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Research Article

Initiation of Financial Inclusion in Rajasthan: Implication of the Pilot Project Launched in Rajsamand District of Rajasthan (India)

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Abstract: A vast part of the population in India is standing on the margins of the financial system of India. These 'under-banked' people have attracted great concern from the policymakers in India. Financial inclusion (FI) is an important key factor in the economic development of a nation and the development of society by reducing the gap between the haves and the have-nots, by channelling the money flow into the economic system. It gives people easy access to the financial stream, which they would otherwise not have access to. This research article establishes the importance of financial inclusion for a country like India where various stakeholders are likely to play a crucial role in the development of the whole initiative. FI improves the economy. To develop self-reliance in the economy, the State should create a congenial atmosphere for individuals, households, and institutions to avail banking-related services easily. The banking system as a whole plays a crucial role in economic growth, and a robust financial service system is the foundation for spectacular growth and all-around development. India needs to focus on financial inclusion in order to stand out on the global platform. FI needs to go a long way to reach the core poor. Despite several drives of FI initiated by various Governments, Banks, and other Institutions, nearly 30 percent of the active population of India is still excluded from the formal channel of financial services. Merely opening no-frill bank accounts Jan-Dhan accounts will not serve the purpose. Formal financial institutions should be able to create trust and connect with those below the poverty line and who are on the borderline of poverty by developing strong bonds and linkages with system-based financial organs. Financial Inclusion is yet to deliver the warranted outcomes in India and much is to be done here, but it is undoubtedly playing an important role and yielding desired results.

Keywords: financial inclusion, business correspondent, financial education, fintech, inclusive growth, sustainable development goals

JEL Code: B21

1. Introduction

The growth trend of the Indian economy during the last two decades of the current century indicates the drastic shift in favour of higher growth to 6 to 8 percent during the last decades from that popularly known as the Hindu growth

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rate (3.4 percent) which prevailed for almost a quarter of last century. This fine-tuned growth, combined with declining growth of population, resulted in an increase of per capita income by more than 6 percent over the same period, doubling every decade (Rodrik & Subramanian, 2004). The concept of FI is not new to India, as we are among the few developing countries that have pioneered it in one way or another in terms of Financial Inclusion. Banking systems have been driven by twin fundamental principles, i.e. catering to the needs of the economy, and profit earning. But, in the pursuit of profitability through cost reduction, several sections of society naturally got excluded from the financial network. To show the concern about this exclusion, in the Budget Speech 2005-2006, the Finance Minister stated that "Financial inclusion provides business opportunities for the financial institutions at the bottom of the pyramid to expand the volume of the business. Profitability could be increased only by finding new avenues for deployment of funds & this underscored the necessity of financial inclusion of those sections that stand excluded" (Chakravarty & Pal, 2013).

For developing countries like India, financial inclusion is the process of providing financial services at affordable prices to the vulnerable and poor segments of society. Several constraints were overcome in the process of FI like making available banking facilities to those who have been under-banked so far, fine-tuning financial literacy programme, improving credit delivery mechanisms with a view to improving economic growth, etc. (Bakar & Sulong, 2018). Distributive justice and equity concepts, in a democratic country like India, can be ensured only when its weaker section of society turns out to be financially independent (economically and socially). To measure the overall growth of the financial inclusion, a Financial Inclusion Index has been developed covering access (availability of financial products), usage (actual use of financial products and services) and Quality (quality of financial services including affordability, reliability and convenience). Based upon these parameters, the Global Financial Index covering 174 countries has improved from 62.5 to 63.4 from 2022 to 2023. In India, the concept of measuring Financial Inclusion index was adopted in 2017 and it was measured as 43.4 and this has improved from 50.4 to 60.1 during the year from 2022 to 2023 and ranked 72nd among all countries (Ambarkhane et al., 2014) and financial inclusion score of Rajasthan too has improved one rank from 17th to 16th during the period from 2022 to 2023 (Rastogi, 2023). But this leap and bound is not sudden. Various steps were taken gradually by various states in India to improve their ranking. This study is to bring an old study in the daylight which was conducted under the aegis of State Level Bankers Committee (SLBC), Rajasthan during the nascent stage of financial inclusion in Rajasthan (a state of India) during 2006-07. The study was not formally published, however, its contents embraced deliberations at various forums. The second author of this article, was closely associated with grounding of Financial Inclusion of Rajasthan in the capacity of SLBC coordinator could keep the study safe in his personal record. This article is an extension and offshoot of this old study but a significant one that highlights the fundamental characteristics of Financial Inclusion at its nascent stage in Rajasthan State (one of the provinces of the Indian Republic) to bring about the socio-economic development of a comparatively less developed society.

