

## **FINANCIAL INCLUSION IN INDIA: A STEP TOWARDS INCLUSIVE ECONOMIC GROWTH**

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### **INTRODUCTION**

Economic Reforms cannot alone totally help the Indian economy to grow faster. Yes it is true that after the economic reforms, in some sectors India is growing much faster compared to previous decades but it is seen that the growth has not been uniform in its effect on people. Large numbers of Indians remain poor and suffer from deprivation. It is in this sense that it is argued that economic reforms in India have not been inclusive enough. Unless, the benefits of growth reach a large section of the people, the economy cannot hope to sustain its growth. Financial inclusion is very important if the average Indian is to benefit from the various Government policies. Unless the growth is inclusive, the fruits of development only remain limited to the higher section of the society but not to the grass-root levels. That's why there is the need of inclusive economic growth. Growth that is not inclusive affects the society, the economy and the polity. Inclusive growth seeks to broaden the flow of benefits of globalisation towards the currently excluded sections. The focus of the government in recent years has shifted from promoting Incredible India to building Inclusive India. Inclusive growth needs to be achieved in order to reduce poverty and other social and economic disparities, and also to sustain economic growth. In recognition of this, the Planning Commission had made inclusive growth an explicit goal in the Eleventh Five Year Plan (2007-2012). The draft of the Twelfth Five Year Plan (2012-2017) lists twelve strategy challenges which continue the focus on inclusive growth. These include enhancing the capacity for growth, generation of employment, development of infrastructure, improved access to quality education, better healthcare, rural transformation, and sustained agricultural growth. The main aim of 11th five year plan was to achieve inclusive

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economic growth and this is also the main aim of 12th five year plan. Rapid and sustained poverty reduction requires inclusive growth that allows people to contribute to and benefit from economic growth. Rapid pace of growth is unquestionably necessary for substantial poverty reduction, but for this growth to be sustainable in the long-run, it should be broad based across sectors and inclusive of the large part of the country's labour force. The targeted economic growth rate of Indian economy in 11th five year plan was 9 % but India is growing around only 6.5%, further, the growth is not inclusive with the economic condition of the people in rural areas worsening further.

In recent years, Indian banking sector, spearheaded by the RBI, is grappling with the issue of financial inclusion. But it is not altogether a new exercise. Financial Inclusion was envisaged and embedded in Indian credit policies in the earlier decades also. By financial inclusion, we generally mean, a delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Rangarajan Committee defined "financial inclusion as the process of ensuring access to financial services and timely an adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost".

The most important step towards financial inclusion is the PradhanMantri Jan DhanYojana (PMJDY) which was launched on 28 August 2014 and on this single day 1.5 crore bank accounts were opened. This shows the accelerated efforts of the government to make financial inclusion a key goal to change lives, reduce risks, and make a broader section of the population a part of the growth process. Almost 7 crore accounts were opened up to 5 November 2014 which means one bank account being opened every 12 seconds. As on December 9, 2015, 195.2 million accounts have been opened and 166.7 million Rupay debit cards have been issued under PMJDY. The objectives of the Financial Inclusion Plan (FIP) spearheaded by the RBI & PMJDY are congruent to each other.

To further strengthen the financial inclusion effort and increase the penetration of insurance and pension coverage in the country the Govt. of India has launched some social security & insurance scheme i.e. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Surakshya Bima Yojana (PMSBY) and Atal Pension Yojana(APY) in May 2015. As on

December 16, 2015, 92.6 million beneficiaries have been enrolled under the PMSBY & 29.2 million have been enrolled under PMJJBY. Further, 1.3 million account holders have been enrolled under APY.

## **OBJECTIVES**

The broad objectives of the study are four fold.

- To highlight the present status of the financial inclusion in India.
- To find out the variation of indices of financial inclusion for major Indian States.
- To understand the scope and coverage of financial inclusion in India.
- To study the financial inclusion of major Indian States.

