International Journal of Research in Social Sciences
Vol. 9 Issue 4, April 2019,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

A STUDY ON FINANCIAL INCLUSIVE PRACTICES OF SELECT PRIVATE AND PUBLIC SECTOR BANKS IN INDIA

Dr. K. Nanjegowda
Assistant Professor, Department of Commerce,
V.V.Puram College of Arts and Commerce, K R Road, Bangalore, Karnataka - 56004, India

Dr. Nagabhushana S.
Delivery Project Manager
IBM India Private Limited, Outer Ring Road, Nagawara, Bangalore - 560045, India

Abstract:

Despite of progressive developments, after banking sector reforms and entry of tech-savvy banks, significant proportions of underprivileged were still excluded from formal financial services yet. Keeping in view this scenario it had become essential for banks to work for retaining the existing customer base and improve the level of credit delivery system for enhancing the intensity of financial inclusion. Since independence the government had been taking various measures to expand banking in rural and unbanked areas to prevent people borrowing from private money lenders. Social banking policies were developed to shift the focus of commercial banks from selective banking to mass banking with the focus to establish new bank branches and spread banking facilities to include the unbanked into banking. This paper focuses mainly on the financial inclusion practices of the both Public and Private Sector Banks as financial inclusiveness is essential for the socio-economic development of India, by considering the Indian diversity, it is the need of the hour to explore whether the Banks are able to reach each and every diverse customer of the nation and there by contribute to the National Development.

Key Words: *Banking Sector, Financial Services, Customers, Financial Inclusion, Commercial Banks, Diversity, Public Sector Banks, Private Sector Banks.*

I. Introduction

In 2005, the Reserve Bank of India, with the successful pilot project in union territory of Pondicherry, formally introduced the plan of financial inclusion. Mangalam village was the first village in India to get an opportunity to have all banking facilities. In addition to this RBI relaxed Know Your Customer (KYC) norms for the customers to open bank account with a minimum amount of annual deposit. While

discussing financial inclusion, the Rangarajan Committee (2008) identified savings, loans, insurance, credit, and payments as the factors which determining financial inclusiveness. Even after the impact of global crises on the productivity and competence of banks, the GOI and RBI kept the ball rolling to provide necessary financial services to those who were unbanked. The Reserve Bank of India (2010) reported the increase in number of credit accounts to Rs.118.6 million and total deposit accounts to Rs.734.8 million in 2010. Many more initiatives like permission given to commercial banks for establishing off-site ATMs and white label ATMs (WLAs) by non-bank entities were taken to even include the villages below the population of 2000 under the umbrella banking system. Substantial progress has been made by providing accessibility of banking services to the people through *Jan Dhan Yojana* programme which was launched with a vision achieving 100% financial inclusiveness by opening 600 million accounts by 2020 (RBI, 2015).

A. *Financial Inclusion*

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" (Rangarajan Committee, 2008). The Reserve Bank of India (2011) gave a wider definition stating that "financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players". Despite the financial inclusion drive being the pivot in development of financial system, regional disparities are still observed. For example, financial inclusion is very low in the North Eastern Region of the country. The regional average is only 37.3 percent of the population which comes under the domain of financial inclusion; this is significantly low as compared to the national average of 59.2 percent.

B. *Need for Financial Inclusiveness*

Financial inclusiveness is essential for the socio-economic development of India. Here are some of the key reasons why it is needed:

1. *Reducing poverty:* Financial inclusion can help reduce poverty by providing access to financial services, such as credit and insurance, to low-income households. This can enable them to start and grow small businesses, which can help improve their income and standard of living.
2. *Promoting economic growth:* Financial inclusion can help promote economic growth by facilitating the flow of credit to small and medium-sized enterprises (SMEs). SMEs are an

International Journal of Research in Social Sciences
Vol. 9 Issue 4, April 2019,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

important driver of economic growth and job creation in India, and providing them with access to credit can help them expand and create more jobs.

3. *Encouraging savings and investment:* Financial inclusion can help encourage savings and investment by providing access to formal banking services. This can help individuals and households build up their savings, which can be invested in productive activities, such as education and entrepreneurship.

4. *Empowering women:* Financial inclusion can help empower women by providing them with access to financial services. Women in India often have limited access to financial services, which can restrict their ability to start and grow businesses, invest in education, and build up their savings.

5. *Improving financial stability:* Financial inclusion can help improve financial stability by reducing the reliance on informal and unregulated financial services, which can be prone to fraud and financial instability.

