



Indian Banks' Progress in Financial Inclusion

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Abstract:- India is a very large country by population with 17.4% of the total world population living in India. In terms of numbers, as per 2011 census, the population of the country was more than 121 crores. The financial needs of such a large population are also huge. To meet this financial need, it is necessary to provide financial services to the people of the country. That is, financial inclusion is essential. There are mainly eleven types of banks existing in the countries. They are providing financial services to people through many branches. However, there are many difficulties in financial inclusion in countries with a large population like India. They are to some extent strategic in nature and to some extent banks are business related. An analysis of the financial inclusion situation in the country reveals that financial inclusion has not yet reached all the people. It is necessary to increase the speed of financial inclusion. The financial needs of people in the country are changing rapidly. Although banks in the country also have to change to that extent, Indian banks have taken a big lead in the process of financial inclusion. Banks have played a very important role in financial inclusion.

Keywords- Financial inclusion, banks Account, saving Account, Financial Literacy

Introduction: - There are total 664369 villages and more than 4000 thousand cities in India. An estimated population of more than 130 crores lives in these villages and towns in India. After 70 years of independence, a very large population of India has not benefited from economic inclusion. Even so, many people in India have not received the benefits of financial inclusion. Financial inclusion of all those underprivileged people is necessary. Financial inclusion mainly involves banking services. These include bank accounts, cheap loans, financial advice, savings, money transfer and insurance. Central government, state government, RBI and all other banks are trying to reach these financial facilities in many backward parts of India. Financial literacy and financial inclusion are very important for the development of the country. Financial inclusion is very essential for the economic progress of the



country. Financial inclusion helps to eliminate financial imbalances in the country. It helps in equal distribution of income. It helps the people of the country to get market benefits. For any nation, the process of financial inclusion can play a very important role in ensuring equal distribution of income and resources in the country. Therefore, it is necessary to include the last person in the nation in the process of financial inclusion.

OBJECTIVES:-

1. To study India's inclusion situation in comparison with financial inclusion in major countries of the world.
2. Understand the scenario of financial inclusion in India.
3. Reviewing instruments of financial inclusion in India.

Research Methodology

In order to achieve the research objectives information is collected through secondary data collection in which

Mainly various government reports, organization reports, research theses, reference books and journals has been used. Analytical research method has been used to achieve the research objectives by simplifying the source of information obtained.

Review of Literature:-

1) RBI Report-2022-23 -Report on trend in progress of banking in india

2) NABARD Annual Report 2022-23

3) Indian Economy Datta & Sundharam

Indian Economy

–Ramesh Singh

(Marathi)-

2023 this has given information about Indian Bank Business and Co-operative Banks.

4) Changing face of the Banking Industry (2016) – Smt. In the research address of Tejal Korde, the researcher has presented the following problems to the Indian banking business.



5) Co-operative Banking Yesterday & Today (2016) Aditya Pandharipande – Researchers in this have presented the past and present situation of cooperative banking businesses.

6) Challenges Before Urban co-cooperative Banks in India – Dr. Virender Koundal. Study concludes present status of urban cooperative banks & challenges faced by urban cooperative banks.

Data Analysis and Interpretation:-

Following are the Major Banks in India.

Sr.No	Banks in India	Number	Branch
1	Public Banks	12	87072
2	Private Banks	21	34485
3	RRB Banks	43	21379
4	Short term Banks	12	6589
5	Payment Banks	06	1060
6	Local Area Banks	02	79
7	Urban Cooperative Bank	1502	10221
8	State Cooperative Banks	34	2089
9	District central Cooperative Banks	349	13670
10	State Cooperative agriculture and rural development Bank	14	530
11	Foreign Banks	44	-
	Total	2039	177174

The above table shows the total number of banks in India along with their branches. There are mainly 11 types of banks in India. The total number of all those types of banks is 2039. So the combined number of all their branches is 177174. If we divide our population by the same branch, we will know how many people there are per bank branch.

Population ratio behind per branch = $\frac{1210000000}{\text{Population of India}}$

1771174

Bank Branches

Per bank branch=6829 Population

India currently has one bank branch for every 6829 people. However, this ratio is not the same everywhere. The difference is due to geographic and population imbalances.

- Number of commercial banks behind per 100000 populations.