## **FINANCIAL INCLUSION IN INDIA (SPECIFIC INDICATORS) - MAJOR STATES**

The index of financial inclusion is a measure of inclusiveness of the financial sector of a country. Financial Inclusion takes into account the exposure of the average man to the financial sector of the economy especially with that of the banking sector. Adequate access to banking facilities is a prerequisite to such inclusion. Hence, access and use of banking services as well as the spread of Banks act as important criteria of Inclusiveness.

A few significant and important variables of financial inclusion are: number of branches per thousand  $\text{km}^2$ , number of branches per lakh population, number of deposit account per thousand population and number of credit account per thousand population. Subsequently, we may observe the relative distribution of each of these parameters among the various major States of India. The distribution can be seen from the Indices we have constructed for each State with respect to the chosen parameters. The indices take values between 0 and 1. The value 1 implies highest rank among States and 0 implies lowest rank.

The present chapter seeks to construct the various indices chosen such as deposit account per thousand population, credit account per thousand population, no. of branches per thousand  $\text{km}^2$  and Number of branches per one lakh population for seventeen major States of India during the period 2005 to 2015.

**TABLE-1 (INDEX OF NUMBER OF DEPOSIT ACCOUNT PER THOUSAND POPULATION OF MAJOR STATES OF INDIA FROM 2005 TO 2015)**

STATES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ANDHRA PRADESH	0.47	0.48	0.53	0.56	0.66	0.70	0.72	0.70	0.79	0.80	0.86
ASSAM	0.10	0.14	0.15	0.14	0.16	0.19	0.20	0.19	0.17	0.16	0.21
BIHAR	0	0	0	0	0	0	0	0	0	0	0
GUJARAT	0.44	0.50	0.53	0.498521	0.529582	0.525874	0.499339	0.507712	0.505263	0.496689	0.525933
HARYANA	0.536752	0.554983	0.563333	0.578402	0.627706	0.665734	0.688243	0.690231	0.691228	0.642384	0.681529
HIMACHAL PRADESH	0.776068	0.781787	0.741667	0.755917	0.784993	0.833566	0.850727	0.894602	0.874854	0.773888	0.792539
JAMMU & KASHMIR	0.446154	0.508591	0.501667	0.470414	0.460317	0.528671	0.528402	0.533419	0.520468	0.446547	0.494086
KARNATAKA	0.54359	0.594502	0.66	0.636095	0.673882	0.725874	0.729194	0.757069	0.8	0.735099	0.824386
KERALA	1	0.927835	1	0.883136	0.871573	0.87972	0.910172	0.897172	1	1	1
MADHYA PRADESH	0.112821	0.135739	0.151667	0.12574	0.1443	0.186014	0.208719	0.22108	0.205848	0.238411	0.292994
MAHARASHTRA	0.48547	0.522337	0.531667	0.517751	0.525253	0.492308	0.574637	0.64653	0.684211	0.629139	0.643312
ODISHA	0.11453	0.154639	0.173333	0.186391	0.21645	0.255944	0.272127	0.317481	0.407018	0.300851	0.357598
PUNJAB	0.979487	1	0.965	1	1	1	1	1	1	0.871334	0.898089
RAJASTHAN	0.148718	0.17354	0.176667	0.195266	0.209235	0.193007	0.186262	0.177378	0.168421	0.15421	0.188353
TAMIL NADU	0.531624	0.580756	0.631667	0.618343	0.68254	0.752448	0.714663	0.736504	0.777778	0.76632	0.793449
UTTAR PRADESH	0.246154	0.261168	0.275	0.273669	0.311688	0.33007	0.340819	0.320051	0.323977	0.291391	0.301183
WEST BENGAL	0.336752	0.38488	0.355	0.349112	0.363636	0.381818	0.387054	0.398458	0.392982	0.373699	0.432211
AVERAGE	0.427552	0.453507	0.466569	0.457536	0.483321	0.508433	0.517989	0.528883	0.547575	0.510602	0.546433
C.V.	69.2477	62.89216	61.8372	61.41358	58.64522	56.76915	55.88085	55.43273	56.43394	57.30929	53.52351

