A Study of Financial Inclusion in Selective Public Sector and Private Sector Commercial Banks of India

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Abstract

Study rationale and coverage

Only the middle and upper echelons of society were able to get formal forms of credit for a number of years. Poor people have little choice but to rely on illegitimate and unauthorized kinds of credit. As a result of their lack of education and basic financial skills, many of them were taken advantage of by opportunistic and wealthy members of society. Many low-income people have been taken advantage of for years in the name of financial aid.

In India, nationalising banks in 1969 and 1980 was the first step toward inclusive banking. However, the Reserve Bank of India (RBI), in its annual policy statement for 2005–2006, gave FI its initial impetus in 2005.

The process of ensuring vulnerable groups, such as weaker sections and low-income groups, have access to financial services and timely access to enough credit where needed at a reasonable price.

The RBI in India has started a number of initiatives to increase financial inclusion. These depend on the financial industry's efforts. The ability to open No Frills Accounts (NFAs), also known as Basic Savings Bank Deposit Accounts (BSBDAs), with no or low balances removes a financial barrier to banking.

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India has made great strides toward financial inclusion. The PMJDY, PMMY, and Ayushman Bharat programs are a few institutional actions that have been taken to support the poor and vulnerable parts of society's access to financial services.

Objectives

To study the role of selective commercial banks (Public Sector Banks and Private Sector Banks) in India for furthering financial inclusion and thereby creating the opportunity for the downtrodden, marginalised people, weaker sections of society, and poor people to access formal credit.

Methodology

The methodology of a study comprises the proper choice and selection of the methods for the analysis and interpretation of the data set, consistent with the objectives of the study and in conformity with the nature of the study's database.

Methodology for assessment of financial inclusion

The entire study is based on secondary data and information from reliable open sources. Data and information will be analysed to arrive at a rational conclusion.

Introduction

The direction and growth of an economy can be influenced by financial inclusion and inclusive growth. In contrast to direct income redistribution, inclusive growth places a longer-term emphasis on creating productive employment to increase the earnings of underprivileged groups. Income distribution plans only allow people to temporarily benefit from economic growth, in contrast to inclusive growth, which enables everyone to participate in and benefit from economic development. The main goals of the entire process are dignified self-establishment and a sense of community.

Financial inclusion, on the other hand, aims to achieve the aforementioned objective by making banking services accessible to the nation's poor and rural majority at a cost they can afford. Instead, it typically offers loans, insurance, and other financial solutions to this segment of the population.

Financial inclusion refers to provide affordable financial services to a significant portion of the poor and low-income population. Getting the less fortunate in urban and rural India to create bank accounts and weaning them off of unregulated money markets and moneylenders are further components of financial inclusion.

To tackle poverty, numerous social projects were launched in the past. Cooperative movements, the construction of self-help organizations, NABARD, the introduction of Grameen Banks, and other ideas were considered as ways to provide services to the rural population. The late Prime Minister Indira Gandhi launched the "Garibi Hatao" campaign in the 1970s with the intention of bettering the lives of the poor rural and urban masses. However unpopular they were at the time, the concepts of inclusive growth and financial inclusion, the same idea was proposed to aid the aforementioned group of people.

The predicted success was impeded by the lack of essential infrastructure, including a financial system, a sufficient platform for communication with most remote locations, and suitable governmental machinery that can easily reach rural people. Our perception of these poor people contributed to their overall failure to advance. We occasionally hear reports alleging widespread corruption in impoverished people's programs. When Rajiv Gandhi served as prime minister, he was known for lamenting the fact that fewer

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than 20 paise of every rupee made it to the bulk of the poor people. To be honest, those in positions of power should give the suffering of the poor in any program greater thought.

Microfinance encompasses fundamental financial services such small loans, savings accounts, money transfers, and insurance. In addition to non-financial services like business training, microfinance assists persons living in poverty who would ordinarily be disqualified for regular banking services because they lack a formal identity or any sort of collateral.

