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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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SUSTAINABLE FINANCIAL INCLUSION: A CASE STUDY OF RANCHI DISTRICT

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ABSTRACT

Financial inclusion is a global issue. The U.N.O has also served that "most poor people in the world still lack access to sustainable financial services whether it is savings, credits or insurance" particularly in undeveloped and underdeveloped and developing nations financial inclusion is becoming a movement to provide financial services to weaker sections and low income groups at an affordable cost efforts are on at Government and Non – Government level to bring 135 million households in India under the fold of "Banking Habits". The resource of poor people living in villages of India desperately needs financial assistance with minimum hurdles and also with dignity. This will not only reduce vulnerability of households but will also promote economic growth and will alleviate and improve quality of people lives. Ranchi capital of Jharkhand but nearly ½ of its 25 lakh population is under below poverty line. People engaged in industries got good remuneration but dominated by poverty and illetracy.Economic condition of tribal's and ST/SC peoples are again more pathentic.The lead bank of this district are State Bank of India, NABARD, Bank of India and some sincere NGO's and Micro Financial Institutions are working for total financial inclusion but honest, speedy and sincere efforts are still appears to be in infancy stage.

KEYWORDS

Kisan Credit Card (KCC), General Credit Card (GCC), Self Help Group (SHG).

INTRODUCTION

Approx 2.9 billion excluded financial inclusion in the world. 560 million people in India excluded financial inclusion.457 million people in India live with a daily expense of US$ 1.25 per day. India is the 12th growing country in the world and in terms of purchasing power parity retains 4th position in the world. Reasons behind financial inclusion: - Scalable growth of middle class person's wealth. Globally recognized powers in the areas of telecommunication (information technology, Automotive, Life Sciences and even space technology).

Our country's growth challenged by the disproportimate distribution of income and a complete disparity between rich and poor. 10 percent population share country's 90 percent wealth in 2005, 42 percent of our population struggled to live on US $ 1.25 per day and even less than this amount. The uneven growth resulted in the exclusion of 51 percent of country's population (560 million) from formal sources of finance service, which is identified as the key sources of poverty, illiteracy, malnutrition, mortality and inadequate health care.

Financial inclusion is a priority for our country and other developing nation by policy development, regulatory reform and new funding vehicles. By 2015, Government of India set a target of 100 percent banking facility in India. These inclusions can be made through micro through micro credit, which helped hundreds of thousands people to reach out of their poverty.Dr. Mohammad Hussain is a Nobel Prize winner of 2006 who gave financial inclusion a global recognition by introducing micro credit to poor section. He was the founder of Gramin Bank in Bangladesh.

FINANCIAL INCLUSION

Financial inclusion is the process of ensuring fair timely and adequate access to financial services. These services are saving, credit payment and insurance services at an affordable cost in a fair and transparent manner by the mainstream institutional player. Financial inclusion is defined as the process of ensuring access to financial services timely and adequate credit where needed by vulnerable groups such as weaker groups- By C Rangrajan Committee. The issues of financial inclusion are emerging as the new paradigm of growth. Financial inclusion is at the vulnerable group of society. Thus financial inclusion is-

FI- Govt. agencies+ Banks + NFA+OFI+IT+MFI

- NFA= No Frill Account.
- OFI= Other Financial Institution.
- IT= Information Technology.
- MFI= Micro Financial Institute.

Financial inclusion is must for equal opportunities to all sections of people, inclusive growth social development and business opportunities to all sections of people, inclusive growth, social development and business opportunities to all sections of people. India's national mission is to open nearly 600 million new customers' bank account and services. So a variety of channels are in offing in unbanked areas. Reserve bank of India and Government of India plays an important role in promoting financial inclusion for economic growth to increase the banking penetration in the country. Before 1990, several initiatives has been undertaken which included creation of State Bank of India in 1955 , nationalization of commercial banks in 1969 and 1980 , initiating the lead bank scheme in 1970 these all are the big steps towards the expansion of financial inclusion. National Bank for Agriculture & rural Development (NABARD) was set up in 1982 mainly to provide refinance to the banks extending credit to agriculture, establishment of Regional Rural Banks (RRB) in 1975 are also a major step for the same aim which encourages branch expansion in rural areas, which also regulate interest rate for ceiling for credit in weaker sections.