Thus, the financial inclusiveness is crucial for the economic and social development of India, and it is important to ensure that all segments of the population have access to financial services.

II. Review of Literature

Financial inclusion is the delivery of financial services at affordable costs to vast sections of disadvantaged and low-income groups. In Indian context, financial inclusion can be defined as "the process of ensuring access to timely and adequate credit and financial services by vulnerable groups at an affordable cost" Union Budget (2007). Findings of the studies conducted on financial inclusiveness have been summarized below:

Hassan (1997) in a study on "The Experience of the *Grameen* Bank (GB) of Bangladesh in Community Development" discussed the role which *Grameen* Banks played to fight against financial exclusion. It was indicated that extremely poor people who do not possess any collateral can get small loans from GBs only if they form group of five people. Under this scheme each member of group gets individual loan, however they are mutually responsible for all five credits. It was found that mostly women from rural poor groups borrow this loan from GB's and lending money to women has largely enhanced recoverability for GB's loans.

Human Development Report (2006) in the article mentioned that India is one of the best ever budding economies of the world but still the benefit of this growth has not been passed to people living in rural areas of India. It was highlighted in the article that around 350-450 million people or 70-80 million

families had been benefited by this growth. India has the largest absolute number of world's poor as reported in Human Development Report.

Mohan (2006) in his paper compared the extent of financial exclusion in India and abroad. It was stated that the extent of financial exclusion was 9% in USA, 1% in Denmark, 10.4% in Europe, 53% in Botswana, 57% in Brazil, 68.3% in South Africa, 71.6% Namibia and 78.7% in Mexico. In comparison to abroad, the extent of financial exclusion in India was above 75% in Meghalaya, Arunachal Pradesh, Uttrakhand, Assam, Mizoram, Manipur and Jharkhand; 50% to 75% in Bihar, Chhattisgarh, Himachal Pradesh, Jammu &Kashmir, Nagaland, Orissa, Sikkim, Tripura, Uttar Pradesh; 25% to 50% in Karnataka, Kerela, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, West Bengal and below 25% in Andhra Pradesh.

Sinha and Subraniam (2007) in their study titled, "The Next Billion Consumers: A Road Map for Expanding Financial Inclusion in India" gauged the level of financial inclusion as per the census report published in 2001. It was found that only 36% of the people access some kind of banking services and the financial inclusion in India also affirms that financial exclusion reflects the hostile socio-economic divide that characterizes the emerging markets.

Report of the Committee for Financial Inclusion (2008) defined financial inclusion as "the process of ensuring access to financial services and timely, adequate credit where needed, to vulnerable groups such as weaker sections and low income groups, at an affordable cost."

Rangarajan Committee (2008) while discussing financial inclusion, acknowledged that, "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." According to the committee factors which determine financial services were savings, loans, insurance, credit, payments etc. Committee expected that financial system should be designed to transfer wealth from surplus to deficit units. This transfer of resources from surplus to deficit units will help the backward class to come out of poverty.

Sarma and Paise (2008) examined socio economic factors which affect the financial inclusion in a country. It was revealed that income is positively related with the level of financial inclusion. Various factors such as electronic connectivity and information accessibility, road network, telephone and internet usage also play vital role in enhancing financial inclusion.

Bhole and Mahakud (2009) in their book titled, "Financial Institution and Markets (Structure, Growth and Innovation)", discussed the ways in which financial inclusion can be fostered in India. Opening of bank account and formal credit markets were the two ways mentioned in the book which could help

promote financial inclusion. It was mentioned that 59% of the adult population had bank accounts and 49% of the adult population were unbanked. Further, the author described that exclusion from credit markets was much more, as the number of loan accounts constituted only 14% of the adult population. In rural areas the coverage was 9.5% against 14% in urban areas.

Kochhar (2009) in his study on financial inclusion found that out of 25 million accounts opened between April 1st 2007 and May 30th 2009, only around 11 percent were operational. Study concludes that no guidance was given regarding how to use the account and the services offered with them. The study indicated that many of the accounts were opened to just achieve the financial inclusion targets and many other accounts were opened under "Mahatma Gandhi National Rural Employment Guarantee Act (NREGA)" with a promise that all the payments will be made through accounts in banks and post offices. Further, the study revealed that transaction costs of no-frills accounts for banks were high, making them an unviable option. It was also analyzed that user also pays high transaction costs of visiting the bank branch and operating the account which leads to its low usage.