2. Review of literature

Finance is the core parameter for the growth of any economic activity (Goel & Sharma, 2017). Financial inclusion is a prerequisite condition for the economic development of a country which has been echoed at national as well as international levels. Studies have proved that financial exclusion leads to social exclusion and social exclusion leads to financial exclusion. This indicates the importance and depth of financial inclusion in creating inclusive development. The economic growth of a country can be boosted by using financial inclusion because it works as a bridge that facilitates the full participation of poor and weaker sections of the country. Financial inclusion can help in attaining inclusive growth in a country like India by connecting the contribution of rural and weaker sections of the country with the financial system of the country (Goel & Sharma, 2017). The direction of the policymakers in India has shifted from financial development to financial inclusion during the first decades of the century to enhance sustainable growth in developing countries like India (Bakar & Sulong, 2018). Financial inclusion is influenced by the poverty level, level of financial innovation, stability of the financial sector, financial literacy, and regulatory framework (Ozili, 2020). Financial inclusion is strengthened by the expansion of bank branches and, the minimization of barriers to access to the banking sector (Bakar & Sulong, 2018). Serrao et al. (2012) observed that commercial bank branches play an important instrument in promoting financial inclusion. Policymakers in several countries started paying high attention to financial development through financial inclusion (World Bank Intranet, n.d.). Demirguc-Kunt (n.d.) in their studies concluded that in countries where bank branches and deposits are high, the income level of residents also increases rapidly. It indicates that higher financial inclusion boosts the growth of the economy. In this study, they also observed that a high number of branches and banking accounts exist more in the advanced economy rather than in middle and low-income countries (Ozili, 2020). Back et al. also reported that the number of branches generates efficiency among the banks and economic growth as a whole Omojolaibi (2017). However, there is a limitation in opening of branches due to cost and infrastructure limitations. Morgan (2022) says that this limitation can be reduced with the help of Fintech. Financial Technology is using software, applications and digital platforms to deliver financial services on a 24 × 7 basis at low cost by using smartphones and this way can potentially contribute to increased financial inclusion. Relationship exists between telecommunication, socioeconomic variables, and financial inclusion (Siddiqui & Siddiqui, 2020). Fintech innovations and revolution are a vivacious tool to achieve financial inclusion for Indian population by including the financially excluded section. Hence, the financial institutions should tie up with telecommunication companies as their channel partner to boost financial inclusion (Rastogi & Ragabiruntha, 2018).

Omojolaibi (2017) while studying the Nigerian economy observed that financial inclusion is an important factor in the reduction of poverty and generating per capita GDP. Therefore, the rise of financial inclusion by developing qualitative saving accounts develops the social welfare and well-being of poor households. Poor households suffer due to inadequate access to financial services, however, penetration of telecommunication has increased during the last two decades (Siddiqui & Siddiqui, 2020). Telecommunication has a great role in expanding financial services to people in rural areas and in helping them to improve their lives. Hence, a holistic and inclusive policy needs to be developed which enhances telecom infrastructure as well as financial inclusion simultaneously (Morgan, 2022).

Dev observed that financial inclusion is a strategic way and plays a strong way towards the improvement of the livelihood of farmers and rural enterprises (World Bank Intranet, n.d.). Online banking, understanding banking services and financial literacy are the drivers of financial inclusion. The Behviour of the people has changed due to demonetization and hence, in addition, to increasing access to formal financial systems to the masses in rural India, the policymakers should thrust to online banking and financial literacy (Chibba, 2009).