NEED FOR FINANCIAL INCLUSION

Financial exclusion is a serious concern among the low income households as well as small business, mainly located in semi urban and rural areas. Basically, it is unavailability of any banking services to the people living in poverty. Financial exclusion is the lack of access by certain consumers to appropriate, low cost fair and safe financial products and services from mainstream provider. There are three types of exclusion:-

1. People who do not have any access to regulated financial system.
2. People who have limited access to banks and financial services.
3. Individuals who have unsuitable products.

MAJOR CAUSES FOR FINANCIAL INCLUSION

- Lack of banking facility in the locality (i.e. geographical exclusion including a rural-urban divide)
- Financial illiteracy.
- Cumbersome documentation and procedures.
- Languages.
- Feeling uncomfortable by a section of population in visiting bank branch.
- Lack of awareness and initial inhibition in approaching a formal institution.
- Distance from branch and branch timing.
- Fear of refusal.

Financial inclusion is channelized mainly to provide affordable banking services to marginal farmers, landless laborers, urban slum dwellers, migrant, self employed and unorganized sector enterprises, ethnic minorities and socially excluded groups, senior citizen and women etc.

OBJECTIVE OF THE STUDY

The objective of this paper is to examine critically success factors and challenges that exist in the delivery financial inclusion in country as a whole. Leanings were made from different case studies in India and other countries in the world. Interviews matters conducted with stakeholder responsible for policy development and delivery mechanism in India, including RBI and leading financial institutions. In exploring this financial inclusion , key objective is that policy makes financial institutions , technology providers can use to establish a collaborate framework or model to deliver Financial inclusion to the extent of the target set by the country. Confidence, security ease of use financial services overcoming poverty, illiteracy, malnutrition, illness, mortality and other exigencies. Mere emphasis on opening of no frill on opening of no frill accounts will not be a factor to financial inclusion. Step by step initiatives to be taken in getting successful inclusion. Our research work emphasizes first step is to educate financial literacy like opening an account. Make understanding of financial products. Concept and risk through information, instruction and objective advice. Develop the skills and confidence to become more aware of financial opportunities and risk. Emphasis is to be laid down on delivering financial services quick. Making cost at very low by improving technology in a wide geographical to a end of customers delivery loan and collect repayment. Direct delivery channel, self service technology, ATM, internet banking and mobile phone banking can be the factor in financial inclusion. MFI, SHG, WSHG along with private possible partner are the key services provider. Therefore these groups can better play a role in between marginal poor and financial institution. RRBs already overcoming key restraints in rural area by opening branches in remote rural areas but yet to reach outskirt areas. A multiple product access platform supported by formal educational easy to use technology well spread self service kiosk and suitable framework made by MFIs and SHGs can be sustainable factor in their issues. No frill accounts up to 2008 are about 15 million most of account remained closed due to financial illiteracy and the number of no frill account is just a target.

HYPOTHESIS

- RRBs and other financial institutions are the main source of sustainable financial inclusion.
- Proper initiatives are being taken by the government to promote financial inclusion.

METHODOLOGY

The study has been basically comprises analysis of secondary data and information from various financial institutions including block and panchayat level. Primary data and information will be collected through personal contact, structural questionnaires, and interviews. Personal observation will be signification statistical data chart and diagrams have necessary will be used.

SITUATION OF RANCHI

Ranchi is the capital of Indian State of Jharkhand and its second most populous city. Ranchi was the centre of Jharkhand movement which called for a separate state for tribal regions of South Bihar, Northern Odhisa, and Western West Bengal and Eastern area of what the present day Chhattisgarh. Ranchi lies at 23^0 21^IN 85^0 20 E. Its municipal area is 175.12 sq.km and its average elevation is 651met. above sea level. Ranchi is located in the Southern part of Chota Nagpur plateau, which is the eastern section of the Deccan Plateau. Ranchi is known as the city of Water falls because of numerous of waterfalls. Ranchi has a hilly topography and its dense tropical forest a combination that produces a relatively moderate climate compared to the rest of the State. During the period of British rule, it was accorded a hill station status, but right time rapid growth and industrialization have caused a marked changed in its market and its climate too. Ranchi district of Jharkhand though is called tourist capital of India but nearly ½ of its 25 lakhs populations, is under below poverty line. Ranchi district is one of the best oldest district of Jharkhand having 19 blocks, 256 Panchayats, Geographical area of 2886.89 sq KM

Number of villages 1348 out of which electrified villages are 368 and having population below poverty line is 125078. Being the oldest city and the capital of Jharkhand Ranchi is developing rapidly in all sectors.