III. Statement of the Problem

The way forward in financial inclusion was defined in June 2012, when it was decided that banks have to develop a strategy to bring all financially excluded under the umbrella of financial inclusion by covering the unbanked villages with population of less than 2000 with banking services. Even after extensive outreach huge proportions of poor and disadvantageous population remain excluded from the formal financial system in India (Dixit and Ghosh, 2013) and thus the RBI came out with a policy containing sequence of events for including the unbanked under the purview of banking. Since 2006 many measures like financial education, leveraging technology and creating awareness have been taken to improve the access to affordable financial services.

IV. Objective of the Study

The main objective of this is to study and compare the financial inclusiveness of public and private banks.

V. Results and Discussion

The concept of financial inclusion is not new in India. Since nationalization, banks had made various efforts to expand branch banking services in the unbanked areas. However, the concept of financial inclusion was formally articulated in annual policy statement (2005) by the then Governor of Reserve Bank of India. There onwards, RBI and Government of India had made intensive efforts to promote financial inclusion using various measures like, opening of No-

Frills Accounts; development of business correspondents' model; technology banking and expansion of bank branches. Technological

developments in financial sector had transformed banking from brick- and-mortar infrastructure to a system supplemented channel like Automated Teller Machines (ATM) which now has been developed into delivery point of extensive range of banking services, especially in off-site locations.

In recent past, financial inclusion has emerged as a tool to bring unbanked and underprivileged together to become the part of banking system. Hence, the present study was conducted to compare the private and public sector banks in terms of efforts made for financial inclusion. As mentioned above, various parameters have been used to measure financial inclusiveness and the findings are presented below:

A. ATM Penetration

The history of ATM services has developed over a period of time starting from proprietary to shared network and finally to integrated multiple ATM networks (Malhotra, 2010). One of the biggest developments in the history of ATM operations was the beginning of National Financial Switch (NFS) in 2004 (RBI, 2008). It helped banks to connect the branches together and made it convenient for customers to make transactions through any ATM. In view of this scenario, number of ATMs per bank branch was taken as a criterion to measure the financial inclusiveness. The results have been presented in Table 1.

Table - 1: Number of ATMs per Branch (as on 31st March)

Year	Bank Group	Total Branches (Nos.)	Total ATMs (Nos.)	% of ATMs		No. of ATMs / Branch
				Onsite	Offsite	
2006	Public	48016	12984	52	48	0.27
	Private	6516	7659	43	57	1.18
2007	Public	49666	16329	63	37	0.33
	Private	7103	9799	43	57	1.38
2008	Public	52889	21788	59	41	0.41
	Private	7975	11967	44	56	1.50
2009	Public	55948	27277	64	36	0.49

	Private	8877	15320	46	54	1.73
2010	Public	58825	40680	58	42	0.69
	Private	10027	18447	47	53	1.84
2011	Public	62211	49487	60	40	0.80
	Private	11602	23651	45	55	2.04
2012	Public	67466	58193	58	42	0.86
	Private	13452	36079	37	63	2.68
2013	Public	72661	69652	58	42	0.96
	Private	15569	43101	35	65	2.77
2014	Public	80416	110424	60	40	1.37
	Private	18034	48467	35	65	2.69
2015	Public	85962	128811	54	46	1.50
	Private	19975	51490	37	63	2.58

Onsite - These are ATM machines that are set up in the premises where there is a bank branch so that both the physical branch and the ATM can be used.

Offsite -These are the machines that are set up on a standalone basis.Source: RBI, Report on Trend and Progress of Banking in India, (Various Issues).

After the formal acceptance of financial inclusion plan by Indian banks, total number of bank branches and ATMs showed an increase in 2006 over 2005 in case of both public and private sector banks. Mixed trend could be observed 2006 onwards in ATMs per branch. It is clear from table 1 that in 2006 number of ATMs to bank branches in public sector banks was found to be 0.27 per branch which implies that, on an average, there was one ATM over 4 bank branches and in case of private sector banks the ratio was 1.18. Till the year 2008, almost equal increase in average ATMs was witnessed among both the bank groups, but public sector banks lagged behind in installation of offsite ATMs. However, 2012 onwards tremendous increase was observed in the per branch spread of ATMs in both bank groups. Among public sector banks the average number of ATMs per branch increased from 0.86 in 2012 to 1.50 in 2015 which means that on an average there were around 3 ATMs on every two bank branches, whereas in private sector banks it had increased from the average of 2.68 in 2012 to 2.77 in 2013 and after the marginal fall it got stabilized at 2.58 in 2015.