Index calculated from the data for Indian States, Basic Statistical Return, Reserve Bank of India (various years)

Table-1 depicts the index of deposit account per thousand population. It can be observed that a few states remain below the average index (taking into consideration the 17 major Indian states) throughout the periods of time. These are: Assam, Bihar, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and West Bengal. The states which are above average index throughout the periods of time are: Andhra Pradesh, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab and Tamil Nadu. Gujrat was above average from 2005 to 2010 but from 2011 to 2014 it was below average. Jammu & Kashmir was below average in 2009, 2013 & 2014 but in all other years it was above average. Thus, it is observed that over the period under study we observe no significant change in the performance of the States with regard to the variable under study. States have shown a stability in there location in either direction, i.e., States with low Indices remain at the lower end, over time while the States located at the higher end remain there. Only three States, viz, West Bengal, Andhra Pradesh and Gujarat have shown some volatility over time and that not necessarily any progression. In short, there is no evidence of any trend towards greater inclusion with respect to the variable over study over our chosen time period. The above table also depicts that the state-wise disparity is decline throughout the periods under study.

**TABLE-2 (INDEX OF CREDIT ACCOUNTS PER THOUSAND POPULATION FROM 2005 TO 2015 OF MAJOR STATES OF INDIA)**

STATES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ANDHRA PRADESH	0.549383	0.5	0.530928	0.536232	0.493088	0.539474	0.626263	0.537549	0.517606	0.498413	0.485714
ASSAM	0.006173	0.026316	0.025773	0.043478	0.023041	0.039474	0.035354	0.039526	0.052817	0.053968	0.050794
BIHAR	0	0	0	0	0	0	0	0	0	0	0
GUJARAT	0.080247	0.094737	0.092784	0.10628	0.078341	0.083333	0.070707	0.063241	0.06338	0.047619	0.050794
HARYANA	0.148148	0.163158	0.14433	0.149758	0.133641	0.162281	0.181818	0.12253	0.109155	0.114286	0.126984
HIMACHAL PRADESH	0.216049	0.194737	0.190722	0.193237	0.207373	0.179825	0.232323	0.150198	0.144366	0.136508	0.136508
JAMMU & KASHMIR	0.049383	0.057895	0.06701	0.111111	0.050691	0.039474	0.005051	0.031621	0.102113	0.08254	0.101587
KARNATAKA	0.623457	0.547368	0.551546	0.487923	0.483871	0.45614	0.515152	0.379447	0.302817	0.295238	0.311111
KERALA	0.703704	0.842105	0.64433	0.676329	0.617512	0.618421	0.737374	0.652174	0.637324	0.622222	0.657143
MADHYA PRADESH	0.080247	0.078947	0.041237	0.067633	0.0553	0.065789	0.015152	0.031621	0.042254	0.044444	0.050794
MAHARASHTRA	0.388889	0.310526	0.541237	1	1	0.828947	0.868687	0.699605	0.394366	0.361905	0.35873
ODISHA	0.234568	0.221053	0.216495	0.217391	0.170507	0.179825	0.227273	0.158103	0.133803	0.11746	0.107937
PUNJAB	0.228395	0.205263	0.226804	0.198068	0.184332	0.184211	0.186869	0.146245	0.144366	0.139683	0.149206
RAJASTHAN	0.08642	0.078947	0.082474	0.091787	0.064516	0.070175	0.065657	0.059289	0.06338	0.053968	0.053968
TAMIL NADU	1	1	1	0.84058	0.668203	1	1	1	1	1	1
UTTAR PRADESH	0.08642	0.063158	0.056701	0.057971	0.041475	0.04386	0.025253	0.027668	0.035211	0.031746	0.022222
WEST BENGAL	0.092593	0.078947	0.06701	0.057971	0.02765	0.02193	0.005051	0.01581	0.021127	0.006349	0
AVERAGE	0.269063	0.262539	0.263493	0.284456	0.252914	0.26548	0.282234	0.242037	0.221417	0.212138	0.2155
C.V.	106.7882	111.6469	108.1534	107.8386	115.2976	115.9926	118.4063	124.2866	122.8644	127.5592	126.7581