The district is pre rained (rainfall-) and monocrop (paddy) having irrigated area of 1905 hectare our of the total) cultivated area of 37749 hectare. Agriculture and allied activities are major economic activities in the rural area of the district. The district is in terms of natural resources and number of industries but there is a wide disparity in the distribution of income. People who are engaged with industries and other works got good remuneration but people residing in rural areas depending on agriculture and allied activities do not get steady and regular income. Rural scenario is dominated by poverty and illiteracy.

POPULATION

Total Population of Ranchi District:	2,914,253
Urban Population:	1,257,335
Rural Population:	1,656,918

Thus the urban and semi urban population of district is about 52% of the total 25 lakhs. The district is called industrial district but most of its population living in villages deserve careful attention for inclusive growth through financial inclusion. The district credit plan 2011-2012 aimed at bringing the unprivileged people under banking net work for an inclusion and a uniform growth. Effects are being taken to small marginal BPL and women farmers through different financial institutions to reap the economic benefit of assured higher productivity. Besides this priorities were given to P.M.E-GP, G.G.S.Y, J.L.G, and KCC in general and dairy mushroom cultivation and sericulture in particular for achieving remunerative self employment project and to develop sustainable livelihood for lakhs of tribal and non tribal unbanked villagers of the district.

FINANCIAL INCLUSION: INDIA'S PERSPECTIVE

India has a long time, recognized the social and economic imperatives for inclusive financial inclusion and has made a huge contribution towards an economic development by finding innovative ways to empower the poor. Starting with the nationalization of banks, priority sector lending requirements for banks. In India Financial inclusion was first featured in 2005, when it launched by K. C. Chakarborthy, the chairman of Indian bank.Mangalam village became the first village in India where all households were provided with banking facilities. RBI has been undertaking financial inclusion initiatives in a mission mode through a combination of strategies ranging from provision of new products relaxation of regulatory guidelines and other supportive measures to achieve sustainable financial inclusion. Some of these steps are:

Facilitating no frills account and General Credit Card(GCC) for small deposits and credit norms were relaxed for people intending to open account with annual deposit of less than Rs. 50,000. In January 2006, RBI permitted commercial banks to make use of the services of non governmental organization (NGO/SHGs), micro financial institution and other civil society organization as intermediaries for providing financial and banking services. These intermediaries act as business correspondents by commercial banks. The bank directed the commercial banks in different regions to start a 100% financial inclusion campaign on a route finder basis. RBI vision for 2020 is to open nearly 600 million new customers' accounts and services them through a variety of channels by leveraging on Information Technology. However income saving and lack of bank branches in rural areas continue to be roadblock to financial inclusion in many states and there is also inadequate legal and financial structure.

Geographic and demographic penetration indicates the outreach of banking sector. Geographic penetration can be measured in terms of numbers of bank branches per 1000sq. km and number of ATMs per sq.km. On the other hand demographic penetration indicates number of bank branches per 100,000 sq km and number of ATMs per 100,000 sq km. This table represents the comparison of geographic and demographic penetration of banking services in various countries including India.

GEOGRAPHIC & DEMOGRAPHIC PENETRATION OF BANKING SERVICES IN SOME SELECTED COUNTRIES

	Geographic Penetration		Demographic Penetration	
Country	**No of banks branches/1000sqkm**	**No of ATM /1000sqkm**	**No of Bank Branches/1,00,000 People**	**No of ATM/1,00,000 People**
UK	45.16	104.66	18.35	42.45
INDIA	22.57	NA	6.30	NA
USA	9.81	38.43	30.46	120.94
MEXICO	4.09	3.72	14.59	17.82
BRAZIL	3.05	5.25	1.33	3.80
RUSSIA	0.19	0.53	2.24	6.28