Tood Bernhardt, Director of Marketing and Communications of the Grameen Foundation in Washington, asserts that microcredit businesses cannot end poverty on their own. Additionally, it is crucial to approach development from a broader perspective and take knowledge, savings, healthcare, and a sound regulatory framework into consideration. According to Bernhardt, the Grameen Bank model is enduring because other borrower-owners can reinvest member savings. Additionally, the approach emphasizes revenue-generating activities rather than consumer-focused ones.

The process of making sure that low-income and weaker portions of society have timely access to sufficient credit where needed at a reasonable price and that vulnerable groups have access to financial services.

For many years, formal forms of credit were only available to members of the middle and higher classes of society. Poor people have little choice but to rely on unapproved and illegal forms of credit. Due to their lack of financial literacy and knowledge, many of them were preyed upon by opportunistic and rich elements of society. Since years, many low-income people have been exploited in the guise of financial assistance.

The first step toward inclusive banking in India was the nationalization of banks in 1969 and 1980. However, the Reserve Bank of India (RBI) gave FI its initial boost in 2005 with its annual policy statement for the 2005–2006 fiscal year.

To promote greater financial inclusion, the RBI in India has launched a number of programs. These rely on the efforts of the financial sector. A financial barrier to banking is removed by the possibility to open No Frills Accounts (NFAs), also known as Basic Savings Bank Deposit Accounts (BSBDAs), with zero or low balances.

India has come a long way in promoting financial inclusion. A few institutional measures that have been made to support the underprivileged and vulnerable segments of society's access to financial services are the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri MUDRA Yojana (PMMY), and Ayushman Bharat programs.

Objective of the study

To investigate how India's public and private sector commercial banks can promote financial inclusion and give the underprivileged, marginalized, and poorer members of society access to formal credit by promoting financial inclusion.

Scope of Research

The National Strategy for Financial Inclusion's strategic goals and pillars are listed below.

Financial Services Available to Everyone.

Successful coordination.

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Financial Services in a Basic Bouquet.

Protection of the client and resolution of complaints.

Financial Education and Literacy.

Goals of Financial Inclusion for Women Empowerment

Financial Inclusion with the Help of Financial Technology (Fintech)

Financial Inclusion through Digital Payment Systems

Financial Inclusion in India through Digitisation of Monetary Transactions

Financial Inclusion Programmes Organised by the Reserve Bank of India (RBI)

Financial inclusion, financial stability, and financial literacy are the three primary components of a holistic financial plan.

Special Financial Products Offered for Attaining Financial Inclusion

Financial Inclusion through Microfinance

Financial Inclusion with the Help of Private Companies

Recently, we celebrated the 70^{th} birthday of the Pradhan Mantri Jan Dhan Yojana (PMJDY). Since its launch in 2014, Jan Dhan has grown to be one of the world's most influential financial inclusion initiatives and a driving force in the field.

That is true, of course. It's because more than 430 million bank accounts worth INR 1.46 trillion have been opened under the initiative since it started. 370 million of them, or 86%, are currently employed. They now have the financial means to keep a bank account thanks to the financial inclusion of groups like rural residents and women into the official banking system during the past seven years through Jan Dhan. Actually, 55% of Jan Dhan account holders are women and 67% of them reside in rural or semi-urban areas. Additionally, owners of PMJDY accounts have received a total of 312.3 million RuPay cards.

Therefore, it is clear from the statistics that India is undergoing a significant transformation toward financial inclusion.

Before delving into the policies encouraging financial inclusion in the country, it is important to understand what it comprises.

All segments of society should have access to banking services in order to achieve financial inclusion. The primary requirement for driving economic growth in the country is to facilitate the closing of the wealth gap between the rich and the poor.

Efforts to promote financial inclusion

JAM Trinity, a program that combines Jan Dhan accounts with Aadhaar and mobile numbers to create a full ecosystem for financial inclusion, is one of the initiatives encouraging financial inclusion. JAM Trinity is an essential instrument for enhancing social welfare initiatives, financial delivery systems, and the efficiency of many Direct Benefit Transfer (DBT) programs.