3. Theoretical framework

Financial inclusion in a developing economy like India is in the infant stage (Damodaran, 2013). The importance of this concept can be seen in the fact that if poor people are not connected to the formal financial system, they will not be able to grow economically. Although India has overtaken the United Kingdom and become the 5th biggest economy globally, the huge population of the country is still poor and does not have access to essential goods and services. Secondly, because of ignorance of financial awareness, these people can be under the onslaught of many types of fraud. These people lack a basic awareness of how to invest, and where to invest, and as such will risk the future of the next generation. Financial Inclusion is essential for the growth of any country (Leeladhar, 2005). During the last decade, the expansion of the formal financial system has been insufficient. It is essential to deepen the financial system in order to accelerate economic growth and equity. Given the current state of development in the country, there is a surge of MSMEs and start-ups in all parts of the country, from rural to semi-urban to urban areas. Therefore, it is essential to nurture and finance the growth of businesses of all sizes in order to foster competition. A small business owner today may become a big business owner tomorrow, and may even become a multinational business owner if they are provided with financial support. However, nothing guarantees the success of the entrepreneurs; failure and success are part of the entrepreneurial journey (Park & Mercado, 2015). Therefore, banks will need to enhance risk mitigation, and risk management strategies to make available financial support to entrepreneurs. Despite the risks, financing first-time entrepreneurs is a necessary part of Financial Inclusion for growth. In banking, we can expect equivalent efforts to build client and demand by promoting financial literacy, developing community education, ensuring the development of business services, for customers, and increasing giving thrust to publicity and brand recognition. The financial system contributes to poverty reduction in all forms by providing saving facilities; livelihood opportunities; economic infrastructure; and payment systems. High-growth organizations (HGOs), which are potential tools to encourage local involvement and thereby improve efficiency and transparency of services, essentially for the purpose of Financial

Inclusion, have not made much impact. Banks and administration play distinct but complementary roles in achieving social change (Morgan, 2022).

There is a positive link between financial inclusion and economic growth (Serrao et al., 2012) and in this background, the concept of Financial Inclusion was featured in 2005. Mangalam Village became the first village in India to have banking facilities for all households (Paramasivan & Ganeshkumar, 2013). Norms of opening Bank accounts were relaxed called Small Basic Saving Bank Deposits (BSBD) accounts for individuals who desired to open an account with an annual deposit below Rs 50,000. Following the basic spirit of relaxed norms of FI, General Credit Cards (GCC) were also issued to poor and vulnerable people for the purpose of getting them easy credit (Morgan, 2022). RBI permitted banks to engage the services of Non-Governmental organizations/Self-help groups, microfinance institutions, and other Civil Society Organizations as intermediaries to provide banking and financial services to various categories of people. Later on, it was extended to several other categories of people who serve as Business Correspondents (BCs) for commercial banks. The Reserve Bank of India advised commercial banks in various regions to launch a 100 percent FI campaign as a pilot Project. Following this advice of the Reserve Bank of India, 100 percent FI in all the districts was announced, in several States and Union Territories such as Himachal Pradesh, Kerala, and Pondicherry (IIBF monthly column, 2008). A vision for 2020, to open nearly 600 million new accounts and serve them through various channels using information technology, was stipulated by RBI. However, poor literacy levels and the low-income savings and banks' resistance to opening new branches in rural areas on the grounds of profitability coupled with inadequate legal and financial structure continued as a roadblock to financial inclusion in many states. Financial inclusion in India includes:

Pradhan Mantri Jan Dhan Yojana (PMJDY);
Basic Small Bank Deposit accounts (BSBD);
Pradhan Mantri Vaya Vandana Yojana (PMVVY);
Atal Pension Yojana (APY);
Pradhan Mantri Mudra Yojana (PMMY);
Stand-up India Yojana (SUIY);
Pradhan Mantri Suraksha Bima Yojana (PMSBY);
Pradhan Mantri Jeevan Jyoti Yojna (PMJJY);
Jeevan Suraksha Bandhan Yojana (JSBY);
Sukanya Samriddhi Yojana (SSY).