B. ATMs per Ten Thousand Savings Accounts

One of the sole purposes of expanding the number of ATMs had been to make the banking convenient for account holders and reducing the long queues in bank branches for cash withdrawal and money transfers. It had been observed that banks are more inclined towards increasing the number of savings accounts as this is termed as the way of reducing cost of deposits, but the increase in saving accounts also creates the need for the installation of more ATMs. Hence, it becomes essential to study the penetration of ATMs with regard to number of savings accounts.

Table-2: ATMs per Ten Thousand Saving Accounts

Year	**Savings Accounts (in'0000)**	**No. of ATMs/10000 Saving Accounts**	**Savings Accounts (in'0000)**	**No. of ATMs/10000 Saving Accounts**
	Public Sector Banks		**Private Sector Banks**	
2006	26162	0.48	3201	2.39
2007	28364	0.58	3454	2.84
2008	32041	0.68	4346	2.75
2009	36600	0.75	4758	3.22
2010	42012	0.97	5100	3.62
2011	47038	1.05	5784	4.09
2012	52103	1.12	7734	4.67
2013	61184	1.14	9356	4.61
2014	73480	1.50	10751	4.51
2015	88389	1.46	12057	4.27
CAGR	**14.3**	**-**	**16.3**	-

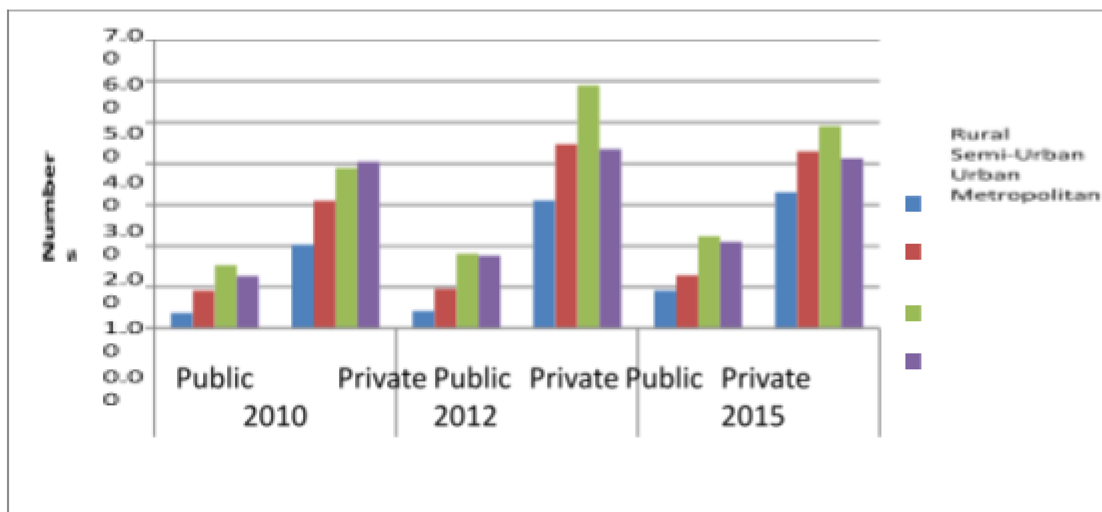
Source: RBI, Basic Statistical Returns, Various Issues and Report on Trend and Progress of Banking in India, (Various Issues).

Table 2 depicts that in case of public sector banks, from 2006 till 2010, on an average there was not even a single ATM over 10000 saving accounts, whereas private sector banks had more than

2 ATMs till 2008 which increased to more than 3 ATMs during 2009 & 2010. Hence, it could be said that private

sector banks have been able to provide better accessibility of ATMs in comparison to public sector banks. The respective CAGR also proved that private sector banks had a higher growth rate than public sector banks in terms of ATMs per 10000 saving accounts. Further, Table 2 also shows that 2011 onwards, an increase was seen in expansion of public sector bank ATMs. Figures reveal tremendous rise in number of ATMs after the permission given by RBI to banks for installation of off-site ATMs and authorization to non-bank entities for establishing WLAs in rural areas. After 2010, increase in number of ATMs to per ten thousand savings accounts in rural and semi urban areas witnessed huge growth as depicted in Fig.1.

Fig - 1: Population Group Wise ATMs on per Ten Thousand Saving Accounts



Source: RBI, Report on Trend and Progress of Banking in India, (Various Issues).