JAM's assistance in connecting with citizens living in the most isolated regions of the country was crucial amid the pandemic-induced lockdown. Female PMJDY account holders received a combined credit of INR 309.45 billion during the COVID-19 lockout because of JAM.

Clearly, the first step towards financial inclusion is being taken by Jan Dhan by bringing the financially excluded group into the formal banking system, which is then followed by banking services like debit cards, insurance, pension plans, etc. The number of people using banks and ATMs has dramatically increased in recent years in both urban and rural locations.

The Aadhaar Enabled Payment System (AePS) is a further service to increase financial inclusion in India. It makes it easier to use the Aadhaar number and fingerprint to withdraw money from micro-ATMs (financial aid received). By providing client authentication, service availability, accessibility through the AePS channel, and affordability as it is free, AePS is undeniably playing a crucial part in the movement toward financial inclusion. The value of transactions completed through AePS has nearly doubled, according to the National Payments Corporation of India (NPCI), from INR 112.87 billion in January 2020 to INR 219.78 billion in January 2021.

Digital payments' function in financial inclusion

For a number of SMEs, digital payment platforms like Paytm, PhonePe, and Google Pay are steadily replacing traditional banking services. Even a little roadside kiosk may now accept online payments using a QR Code. India would experience the fastest growth in mobile payment transactions in terms of value between 2019 and 2023, according to a recent survey by a merchant payment solutions company, with a CAGR of over 20%.

Digital payments' function in financial inclusion

The PM SVANidhi scheme also provides financial incentives to persuade street vendors to accept digital payments. The network of financial institutions and digital payment aggregators like Paytm, NPCI (for BHIM), Google Pay, Amazon Pay, etc. would help with vendor on boarding for digital transactions. As an incentive, the on-board businesses will receive Rs.4000 to Rs.8000 in prizes each month.

Even banks are supporting the fight for financial inclusion by moving to digital banking. Through an online system, women and people in remote locations now have better access to financial services. The reach of financial inclusion is being expanded as traditional financial institutions make every attempt to move their activities online.

In general, expanding access to formal financial services for more individuals is the aim, especially for underserved clients.

Financial inclusion is one innovative approach to economic development that has the potential to drastically lessen poverty in the country. It means offering financial services to a sizable community, which includes both wealthy and disadvantaged people, on reasonable terms and in reasonable situations. The nation lays a strong emphasis on financial inclusion in terms of economic development and social progress. It enables the society's wealth gap to be bridged.

In the contemporary environment, financial institutions, particularly banks, are the solid pillars of progress, economic growth, and economic development. The goal of the current study is to better understand how banks' proactive efforts to promote financial inclusion affect economic growth. In order to draw a conclusion, secondary data is used. The results of the study showed that the number of bank branches and the credit deposit ratio had a favorable and significant impact on the country's GDP, but that the increase of ATMs had a little impact on India's GDP.

Literature Review

Garg Sonu , Agarwal Dr. Parul (2014) in their article entitled "Financial Inclusion in India – a Review of Initiatives and Achievements" have discussed on the finance has become an essential part of an economy for the development of society as well as the economy of a nation. For this purpose, a strong financial system is required not only in under-developed countries and developing countries but also in developed countries for sustainable growth. Through financial inclusion, we can achieve equitable and inclusive growth for the nation. Financial inclusion stands for the timely delivery of appropriate financial services at an affordable cost to vulnerable groups, such as low-income groups and weaker sections, who lack access to even the most basic banking services. In this paper, the researcher attempts to understand financial inclusion and its importance for the overall development of society and the nation's economy. This study focuses on approaches adopted by various Indian banks towards achieving the ultimate goal of financial inclusion for inclusive growth in India and analyses of past years progress and achievements. The relevant data for this study has been collected with the help of various research journals, articles, reports of the RBI, reports of NABARD, and online resources. They have not focused on how banks can be proactive to achieve the target of financial inclusion.

