at least 50 per cent (50.77 mn) of excluded rural households by 2012 and the remaining by 2015.But progress as now is slow. Difficulties in picking the required pace are-

1. Transaction cost too high
2. Appropriate business model yet to evolve
3. BC model too restrictive

4. Limitation of cash delivery points
5. Lack of Interest / Involvement of Big Technology Players

Credit side of financial inclusion must grow at higher pace. Also providing financial services at affordable cost will take lot of time. Use of technology in all initiatives will give additional impetus for successful and fast implementation of financial inclusion in rural areas.

Insurance is one area where lot needs to be done to improve penetration among financially excluded. Recently, the Finance Minister, Mr Pranab Mukherjee has also emphasized need to look at insurance-led financial inclusion in the country. Investment advisory services should be launched at high speed for complete financial inclusion. Mutual Fund companies and financial planners can play active role in this.

All required initiatives are place now there is a need of speed of implementation with the help of technology.

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