C. Onsite and Off-Site ATMs

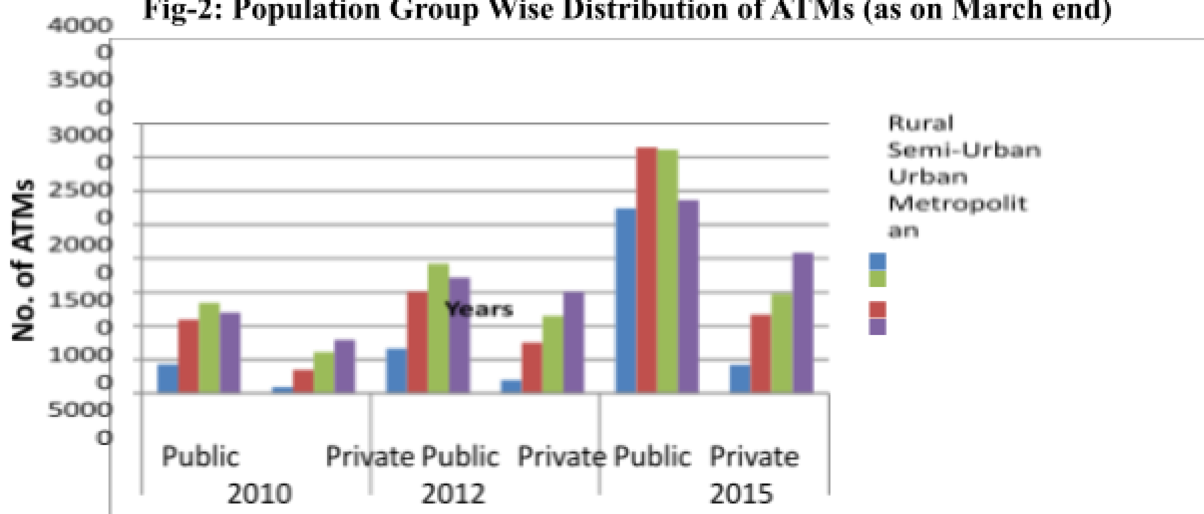
ATM is a cost-effective mode for banks to provide access of financial services to the unbanked. In India, remarkable growth of ATMs had been viewed during last one decade. Earlier ATMs were just used as a cash dispensing machine, but now we have multifunction machines which can also be used for money transfers, train ticket booking, cheque deposit and mobile recharge. Since 2005-06 when financial inclusion was formally introduced in India, exponential growth in ATM deployment by banks has been observed over the last 10 years. The increase in number of on-site and off- site automated teller machines of public and private sector banks is shown in table 3.

International Journal of Research in Social Sciences
Vol. 9 Issue 4, April 2019,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

Table - 3: Percentage Change in ATMs (Onsite and Offsite)

Year	On site				Off Site			
	Public Banks		Private Banks		Public Banks		Private Banks	
	No.	% Change	No.	% Change	No.	% Change	No.	% Change
2006	6722		3309		6262		4350	
2007	10289	35	4258	22	6040	-4	5541	21
2008	12902	20	5315	20	8886	32	6652	17
2009	17379	26	6996	24	9898	10	8324	20
2010	23797	27	8603	19	16883	41	9844	15
2011	29795	20	10648	19	19692	14	13003	24
2012	34012	12	13249	20	24181	19	22830	43
2013	40241	15	15236	13	29411	18	27865	18
2014	65920	39	17199	11	44504	34	31268	11
2015	69902	6	18897	9	58909	24	32593	4
CAGR (%)	29.0	-	22.0	-	29.7	-	28.0	-

Source: RBI, Report on Trend and Progress of Banking in India, Various Issues; ATM and Card Statistics



Source: RBI, Report on Trend and Progress of Banking in India, Various Issues; ATM & Card Statistics, 2015 (Various Issues).

D. Debit Card Penetration

The Reserve Bank of India has been encouraging the use of electronic channels for accessing banking and payment services. RuPay card issuance under the scheme of Pradhan Mantri Jan Dhan Yojana (PMJDY) is one of the latest measures taken by RBI for facilitating demand of electronic payment services and also ensuring safety and secuirty of transactions.

Number of Transactions per Debit Card

Table 4 is highlighting the trend of debit card issuance and its usage at ATMs and Point of Sale (POS). It also dipicts the average number of transactions done through each card issued. In India, Government has taken several initiatives to bring down cash transaction and reduce black money by promoting secure and safe non-cash modes of payment like debit card and credit cards. Table 4 exhibits that issuance of debit cards had showed a high growth trend by increasing from 274 million in 2012 to 658 million in 2016 (projected). Out of the total number of debit cards issued till March-end 2012, more than three-fourth were issued by public sector banks. The upward trend continued till year 2015, where 84% of the total debit cards were issued by public sector banks and the share of private sector banks was found to be 17%.