Chakravarty Satya R, Pal Rupayan (2013) in their article entitled "Financial inclusion in India: An axiomatic approach" they first create an axiomatic definition of financial inclusion in this study. This measure may be easily put into practice and is helpful in identifying the most important policy areas to advance financial inclusion. In the following section, they show how supply side data on banking services can be used to measure financial inclusion. Third, they use panel data econometrics approaches to analyze the effects of significant banking policies on financial inclusion across Indian states between 1972 and 2009. In India, from 1977 to 1990, the social banking policy played a significant role in promoting financial inclusion across states. Following that, the rate of financial inclusion has been negatively impacted by the shift toward pro-market financial sector reform. In order to promote financial inclusion in India, this report identifies two policy targets: geographic bank penetration and loan availability. They have not focused on how banks in India can be proactive to achieve the target of empowering poor women through financial inclusion.

Singh Dr. Anurag b, Tandon Priyanka (2012) in their article entitled "Financial inclusion in India: an analysis" mentioned that more than 150 million people in poverty have access to loans with no collateral. However, a sizable portion of the global populace continues to be shut out of the financial services industry. In India, the majority of the poor are economically shut out of the banking industry. In India, 22% of the population continues to live in They make less than $1 a day in monthly income and endure the most appalling living conditions. In India, equity-focused growth has been the main goal since the beginning of the planning process. The need for more inclusive growth was reiterated in the eleventh five-year plan (2007–12) in order to guarantee that per capita income increase is widespread. They have not focused on how insurance for marginalised people can be achieved through insurance products for financial inclusion.

Barik Rajesh, Sharma Preeti (2019) in their article "Analyzing the progress and prospects of financial inclusion in India" have discussed that the taking data from Financial Access Survey, Global Findex and Reserve Bank of India bulletin, the paper tries to analyze the progress occurred and the future prospect of financial inclusion in India. Their analysis depicts that India has witnessed a quick progress in financial inclusion. Though there is long way to go to achieve the dream of universal financial inclusion, there is no doubt that tremendous progress has been achieved in the recent time. Specifically, after the implementation Pradhan Mantri Jan Dhan Yojana in August 2014, much improvement has happened in opening of bank deposit accounts. Similarly, the post-demonetisation period has seen a rapid growth of digital finance in India. Despite high growth of digital transaction, digital payment among the women, rural people, elderly people, and less educated people is much less than other groups of people. The provision of good digital infrastructure to the remote area, opening of more financial literacy centers and extension of credit to the marginalized people can help to fulfill the true essence of financial inclusion in India. They have not focused on how digital payment among women, rural people, elderly people, and less educated people can be made customer-friendly.

Alam Iqbal Badar, Sami Shaista (2017) in their article entitled "Role of banks in financial inclusion in India" have mentioned that the financial inclusion is emerging as a new paradigm of economic growth that significantly contributes to the eradication of poverty in the nation. It refers to providing financial services to a large population, including both rich and underprivileged individuals, at reasonable terms and circumstances. In terms of economic development and social progress, the country places a high focus on financial inclusion. It makes it possible to close the wealth divide in society. Financial institutions are the strong foundations of progress, economic growth, and economic development in the current situation. They have not focused on how banks can play a pivotal role in furthering financial inclusion in its true sense.

Research Gap

Following a thorough examination of the aforementioned articles, the following flaws were discovered:

They haven't given much thought to the proactive role that banks can play in achieving the goal of financial inclusion.

They have not concentrated on the proactive role that Indian banks may play in achieving the goal of empowering underprivileged women through financial inclusion.

They haven't concentrated on how to make digital payments user-friendly for women, individuals in rural areas, the elderly, and those with lower levels of education.

They haven't given much thought to how insurance for the poor can be accomplished through financial inclusion insurance products.

They have not concentrated on the critical role banks may play in advancing true financial inclusion.

Methodology

In accordance with the study's goals and the characteristics of its database, the methodology of a study entails the appropriate choice and selection of the methodologies for the analysis and interpretation of the data set.

Methodology for assessment of automation in financial services

The study's entire foundation is made up of material from trustworthy open sources and secondary data. In order to get a reasonable conclusion, data and information will be analysed.