Index calculated from the data for Indian States, Basic Statistical Return, Reserve Bank of India (various years)

Table-2 represents the index of credit account per thousand population of major Indian states for the period 2005 to 2014. It can be observed that a few States remain above the average index throughout the period of time are: Andhra Pradesh, Karnataka, Kerala, Maharashtra and Tamil Nadu. The states which are below average index throughout the periods of time are Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Odisha, Punjab Rajasthan, Uttar Pradesh & West Bengal. Thus it is observed that over the period under study there is no significant change in the performance of the States with regard to the variable under study. States have shown a stability in their location in either direction, i.e., States with low Indices remain at the lower end, over time while the States located at the higher end remain there. In short, there is no evidence of any trend towards greater inclusion with respect to the variable over study over our chosen time period.

The disparity among the States is increasing throughout the periods under study.

**TABLE-3(INDEX ON NUMBER OF BRANCHES PER THOUSAND KM<sup>2</sup> FROM 2005 TO 2015 OF MAJOR STATES OF INDIA)**

STATES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ANDHRA PRADESH	0.179775	0.177778	0.180851	0.191919	0.194175	0.194444	0.198276	0.201613	0.201493	0.201389	0.217105
ASSAM	0.134831	0.133333	0.138298	0.131313	0.135922	0.12963	0.12931	0.129032	0.119403	0.125	0.131579
BIHAR	0.393258	0.388889	0.37234	0.363636	0.368932	0.361111	0.353448	0.354839	0.350746	0.375	0.368421
GUJARAT	0.168539	0.177778	0.170213	0.181818	0.184466	0.175926	0.181034	0.185484	0.186567	0.1875	0.197368
HARYANA	0.382022	0.4	0.404255	0.424242	0.446602	0.462963	0.482759	0.508065	0.529851	0.576389	0.611842
HIMACHAL PRADESH	0.123596	0.122222	0.12766	0.121212	0.126214	0.12037	0.12069	0.129032	0.126866	0.125	0.125
JAMMU & KASHMIR	0	0	0	0	0	0	0	0	0	0	0
KARNATAKA	0.258427	0.255556	0.255319	0.262626	0.262136	0.259259	0.25	0.258065	0.261194	0.263889	0.276316
KERALA	1	1	1	1	1	1	1	1	1	1	1
MADHYA PRADESH	0.089888	0.088889	0.085106	0.080808	0.087379	0.083333	0.086207	0.08871	0.08209	0.076389	0.078947
MAHARASHTRA	0.202247	0.2	0.202128	0.20202	0.203883	0.203704	0.206897	0.209677	0.201493	0.201389	0.203947
ODISHA	0.123596	0.122222	0.12766	0.131313	0.135922	0.12963	0.12931	0.129032	0.126866	0.131944	0.138158
PUNJAB	0.573034	0.577778	0.585106	0.59596	0.601942	0.611111	0.62069	0.653226	0.671642	0.715278	0.743421
RAJASTHAN	0.067416	0.066667	0.074468	0.070707	0.07767	0.064815	0.068966	0.072581	0.074627	0.069444	0.078947
TAMIL NADU	0.393258	0.388889	0.393617	0.40404	0.417476	0.416667	0.413793	0.435484	0.425373	0.4375	0.453947
UTTAR PRADESH	0.348315	0.355556	0.351064	0.353535	0.359223	0.361111	0.353448	0.362903	0.358209	0.375	0.388158
WEST BENGAL	0.550562	0.544444	0.531915	0.535354	0.524272	0.518519	0.508621	0.508065	0.492537	0.493056	0.5
AVERAGE	0.293457	0.294118	0.294118	0.297089	0.301542	0.299564	0.300203	0.3074	0.306409	0.314951	0.324303
C.V.	84.06963	84.01966	83.59293	83.39586	82.02704	83.54709	83.42688	82.63828	83.74944	83.95011	82.671