Indian society does not place premium or individual initiative. They have succumbed to the beurocratic way of life which lays down in unequivocal term the clear role definition of each and every member of the institution. Leaving them little role to complain about:
Training- Skill- Policies = Knowledge.
Education-Values-Principle= Wisdom.
Know your Customer (KYC) is an obstacle for financial inclusion. Know Your Customer refers to relevant information from their clients for the purpose of doing business with them. The term is also used to refer to the bank regulation which governs these activities. Know Your Customer processes are also employed by companies of all sizes for the purpose of ensuring their agents etc. But RBI governor Raghuram Rajan ignored this KYC norm for keeping many Indians out of banking system and has proposed easing liability on banks for KYC violation in low-value account. RBI governor also said that the central bank has provided in-principle approval to a payment system which allows account holders to send fund to those without accounts ATMs on the basis of a code sent through a text message.

FACTORS OF FINANCIAL INCLUSION

FIG. 1: FINANCIAL INCLUSION (COMMUNITY INTERACTING THEREBY RESULTING IN ECONOMIC GROWTH)

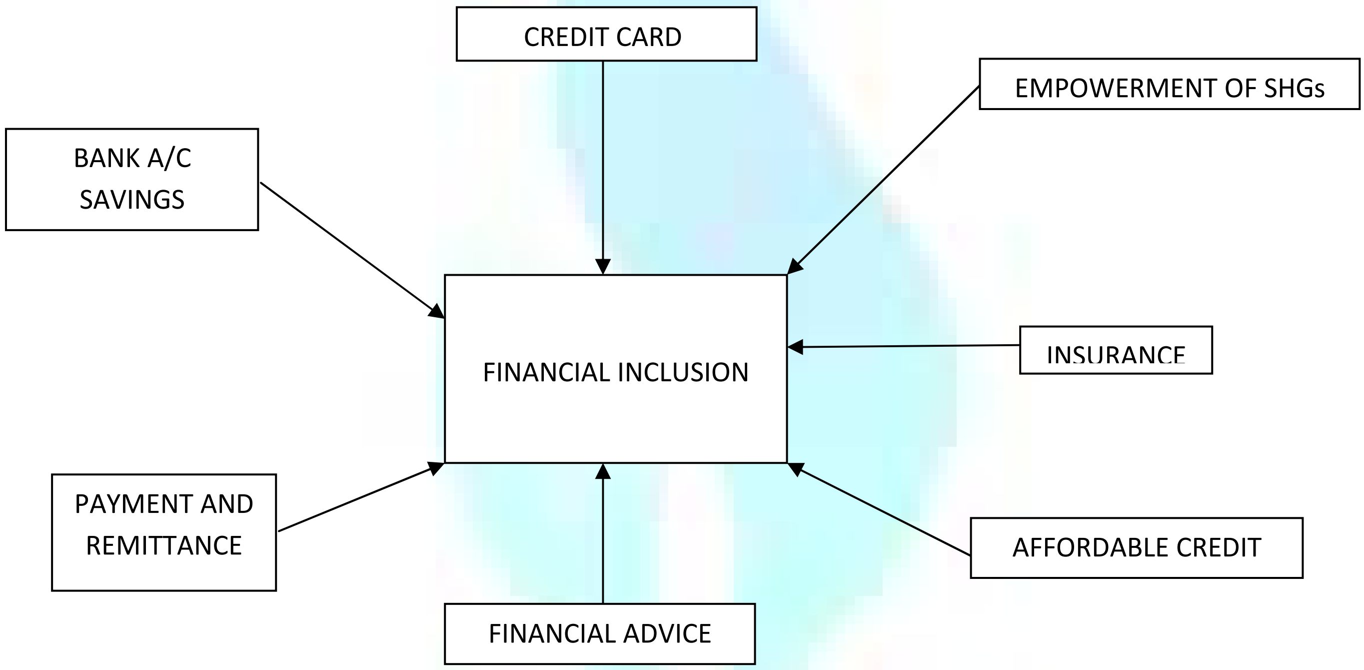
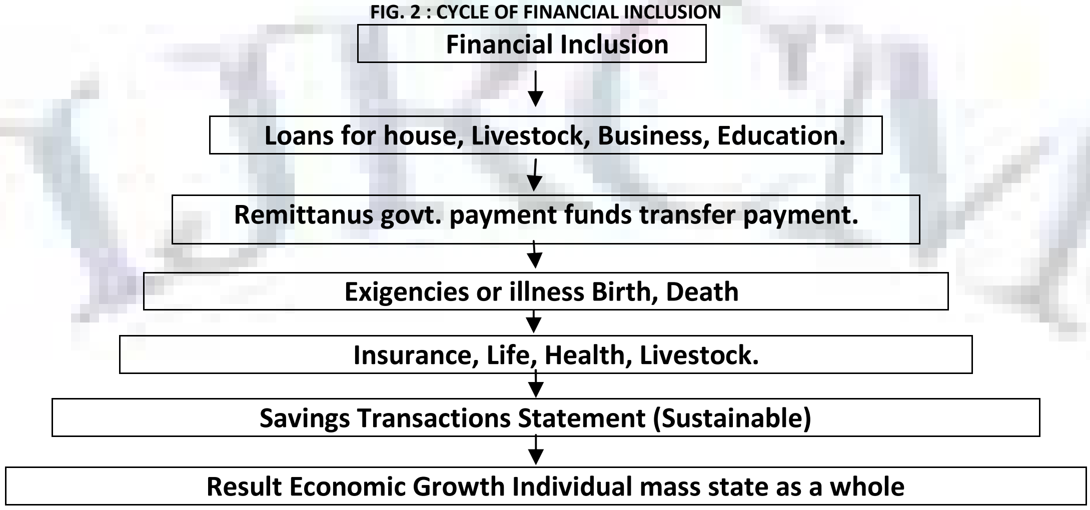