Data / Information

State Bank of India

Through a broad network of Business Correspondents (BCs)/Customer Service Points (CSPs), State Bank has made tremendous efforts to promote financial inclusion. As of the end of March 2023, the Bank had 76,089 CSPs, giving unbanked areas access to 32 banking goods and services while lowering traffic in the branches. During FY2023, the BC/CSP channel reported approximately 53.32 billion rupees worth of transactions, or $3,30,389 billion. The BC/CSP channel routes, on average, about 25–30 lakh transactions per day. By promoting various social security programs, affordable micro insurance products (PMJJBY, PMSBY), and pension plans (APY), the BC/CSP channel has brought the unbanked/underprivileged sections of society within the scope of the formal Banking system, opening 14.69 Crore BSBD accounts with Rs.50,091 Crore deposits.

In order to provide consumers with doorstep services at a competitive price, State Bank Operations Support Services Pvt Ltd (SBOSS) deploys Feet-On-Street (FOS) at Rural, Semi Urban (RUSU) Branches of Bank with the necessary technical support. More than 5000 RUSU branches in 17 Circles of Bank are receiving support from it. As part of its national development objectives, this encourages increased financial inclusion by offering suitable credit linkages.

Financial inclusion insurance company Group Micro Shield.

One of Bank's most significant drivers of financial inclusion programs is the BC/CSP channel, which is increasingly important. The channel has launched 14.69 billion Basic Savings Bank Deposit (BSBD) accounts with deposits totalling Rs. 50,091 billion, bringing underserved and unbanked segments of society inside the purview of the established banking system. Low-cost micro insurance products (PMJJBY, PMSBY) and pension plans (APY) are generously offered to the unorganized sector as a component of social security efforts.

Bank of Baroda

Financial inclusion is seen by the bank as both a social responsibility and a chance to capitalize on commercial opportunities through the BC model in order to deliver universal banking services to all societal segments, particularly the impoverished in rural, semi-urban, and urban areas at affordable costs. Through its branches and BC network, the Bank has been aggressively promoting financial inclusion in the nation. Innovative measures are being taken for serving the unbanked areas thanks to the development of technology. By hiring an additional 12,442 BCs (including 8861 BCs of the UPSRLM project) as of March 31, 2023, the bank increased its BC network to 51,780 in order to serve rural, semi-urban, and metropolitan areas across the nation. The following actions were taken by the bank to encourage financial inclusion.

• The BCs' online NPA Recovery site was introduced. • The BCs' online loan lead portal was introduced. • A survey of customers who conducted business at BC Point was done, and 94% of respondents said the services there were at least good. NON BSBD Account opening has begun at BC Point. • Released an Android-based BC Inspection App for monthly BC point inspections by bank employees and BC supervisors. • Voice over in bilingual for every transaction was implemented at BC points as a risk reduction tool.

Highlights of the financial inclusion performance for FY 2022–2023: • Pradhan Mantri Jan Dhan Yojana (PMJDY) deposits rose by $4,920 billion (21.76%) and PMJDY accounts rose by 31.21 lakh (5.63%). • The Bank's share, when compared to PSBs, was 17.50% for deposits made into PMJDY accounts and 15.30% for PMJDY account balances. • The bank's PMJDY accounts with zero balance decreased from 5.75% on March 31, 2022, to 5.22% on March 31, 2023. • Micro insurance enrolments overall grew by 77 over the fiscal year.

The Committee is set up to examine the development of financial inclusion, review and advise the Bank to employ technology to quickly and affordably reach vast areas, particularly challenging terrain. The Committee is also set up to advise the Bank on strategy to accomplish the goals of financial inclusion. The Committee evaluates the Bank's performance in the Rural & Agri Banking side, paying particular attention to the accomplishment of the Priority Sector lending targets of the Bank that are relevant to the sector of Rural Banking.

Canara Bank

Priority industry and monetary inclusion the Bank is devoted to reorienting its strategy to achieve a variety of objectives in line with national interests. Following are some examples of legislated targets that Bank has credibly attained under distinct national priorities: 49.23% of the adjusted net bank credit, versus a norm of 40%; 22.80% of the adjusted net bank credit, versus a norm of 18%; 17.44% of the adjusted net bank credit, versus a norm of 9.50%; and 23.50% of the adjusted net bank credit, versus a norm of 11.50%, in lending to the weaker section. In the fiscal year 2022–2023, the Bank sold PSLC for a total of 64,075 crores, or 2,56,300 units.