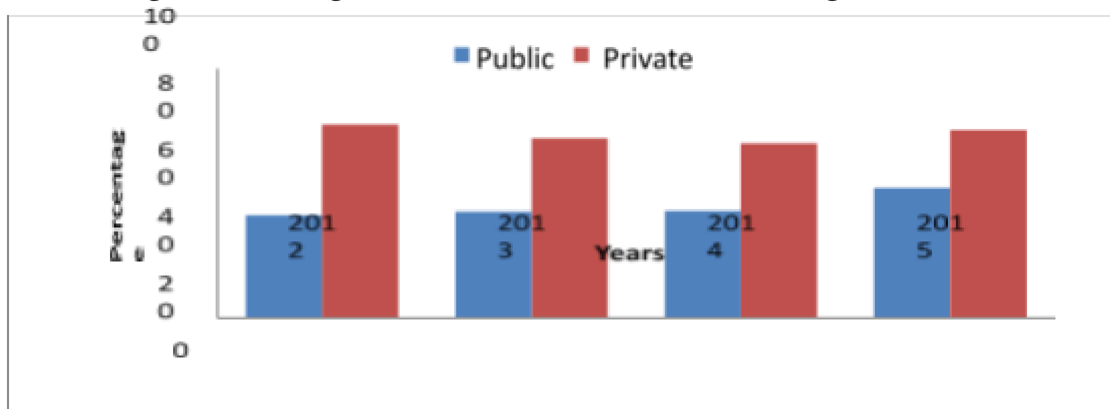
Table - 4: Number of Transactions per Debit Card

Year	Total No. of Cards Issued	% of cards Issued		% No. of Transactions				No. of Transaction Per Card	
				at ATMs		at POS			
		Public	Private	Public	Private	Public	Private	Public	Private
2012	274478109	78	22	96	89	4	11	18	26
2013	327851764	79	21	95	85	5	15	16	22
2014	391183518	81	19	94	83	6	17	16	22
2015	550413905	84	16	93	80	7	20	13	20
2016	658780566	83	17	91	75	9	25	13	19

Source: RBI, ATM and Card Statistics, (Various Issues)

This increase in the number of debit cards had helped banks to reach the masses and enhance financial inclusion drive. It is evident that technology had played a major role in including the unbanked into the formal banking system, but this success of increase in number of ATMs and debit cards could only be cherished if customers actually start using the services offered through these facilities. The above table depicts that number of transactions per card of both the bank groups had declined in last two years. It was found that, lack in awareness level for using the technology, need of accessible acceptance infrastructure and connectivity issues were some of the reasons for decrease in the usage of debit cards at various facilities. Further it was found that usage of debit cards was predominantly taking place at ATMs in comparison to (Point of Sale) POS (RBI), which had been elucidated in table 4. In 2012, out of the total number of debit card transactions of public sector banks, 96% were made at ATMs whereas only 4% happened at POS. It could be for the reason that public sector banks market debit cards as ATM cards for withdrawing cash with hardly mentions that these can be used for other purposes as well (Adhikari, 2014). This lack of awareness confines customers to use debit cards for selective purposes. On other hand, the presence of private sector banks at POS terminals was found to be more than public sector banks, wherein as on march-end 2016 (projected) number of POS transactions increased to 25% in comparison to 11% in 2012. Hence, it is essential that both public and private sector banks should increase the number of POS terminals and encourage customers to use plastic money quite often.

Fig - 4: Percentage of Debit Cards Issued on Total Saving Accounts



Source: RBI, ATM and Card Statistics & Basic Statistical Returns, (Various Issues)

Fig.4 depicts that banks do not issue debit card on all the savings bank accounts opened during year round. Till the year end of 2015, in case of public sector banks only 52% saving account holders had a debit card, whereas this percentage was 75% in case of private sector banks. Hence, in order to reach the level of 100% financial inclusion by 2018, it is suggested that banks should firstly issue debit cards to all saving bank account customers and secondly, develop the

strategies to make customers aware about the uses of debit card and conduct training programmes wherever necessary.

E. Saving Accounts

In order to provide basic banking services to the weaker and backward sections of the society, the Reserve Bank advised all the banks to open no-frills accounts either with nil or very low minimum balance and charges. Policy initiatives like PMJDY (2015) had significantly contributed in the rise of number of accounts. In 2012, The Reserve Bank in order to provide basic banking facilities in more uniform manner asked bank to convert the existing no-frills accounts into Basic Savings Bank Deposit Account (BSBDA). As per the regulation customers of BSBDA were allowed maximum four withdrawals in a month, whereas no limit was set on the number of deposits made during one month. It was observed that by March-end 2015 the percentage the percentage change in number of accounts opened by public sector banks was almost 2-3 times than the percentage change in number of branches, which implies that public sector banks had contributed mainly towards the financial inclusion drive. On other hand, average number of accounts per branch of private sector banks in rural centers increased from 2609 in 2014 to 2989 in 2015.