FIG. 2 : CYCLE OF FINANCIAL INCLUSION



There are a lot of SHG, WSHG whose approximate number are 3.37 million in India and number of registered Micro Finance Institution (MFI) is 750 in India. A multiple product access platform supported by formal education and easy to use technology well spread self service kiosk and suitable frame work made by MFIs and SHG can be the sustainable factor in their issue. No frill accounts up to 2008 are about 15 million. Most of the account remains closed due to financial illiteracy and the number of no frill account remained just a target. Two types of funds are allocated by Indian Government that comes to around US $ 125 million.

1. Financial Inclusion Fund :- Activities of Financial Inclusion Fund:-

- Training and capacity building of staff of cooperatives including primary agricultural cooperative society (PACS).
- Training and capacity building of the staff of RRBs / Business Correspondent (BC) / Business Facilitators (BF).
- Financial literacy centers by cooperatives banks and RRBs.
- Financial literacy campaign /program
- Project involving awareness at field level and support in opening of accounts for micro insurance / pension.
- Generic content to be developed literacy.

2. Financial Inclusion Technology:- Activities involved in Financial Inclusion Technology:-

- Support to weak state cooperative banks (SCB)/ Central Cooperative Banks (CCB) / Urban Cooperative Banks (UCB) for implementing core banking solution (CBS).
- Support to SCBs / District Central Cooperative Banks (DCCBS) /Regional Rural Banks (RRBs) for implementing Information and Communication Technology (ICT) based solution.
- Support for establishing ATMs for weak Cooperative banks /RRBs.
- ICT enabled Kisan Credit Card (KCC) for both RRBs and Cooperatives.
- On boarding of Aadhaar enabled payment system (AEPS) for RRBs / Cooperatives Banks.