These accomplishments do, in fact, reflect Bank's dedication to assisting inclusive nation-building and the resuscitation of the key economic sectors in the direction of sustainable growth.

The Bank makes its goods and services available to economically disadvantaged and marginalized groups in society as part of its quest for financial inclusion. In accordance with the directives of the Reserve Bank of India and the Government of India, the Bank has been proactive in its efforts to promote financial inclusion, with key interventions including building out the banking infrastructure, providing suitable financial products, heavily utilizing technology, and promoting financial literacy.

Under the Business Correspondents (BC) concept, the Bank has employed 12,918 Business Correspondent Agents (BCAs). 5,267 SSA, 153 SLBC, and 7,498 non-SSA locations have been covered by the bank. ▯ To manage the affairs of its own Financial Literacy Centres (FLCs) and FLCs supported by the Regional Rural Banks (RRBs) it sponsors, the Bank established the "Canara Financial Advisory Trust." The Bank operates 152 FLCs at the district and block levels around the nation, which are overseen by Counsellors (retired bankers). The bank has established 177.34 lakh PMJDY accounts, with an average balance of $5,220.21 and a total outstanding balance of $9,259.21 crore.

Opportunity for financial inclusion (social effects of lending) Particularly in the mass market and semi urban / rural regions of India, the accessibility of financial products and services is still limited. Given that a substantial portion of India's population is under 25, and that demand for financial services and products is growing in urban, rural, and semi-urban areas, it is crucial to ensure effective outreach. Canara Bank operates throughout all of India and serves unbanked and rural consumers through its distribution network.

The Bank's services, products, and programs to promote digital literacy are driving and advancing the financial inclusion agenda. For the economically and socially disadvantaged segments of society, Bank have products that are specifically tailored. As a result, Bank can better cover households and increase penetration in the nation by serving underserved markets and customers. To guarantee financial inclusion and the beneficial effects on society, Bank offer a variety of products and services that are in line with government initiatives.

Union Bank of India

Participation in Financial Inclusion for FY2023.

Financial inclusion has been prioritized as a key strategic objective for the recent fiscal year 2022–2023 in keeping with commitment to sustainable development and embracing the digital age. The huge expansion in Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts from 244.78 lakhs to 280.00 lakhs and an increase in the corresponding account balances from Rs.7780 crores to Rs.9046 crores are clear indicators of bank's progress. This demonstrates dedication to making sure that even the most marginalized groups in society have access to financial empowerment. Additionally, bank's efforts to include Aadhar, a distinctive identity system, into bank's financial inclusion policies have been successful, as seen by the increase from 204 lakhs to 229 lakhs in the number of Aadhar-seeded accounts.

Similarly, bank also saw a substantial increase in the issuance of RuPay cards, further facilitating digital transactions for their customers. The Bank is also proud of the significant strides made in terms of our Bank Correspondents (BC) infrastructure, with the number increasing from 16,948 to 17,662. Their BCs play a crucial role in providing banking services in remote areas, and have targeted to further improve this number to 20,000 in the next fiscal year.

The bank launched a new program in FY 2022–2023 called the New Pension Scheme (NPS) enrolment at BC points. As a result of this achievement, bank is now able to reach more people across the nation with our financial inclusion initiatives and make retirement savings available to them. Through the release of the BC Monitoring Mobile App, bank has also used digital technology to enhance the monitoring and efficiency of our BCs. This program simplifies BC operations, acts as a preventative measure of vigilance, and sends out early warning signs of anomalies at BC sites.

ICICI Bank

Certain sectors of the rural economy need for a more accommodating and considerate response to their financial needs, and the Bank has taken initiatives to meet these sectors' demands. [The Self-Help Groups Program (SHGs) is a programme that has encouraged women's entrepreneurship in rural regions. It offers a broad range of banking goods, including term loans and accounts with no balance. The services are available at their convenience, saving them the time, money, and trouble of traveling to the nearby business district].