Index calculated from the data for Indian States, Basic Statistical Return, Reserve Bank of India (various years)



Table-3 depicts state-wise index on number of branches per thousand km<sup>2</sup> from 2005 to 2014. It is observed from the table that some States are above the average index throughout the periods of time. These are: Bihar, Haryana, Kerala, Punjab, Tamil Nadu, Uttar Pradesh and West Bengal. The states which are below the average index are Andhra Pradesh, Assam, Gujarat, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha and Rajasthan. Thus, it is observed that over the period under study we observe no significant change in the performance of the States with regard to the variable under study. States have shown a stability in there location in either direction, i.e., States with low Indices remain at the lower end, over time while the States located at the higher end remain there. In short, there is no evidence of any trend towards greater inclusion with respect to the variable over study over our chosen time period.

The disparity among the States are same throughout the periods under study.

**TABLE-4(INDEX OF NUMBER OF BRANCHES PER LAKH POPULATION FROM 2005 TO 2015 OF MAJOR STATES OF INDIA)**

STATES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ANDHRA PRADESH	0.333333	0.333333	0.333333	0.4	0.4	0.454545	0.416667	0.461538	0.461538	0.4	0.466667
ASSAM	0.111111	0	0.111111	0.1	0.1	0.090909	0.083333	0.076923	0.076923	0.066667	0
BIHAR	0	0	0	0	0	0	0	0	0	0	0
GUJARAT	0.333333	0.333333	0.333333	0.3	0.4	0.363636	0.333333	0.384615	0.384615	0.4	0.333333
HARYANA	0.333333	0.444444	0.444444	0.5	0.5	0.545455	0.583333	0.615385	0.615385	0.666667	0.666667
HIMACHAL PRADESH	1	1	1	1	1	1	1	1	1	1	1
JAMMU & KASHMIR	0.444444	0.444444	0.444444	0.4	0.4	0.363636	0.333333	0.384615	0.461538	0.466667	0.4
KARNATAKA	0.555556	0.555556	0.555556	0.6	0.6	0.545455	0.583333	0.615385	0.538462	0.6	0.6
KERALA	0.777778	0.777778	0.888889	0.8	0.9	0.818182	0.833333	0.846154	0.846154	0.8	0.8
MADHYA PRADESH	0.222222	0.111111	0.111111	0.2	0.2	0.181818	0.166667	0.230769	0.153846	0.133333	0.133333
MAHARASHTRA	0.333333	0.333333	0.333333	0.3	0.3	0.363636	0.333333	0.307692	0.307692	0.333333	0.266667
ODISHA	0.222222	0.222222	0.222222	0.2	0.3	0.272727	0.25	0.307692	0.230769	0.266667	0.266667
PUNJAB	0.777778	0.777778	0.777778	0.8	0.8	0.818182	0.833333	0.923077	0.923077	0.933333	1
RAJASTHAN	0.222222	0.222222	0.222222	0.2	0.2	0.181818	0.25	0.230769	0.230769	0.2	0.2
TAMIL NADU	0.444444	0.444444	0.444444	0.4	0.5	0.454545	0.5	0.461538	0.461538	0.466667	0.466667
UTTAR PRADESH	0.111111	0.111111	0.111111	0.1	0.1	0.090909	0.166667	0.153846	0.076923	0.133333	0.066667
WEST BENGAL	0.222222	0.222222	0.222222	0.2	0.2	0.181818	0.166667	0.230769	0.153846	0.133333	0.133333
AVERAGE	0.379085	0.372549	0.385621	0.382353	0.405882	0.395722	0.401961	0.425339	0.40724	0.411765	0.4
C.V.	70.32866	75.25989	73.5435	72.94725	70.48196	71.24455	70.77506	68.305	74.29504	73.58106	80.36376