Table - 5: Percentage of Average Number of Saving Accounts per Branch

Year	Rural		Semi-urban		Urban		Metropolitan	
	Public	Private	Public	Private	Public	Private	Public	Private
2006	56	44	61	39	57	43	50	50
2007	58	42	65	35	57	43	48	52
2008	59	41	65	35	54	46	46	54
2009	61	39	66	34	56	44	48	52
2010	62	38	69	31	57	43	53	47
2011	63	37	71	29	58	42	53	47
2012	65	35	71	29	58	42	43	57
2013	71	29	72	28	57	43	41	59
2014	77	23	73	27	56	44	42	58
2015	77	23	74	26	58	42	45	55

Source: RBI, Basic Statistical Returns, (Various Issues).

International Journal of Research in Social Sciences
Vol. 9 Issue 4, April 2019,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

This increase in the number of savings bank accounts was broadly because of the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) under which comparison to 11% in 2012. 15 million bank accounts were opened in a single day and latest figures reveals that public sector banks opened 98.7 million in rural centers and 77.7 million urban centers whereas private sector banks had successfully opened 5.1 million accounts in rural centers and 3.2 million in urban centers.

Hence, it could be said that as the counting of opening BSBDAs is still on, therefore average number of saving bank account per branch will still grow in near future, but banks have to work extensively so that all the accounts remain operative. It was found that 70% of the Jan Dhan accounts are operative (Nair) as the benefits like subsidies, wages, scholarships, insurance benefits have started flowing through these accounts.

F. Priority Sector Lending

Table 6 depicts the lending made by public and private sector banks to priority sector during 2006-2015. The rising trend in the lending was witnessed during this period; accept in case of private sector banks when lending made to other priority sector dropped by 23% during 2008. In 2010, both public and private sector banks once again showed a negative trend in lending made to other priority sectors (micro credit, education and housing).

Table - 6: Priority Sector Advances *(Amount in millions)*

Years	Public Sector Banks			Private Sector Banks		
	Agriculture	Small Scale Ind.	Others Priority Sectors	Agriculture	Small Scale Ind.	Others Priority Sectors
2006	1549000	824920	1644730	361850	104470	582430
	2050910	1047030	2010230	520560	130630	769250
2007	(32)	(27)	(22)	(44)	(25)	(32)
	2486850	1486510	2116270	577020	460690	594520
2008	(21)	(42)	(5)	(11)	(253)	(-23)
	2994150	1914080	2333270	761020	466560	650910
2009	(20)	(29)	(10)	(32)	(1)	(9)
	3707300	2783980	2154360	897690	645340	616340

International Journal of Research in Social Sciences
Vol. 9 Issue 4, April 2019,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate as well as in Cabell's Directories of Publishing Opportunities, U.S.A

2010	(24)	(45)	(-8)	(18)	(38)	(-5)
	4149910	3766250	2369990	921360	878570	688350
2011	(12)	(35)	(10)	(3)	(36)	(12)
	4786000	3966000	2555000	1042000	1105000	717000
2012	(15)	(5)	(8)	(13)	(26)	(4)
	5306000	4784000	2746000	1119000	1417000	738000
2013	(11)	(21)	(7)	(7)	(28)	(3)
	6872000	5874000	3443000	1478000	1868000	1312000
2014	(30)	(23)	(25)	(32)	(32)	(78)
	7562000	6504000	3442000	1818000	2166000	1319000
2015	(10)	(11)	(0)	(23)	(16)	(1)
CAGR	**19.26**	**25.79**	**8.55**	**19.65**	**40.05**	**9.51**

Source: RBI, Basic Statistical Returns &Report on Trend and Progress of Banking in India, Various Issues (Various Issues).