In order to instruct SHGs on banking procedures, ICICI Bank has also established dedicated service desks at a few business centres and is hosting financial literacy camps.

In the areas where the Bank has been offering such services to SHGs, there has been a progressive increase in female entrepreneurs. The Bank has partnerships with roughly 546 non-governmental organizations known as Self-Help Promoting Institutions (SHPIs), in addition to direct outreach to SHGs.

Up until March 31, 2023, the Bank will have given more than 785,000 SHG loans to women beneficiaries. 337,000 of these SHGs were "first time borrowers," meaning they had never obtained a loan from a recognized financial institution. In addition to serving direct clients, the Bank also works with over 2.5 million clients through microfinance organizations. Through microfinance organizations, the Bank also offers loans to Joint Liability groupings (JLGs), semi-formal groupings from the weakest sectors of society. The lending activities are carried out under the broader framework that the RBI has established. The Bank additionally provides microloan enterprises with credit-related services in order for them to continue lending to rural consumers.

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Over 21.1 million Basic Savings Bank Deposit Accounts (BSBDA) were held by the Bank as of March 31, 2023, with roughly 4.4 million of those accounts having been opened as a result of the Pradhan Mantri Jan Dhan Yojana. The Bank promotes and permits these account holders to do digital transactions.

Axis Bank

The Bank strives to encourage financial inclusion, environmental sustainability and conservation, advances in health and nutrition, and access to formal banking channels for underbanked and unbanked segments of society. Depending on what is outlined in the annual action plan (AAP), which has been approved by the bank's board of directors (Board), the Bank's interventions may be carried out directly, through the Axis Bank Foundation (ABF), or with the assistance of external partners for implementation.

HDFC Bank

Giving unbanked people access to banking beyond providing for its current clientele, the Bank is committed to bringing banking to the unbanked and promoting financial inclusion among the less fortunate segments of society.

Bank has expanded their services to rural areas and economically underprivileged populations through a number of projects and collaborations.

Bank has enabled people and communities to overcome financial obstacles and create more secure futures by giving them access to banking services, loans, and financial literacy programs.

Inference / Interpretation

The country's overall level of financial inclusion as measured by the RBI's composite financial inclusion index (FI-Index), increased to 60.1 in March 2023, indicating development across all areas. The index records data on different facets of financial inclusion in a single number ranging from 0 to 100, Index has since been generated for the year ending March 2023. The value of the FI Index for March 2023 is 60.1 compared to 56.4 in March 2022, with growth shown across all sub-indices, according to a statement from the Reserve Bank of India. Usage and Quality characteristics, which indicate the expansion of financial inclusion, were primarily responsible for the FI Index's improvements, it was said.

The central bank stated in August 2021 that it was conceptualized as a comprehensive index in cooperation with the government and relevant sectoral regulators, including information on the banking, investments, insurance, postal, and pension sectors.

The three primary factors that make up the FI-Index are Access (35%), Usage (45%), and Quality (20%). Each of these parameters has numerous dimensions that are calculated based on a variety of indications.

The index responds to accessibility, service availability and utilization, and service quality.

The quality component, which measures the quality element of financial inclusion as demonstrated by financial literacy, consumer protection, inequities, and service shortcomings, is one of the index's distinctive features, according to the RBI.

Findings

All the four public sector banks as well as three private sector bank have made a considerable advancement in the area of financial inclusion. Report of Reserve bank of India, as above, has given a positive note in this regards.

Implications

In this article, the topic of finance is discussed in relation to financial stability and inclusiveness. The convenience that finance offers to people with low and variable incomes is frequently more valuable to them than the higher cost they will pay to obtain such services from conventionally regulated banks, which has positive effects on financial inclusion in emerging and advanced economies. Despite the advantages of bank financing, this essay has highlighted some of the problems it poses for financial stability and inclusiveness. Finally, it would be interesting to investigate the connection between bank finance and economic crises to see if bank finance contributes to the spread of financial contagion during a crisis.

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