Index calculated from the data for Indian States, Basic Statistical Return, Reserve Bank of India (various years)

Table-4 represents the state-wise index on number of branches per one lakh population from 2005 to 2014. It can be observed that some states are below the average index and some states are above the average index. The states which are above the average index throughout the periods of time are Karnataka, Kerala, Punjab, Himachal Pradesh and Tamil Nadu. The states which are below the average index through out the periods of time are Assam, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh and West Bengal. Andhra Pradesh was below average in 2005, 2006, 2007 & 2014 but all other periods it was above average. In 2010, 2011 & 2012 Jammu & Kashmir was below average but in all other periods it was above average. In 2005 Haryana was below average but in all other periods it was above average. Thus, it is observed that over the period under study we observe no significant change in the performance of the States with regard to the variable under study. States have shown a stability in there location in either direction, i.e., States with low Indices remain at the lower end, over time while the States located at the higher end remain there. Only three States, viz, Andhra Pradesh, Haryana and Jammu & Kashmir have shown some volatility over time and that not necessarily any progression. In short, there is no evidence of any trend towards greater inclusion with respect to the variable over study over our chosen time period and that not necessarily any progression. In short, there is no evidence of any trend towards greater inclusion with respect to the variables over study over our chosen time period.

## **INDEX OF FINANCIAL INCLUSION IN INDIA**

The index of financial inclusion is a measure of inclusiveness of the financial sector of a region. A few significant and important parameters of financial inclusion are: number of branches per thousand km<sup>2</sup>, number of branches per one lakh population, number of deposit account per thousand population and number of credit account per thousand populations. Indices for the States were constructed for each of the parameters mentioned above. In this chapter we now construct a composite index by together taking all the four indices constructed earlier. This has been done for all States during the period under study, i.e., 2005 to 2014. As mentioned earlier; the composite index is computed on the basis of the inverse Euclidean distance. The Table below presents the results. The indices take values between 0 and 1. The value 1 implies complete financial inclusion and 0 implies complete financial exclusion.