Year	India	USA	Italy	Japan
2005	9	35	55	32
2012	11	37	55	31
2022	15	30	30	30

The table above shows the number of commercial banks per 100,000 populations of major countries in the world. In the year 2005, the number of banks per 100,000 populations in India was 9, while the same ratio was 35, 55, and 32 in the USA, Italy, and Japan, respectively. So the number of banks in India was very negligible. In 2012, when the number of commercial banks per 1 lakh population in USA, Italy and Japan was 37, 55 and 31 respectively, in India the number increased from 9 to 11. In Japan the ratio decreased while in Italy the ratio was stable at 2005. In the USA, however, the number of commercial banks per 1 lakh population in India has increased from 11 banks to 15 banks. While in USA, Italy and Japan this amount has decreased. One thing is clear from this that the process of financial inclusion in India has gained momentum. While the process has stalled in other countries. The financial inclusion process is accelerating in India .

Progress in financial inclusion of Indian population

Year wise number of loan accounts

Year	Male Loan Account	Women Loan Account
2015	11 Crores	2 Crores
2020	15 Crores	8 Crores
2023	21 Crores	10 Crores

The above table gives the details of the debt accounts in the country. In the year 2015, the debt account of men and the expenditure account of women are 11 crores and 2 crores respectively. It is worth noting that the accounts of women are very less. In 2023, the debt accounts of men and women are 21 crores and 10 crores respectively. The, men's loan account has increased two times while women's loan account has increased five times of Savings Account Number.

Savings Account number

Year	Male Savings Accounts	Women Savings Accounts
2015	9 Crores	4 Crores
2020	13 Crores	6 Crores
2023	15 Crores	9 Crores

The above table shows the details of savings accounts in commercial banks. In the year 2015, the savings accounts of men and women were 9 crores and 4 crores respectively. In the same year 2023, the savings accounts of men and women were more than 15 crores and 9 crores respectively. There has been a significant increase in the savings account which means that the process of financial inclusion is gaining momentum.

Government of India and RBI are used many types of transaction structures and instruments to speed up financial inclusion in India.

J-Jan Dhan account

A-Aadhaar link bank account and transactions

M-Mobile based transactions (online)

Year	Jandhan Account	UPI	Adhar
2023	50.3 Crores Accounts	30 Crores	130 Crores

UPI, it can be seen from the table that PradhanMantri Jan Dhan By the end of 2023, 50.3 crore people in India had withdrawn their Jan Dhan accounts from the bank, while the number of people using mobile phones to pay and receive money in India was 30 crores, which was the highest in the world. JAM Paradigm Accelerates Financial Inclusion in India

- Other Financial Instruments or Programs Used for Financial Inclusion

1)Financial Literacy Week(FLW)



Every year Reserve Bank of India celebrating Financial Literacy Week for financial education and awareness. The slogan of the Financial Literacy Week 2022-23 was "Good Financial Practices Be Our Guard".

2) Microfinance Program

The underprivileged groups which are not reached by banking services. A microfinance program is implemented. Which includes small loans and other financial services like savings accounts. In the Microfinance Programs savings, loans and other facilities are provided to the self-reliant units. In 2021-2022 and 2023-2024 respectively, 34 lakh Self Help group and 43 lakh SHG received loans from the bank.

3) New Bank Branches

In RBI there are Scheduled Bank are opened in the year 2021-22 as compared to 3254 bank branches opened. In the year 2022-2023 bank branches are opened in rural areas is 5308. Most of the branches of bank are opened in rural area.

3) Financial Inclusion Index

RBI has developed a multi-dimensional financial inclusion index based on indicators to promote financial inclusion are 97 depends of Indexing. The Financial Inclusion Index, also known as the FI Index, is a comprehensive index released by RBI to assess the level of financial inclusion across the nation is called F.I index. It includes availability, accessibility of financial instrument, distribution, service vigilance, second literacy and consumer protection. This index is shown in 0 to 100 points. In March 2022, the index was 56.5 and in 2023, the index is 60.1. Financial inclusion is happening.

Conclusion: - 65% of India's population lives in villages. It is very important to reach the financial services to the population. The process of making these financial services accessible to all is called financial inclusion. Although the process of fiscal inclusion is gaining momentum in India, it still needs a lot of effort compared to developed nations. For complete financial inclusion there is a need to spread financial and secondary literacy. Although financial inclusion is happening faster among women than men, there is a need for community policies and programs to promote financial inclusion in subcontinental countries like India.



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