FINANCIAL INCLUSION: PHASES & STEPS TAKEN BY GOVERNMENT

	Institutions	Year	OBJECTIVES
1.	Co-Operative Banks	1904	Basically to help poor people by opening branches in rural areas.
2.	Nationalized Banks	1969	To open public sector bank branches in rural areas to provide easily accessible bank facility.
3.	Lead Bank Scheme	1970	The lead bank was to act as consortium leader for coordinating the efforts of all credit institutions in each of the allotted district for expansion of branch banking facilities and for meeting the credit needs of the rural economy.
4.	Regional Rural Bank	1975	It is the combination of the local feel and the familiarity with rural problems which the cooperative possesses and the degree of business organization, ability to mobile deposit, access to central money market and modernized outlook which the commercial banks have. The institutions of Regional Rural Banks were created to meet the excess demand for institutional credit in the rural areas, particularly among the economically and socially marginalized sections.
5.	Micro Finance Institutions	1990	To provide micro credit to the poor to help them in earning their livelihood by self-employed.
6.	SHG	1992	Self Help Group (SHG)is a group of about 10-12 people usually women from a similar class and region, who come together to form saving and credit organization. They pooled financial resources to make small interest bearing loans.
7.	SHG bank Linkage		Through the SHG bank linkage program the RBI and NABARD have tried to promote relationship banking i.e. improving the existing relationship between the poor and the banker.
8.	Swarnjayanti Gram Swarojgar Yojna	1999	SGSY is a holistic scheme covering all aspect of self employed such as organization of the poor into self help group, training, credit, technology, infrastructure and marketing. The scheme is funded by financial institutions , Panchayat Raj Institutions, District Rural Development Agencies(DRDA),NGOs
9.	Committee of Financial Institution	2006	Allowing the use of intermediaries for providing banking and financial services through such policies the RBI has tried to improve financial inclusion.
10.	Business Correspondents	2009	The RBI approved BC model to approach the interior where banks can't be operated. Business correspondent are intermediaries who carry out banking functions in village or areas where it is not possible to open a branch. These can be NGOs or individuals of villages who will work for spreading awareness of banking facilities and get stipulated remuneration for that

REGIONAL RURAL BANKS (RRBs):-Regional Rural Banks (RRBs) were established in 1975 under the provision of the ordinance promulgated on the 26th September and followed by Regional Rural Banks Act, 1976with a view to develop the rural economy and to create a supplementary channel to the "Cooperative Credit Structure" with a view to enlarge institutional credit for rural and agriculture sector. The Government of India, the concerned State Government and the bank, which had sponsored the RRB contributed to the share capital of RRBs in the proportion of 50%, 15% and 35%, respectively. The area of operation of RRBs is limited to notified few districts in a state. The RRBs mobilize deposits primarily from rural/semi urban areas and provide loans and advances mostly to small and marginal farmers, agricultural laboures, rural artisans and other segments of priority sector.

ROLE OF REGIONAL RURAL BANKS IN FINANCIAL INCLUSION: - Regional Rural Banks (RRBs) were established in 1975 and were incorporated under the RRB Act, 1975. RRB is a commercial bank and is included under the second schedule to the RBI Act, 1934. Their branches are licensed by RBI under section 23 of Banking Regulation Act; 1949.The National Bank for Agriculture and Rural Development (NABARD) supervises them under section 35 of the banking regulation act, 1949 having concurrent powers with RBI. RRBs were originally established as a hybrid structure with the objective of combining the local feel of cooperative and the business acumen of commercial banks to exclusively cater to the credit needs of the rural poor. Established originally to drive the money lender "out of business" and bridge the capital gap unfilled by the rural cooperatives and commercial banks in rural areas. These banking institutions have expanded remarkably during the last decades. Since, the early 1990s RRBs are permitted to lend 60% of their loans to rural non poor's. These banks were set up with rural orientation having the benefit of low cost profile of cooperatives and at the same time benefitting from the professionalism and modernity of commercial banks. The weaker sections have been a target group for assistance in the multi agency approach. The Regional Rural Banks (RRBs) would be a model financial infrastructure for rural development with patronage and encouragement given by planner in the field. As the end of March 2012, there were 82 RRBs functioning in 26 states covering 638 districts in the country with a network of 16909 branches. Among the 82 RRBs, operating as schedule commercial banks within the framework of multi agency system.

CONCLUSION

A huge socioeconomic contrast seen as 300 million people are growing (middle earning) and 600 million people still live in extreme to moderate poverty. India's continued success and prosperity will largely be a measure of its inclusive development. However inclusive growth is challenged by such factors:-

- Smart Card.
- Point Of Service Device.
- Biometric Reader.
- Mobile Phone.
- Automatic Tellering Machine (ATM).
- Point of Service Terminal.

- **Technology Enablers:-**
- Biometric recognition.
- Interactive Voice Response Services (IVRS).
- Multilingual Software.
- Graphical User Interface. (GUI).
- Wireless Connectivity.
- Internet Connectivity.

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