CAGR of private sector banks was found to be high in all sectors as compared to public sector banks. In 2008, private sector banks extended more than 2.5 times of credit made to small scale industries. The target of 2250000 million fixed by Union Finance Minister for 2007-2008 could be one of the reasons for this increase (RBI, 2007). The priority sector lending in both the banks groups accelerated even after the economic slowdown during 2009 (RBI, 2009). In 2010 accept other priority sectors, both agriculture and small-scale industries showed a growth in the lending in comparison to previous year. It was reported that only 2 out of 22 private sector banks and 3 out of 27 public sector banks could not meet the overall lending target of 40% (RBI, 2010). After the rising trend witnessed till 2014, during 2015 the other priority sector lending remained almost stable in comparison to agriculture and small-scale industries. In addition to the priority sector lending done by public and private sector banks, RBI on 16th Sep 2015 granted approval to 10 applicants for setting up Small Finance Banks (Jain *et.al.* 2015). The only caution that banks need to take is the selection of right borrower so that the money lend does not take shape of NPAs.

VI. Conclusion

The results of the study suggest that private sector banks were ahead in terms of ATM penetration as they had smaller customer base in comparison with public sector banks.

Moreover, private sector banks had lesser social responsibility in context of reaching financial inclusion goals. By the end of 2015

public sector banks had an average of 1.5 ATMs installed per branch, whereas the ratio was of 2.58 ATMs in case of private sector banks. Hence it is imperative that public sector banks need to work more in the area of ATM installation. Private sector banks were also found to be much ahead in context to number of ATMs per ten thousand saving accounts. On other hand, comparatively public sector banks had higher CAGR in terms of ATM installation, whereas private sector banks had higher CAGR in context number of branches. Private sector banks minimum 3 ATMs per ten thousand saving accounts at all four centers. Number of ATMs in both public and private sector banks drastically increased after the launch off-site ATM and WLAs installation scheme of RBI. Northern eastern region was found to be lagging behind in terms of financial services provided by banks. Topographical challenges, security issues, power failures were some of the reasons for lower penetration. In terms of annual average transactions per debit card, decreasing trend in the transactions was witnessed in both the bank groups, and comparatively public sector banks had lesser number of transactions per debit card. Further, the result reveals that private sector bank customers were ahead of public banks with regard to number of transactions at POS. It was also found that public sector banks had an upper hand in terms of transactions done by their customers at ATMs. In term of savings account deposit per branch, public sector banks had a strong hold in rural and semi-urban areas, on a contrary private sector banks were found to be the leaders in metropolitan areas. It was observed that public sector banks were the leaders in account opening after the successful launch of Pradhan Mantri Jan DhanYojana. In terms of priority sector lending, Public sector banks were much ahead of private sector banks when it comes to lending made to agriculture, small scale industries and other priority sectors including education.

References

1. Bilamge PC. A Comparative Study Of Customer Perception Towards Services Rendered By Public Sector And Private Sector Banks. Indian Journal of Commerce & Management Studies. 2011;2(2): 110-113.
2. Bisht NS, Mishra RC, Belwal R. Liberalization and its Effects on Indian Banking. Finance India. 2002; 16(1): 147 – 152.
3. Bodla BS, Verma R. Performance of Commercial Banks in India: A temporal and Sectoral Analysis. Asian Economic Review. 2006; 18(3): 489-504.
4. Bodla BS, Verma R. Evaluating Performance of Banks through CAMEL Model: A Case Study of SBI and ICICI. The ICFAI Journal of Bank Management. 2006; 5(3): 49-63.
5. Chakrabarti R, Chawla G. Bank Efficiency in India since the Reforms: An Assessment, Money and Finance. Indian Journals.com-A product of Divan Enterprises College of Management. 2005; 2: 22-23.

6. Chakravarthy Committee. Report of Committee to review the Working of the Monetary System. Reserve Bank of India. Bombay. 1985.
7. Chattopadhyay SK. Financial Inclusion in India: A Case Study of West Bengal. Reserve Bank of India Working Paper. 2011; 2. Available from: http://mpra.ub.uni-muenchen.de/34269
8. Chauhan AA. A Study on Overview of Financial Inclusion in India. Indian Journal of Applied Research. 2013; 3(12).
9. Chauhan P, Ved P. Relative Efficiency of Indian Commercial Banks. Indian Journal of Commerce. 2013; 62.
10. Chawla OP. Funds Planning and Control in Banks. National Institute of Bank Management. Pune. 1989.
11. Chhabra N. Financial Inclusion in India. Maharshi Dayanand University. 2014. 3p.Available from: http://shodhganga.inflibnet.ac.in/handle/10603/106262
12. Chopra K. Managing Profits, Profitability and Productivity in Public Sector Banking. ABS Publications. Jalandhar. 1987.
13. Choudhary V, Tondon S. Performance Evaluation of Public Sector Banks in India. Sri Krishna International Research & Educational Consortium. 2010; 1(1).