**TABLE-5 (STATE-WISE INDEX OF FINANCIAL INCLUSION FROM 2005 TO 2015)**

STATES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ANDHRA PRADESH	0.327715	0.321974	0.332297	0.362405	0.370314	0.397454	0.397256	0.40236	0.408728	0.388798	0.420941
ASSAM	0.098872	0.070965	0.112193	0.106607	0.108479	0.111185	0.10915	0.106674	0.102514	0.099201	0.084981
BIHAR	0.11153	0.110533	0.1067	0.104649	0.1059	0.10405	0.10222	0.102553	0.10157	0.107321	0.105779
GUJARAT	0.250565	0.267021	0.267807	0.259265	0.290642	0.277128	0.263716	0.280584	0.28061	0.281224	0.270825
HARYANA	0.352257	0.400158	0.399698	0.426737	0.440293	0.471352	0.496565	0.502569	0.507138	0.524947	0.546661
HIMACHAL PRADESH	0.416322	0.41338	0.409541	0.408861	0.417667	0.417735	0.427466	0.426506	0.421829	0.404899	0.407727
JAMMU & KASHMIR	0.209537	0.220602	0.220938	0.211961	0.201194	0.200519	0.187158	0.205545	0.233131	0.21997	0.214075
KARNATAKA	0.44595	0.441483	0.450001	0.453631	0.457847	0.445448	0.458747	0.456923	0.434289	0.441156	0.46131
KERALA	0.845803	0.85553	0.878934	0.828227	0.841614	0.821093	0.85996	0.842477	0.862702	0.841172	0.847917
MADHYA PRADESH	0.134072	0.102395	0.097494	0.124236	0.127601	0.129416	0.120962	0.146492	0.119503	0.116576	0.127225
MAHARASHTRA	0.317451	0.310798	0.342753	0.371533	0.372798	0.379726	0.380611	0.364709	0.334378	0.332487	0.311897
ODISHA	0.172475	0.176385	0.180635	0.177079	0.206882	0.20456	0.20763	0.221361	0.207035	0.200681	0.210655
PUNJAB	0.640118	0.641505	0.64185	0.65166	0.651298	0.658108	0.664863	0.679379	0.685483	0.668321	0.68762
RAJASTHAN	0.133333	0.135998	0.139923	0.136455	0.136736	0.124762	0.144961	0.137995	0.137897	0.122771	0.131918
TAMIL NADU	0.506164	0.508051	0.513427	0.487373	0.51878	0.53341	0.547602	0.543208	0.54084	0.547414	0.555296
UTTAR PRADESH	0.202108	0.202629	0.202703	0.199214	0.204468	0.205089	0.229739	0.224462	0.196459	0.215844	0.194145
WEST BENGAL	0.311119	0.316278	0.305605	0.295197	0.289764	0.283934	0.27377	0.301823	0.269188	0.255204	0.266151
AVERAGE	0.322082	0.323276	0.329559	0.329711	0.337781	0.339116	0.345434	0.349742	0.343723	0.339293	0.343828
C.V.	62.78643	64.21636	63.48351	61.18859	60.46985	60.39418	61.78344	59.76218	62.64802	62.61607	63.67156

Index calculated from the data for Major Indian States, Basic Statistical Return, Reserve Bank of India (for various years)

Table-5 shows the Index of Financial Inclusion for major Indian States for a period of time from 2005 to 2014. By considering the Index of Financial Inclusion (IFI) the states are classified as high level financial inclusion states, medium level financial inclusion states and low level financial inclusion states. As per the norms adopted in similar exercises, the states having the index greater than 0.5 are rated as high level financial inclusion states, the states having the index between 0.3 and 0.5 are classified as medium level financial inclusion states and the states having the index below 0.3 are rated as low level financial inclusion states. It can be observed from the table that a few states are under high level financial inclusion category throughout the periods of time, few States are medium level financial inclusion category and few States are under low level financial inclusion category. The States which are under high level financial inclusion category for the periods under study are: Kerala, Punjab and Tamil Nadu. The States which are under medium level financial inclusion are Andhra Pradesh, Himachal Pradesh, Maharashtra and Karnataka. The low level financial inclusion States are Assam, Bihar, Gujarat, Jammu & Kashmir, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. From 2005 to 2011 Haryana remain medium level financial inclusion State but from 2012 onwards it remain High level financial inclusion State. West Bengal is under medium level financial inclusion category for the years 2005, 2006, 2007, 2008 & 2012 but in all other years it is under low level financial inclusion States. Thus, it is observed that over the period under study we observe no significant change in the performance of the States with regard to the IFI under study. States have shown a stability in their location, i.e., States which are High Level Financial Inclusion State remain at the high level, over time while the States which are medium level financial inclusion state at medium level and the States which are low level financial inclusion state remain there. Only two States, viz, Haryana & West Bengal have shown some volatility over time. While Haryana has shown an upward mobility, West Bengal has shown a decline in its level of financial inclusiveness in recent years.

## CONCLUSION

The present chapter concludes there is no significant change in the performance of States with regard to the parameters under study. In almost all the parameters no significant change in the performance of States is observed. The paper also finds that over the period under study there is no significant change in the performance of the States with regard to the IFI.

States have shown a stability in their location, i.e., States which are High Level Financial Inclusion remain at the high level, over time while the States which are medium level financial inclusion remain at medium level and the States which are low level financial inclusion state remain there. Only three States, viz, West Bengal, and Haryana have shown some volatility over time.

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