4. Objectives and methodology

The concept of financial inclusion has been developed to a great extent. Presently it is measured through financial inclusion indexes measures through 97 indicators covered under three heads namely (a) Access to products and services having weightage of 35% which includes access to savings, credit, remittances and pension etc., (b) Usage of Products and services having weightage of 45% which includes deposits, credit, pension, payments etc. and (c) Quality having weightage of 20 % which includes quality of financial services including affordability, reliability and convenience. But this growth is not overnight and has evolved over a period of time. The purpose of this study is to evaluate the relationship between various dimensions of Financial Inclusion and the economic development of the emerging economy of a province namely Rajasthan, and particularly a district at the micro level when these indicators were not developed. Financial Inclusion is a multidimensional concept with diverse views across the world. FI is the practice of providing financial services at an affordable price to the weaker sections of society. In banking, we can expect equivalent efforts to build client and demand by promoting financial literacy, developing community education, ensuring the development of business services, for customers, and increasing giving thrust to publicity and brand recognition. The financial system contributes to poverty reduction in all forms by providing saving facilities; livelihood opportunities; economic infrastructure; and payment systems. High-growth organizations (HGOs), which are potential tools to encourage local involvement and thereby improve efficiency and transparency of services, essentially for the purpose of Financial Inclusion, have not made much impact. Banks and administration play distinct but complementary roles in achieving social change.FI emerged on the horizon for the State Banking system based on policies of Inclusive

Growth, crossed the critical time tides, and is still present in Rajasthan State.

This study aims to understand the impact of financial Inclusion on the economic growth of this district in Rajasthan. The purpose of the Study is to:

Exploring the need and importance of Financial Inclusion for the economic & social development of society.

Exploring the access of the rural population to ATMs & bank branches in the given area as bank branches are major instruments to promote financial inclusion.

Exploring the stock of progress made by cooperative banks operating in the district in the plans directed to credit delivery.

Conducting a household survey and identifying families who are outside of the banking Panchayati Raj's role was stressed due to easy access to the unit's operating at the grassroots level.

For the purpose of the analysis, facts, figures, and data have been gathered through secondary sources from the RBI report, National Agriculture Bank and Rural Development (NABARD), books on the subject, and various other standard writings by authors. Upon analyzing the facts, figures, and other data, a conclusion has been drawn that the concept of financial inclusion is playing a pivotal role in the development of the economy and society but there are still several milestones to reach the desired destination. FI at a larger scale is a key factor in achieving social inclusion too and is the core of the Sustainable Development Goals (SDGs). Mobile financial services are also considered to bring numerous people into the formal economy improve personal livelihoods and transform economies.

Inclusive growth in Rajasthan State is not only indispensable for accelerating the growth process but also for percolating down the consequent benefits to enhance the well-being of the disadvantageous and underprivileged sections of society, more so in the context of the Millennium Development Goals. If not a pioneer, the policymakers of Rajasthan State have been front footers in searching for alternative mechanisms of credit delivery through SHGs (Bakar & Sulong, 2018). The Ajmer Model of Rajasthan State is one of the most popular significant tools for approaching the poor. Microfinance is being replaced by FI but it is in its supplementing role. It goes without saying that for account holders having a bank account or insurance coverage hardly means an improvement in the economic status, however, it may contribute to the process of economic growth by redistributing existing income patterns. It is against this backdrop that a well-thought-out policy shift from the perspective of the divergence in perspective of the economics of Banking & the conflict, which operates at several levels, was initiated in Rajsamand District, Rajasthan. This Pilot Project helped the State to overcome its challenges and provided direction to the State in developing new products for FI. The District is of an average size and has a large presence of WCDD's (Women & Child Development Department) initiatives in the Self Help Group Linkage program. The main objective of Financial Inclusion is to provide financial services at affordable prices to all sections of society. This is a crucial part of economic growth, as it not only ensures development in the financial sector but also provides affordable finance-related services at an affordable price to improve the standard of living of each section of society (Dolly & Panduranga, 2019).

Under the chairmanship of the Regional Director, RBI, a sub-committee was formed by SLBC Rajasthan wherein Rajsamand district was identified for the Pilot Project. The issue was deliberated threadbare and the decision was taken to conduct a household survey and identify families who were out of the net of banking services. The role to be played by Panchayati Raj was also deliberated among senior bankers and State Government officials and stress was made because of easy access to these financial units operating at the bottom level. The Committee also decided to complete the household survey at the earliest possible, preferably by the end of the calendar year with the mandate that the district should be absolutely covered with Financial Inclusion.

The villages allocated to participating banks and core parameters are as follows Table 1.

Table 1. Status of participating banks vis-a-vis core parameters

No. of branches	No. of villages	No. of families	No. of wards in the service area	No. of families
59	1,004	165,806	90	19,915

Being the Lead Bank, the State Bank of Bikaner and Jaipur was given the task of coordination at Rajsamand.

Each Bank Branch was advised to submit weekly progress reports to the Lead Dist. Office through the coordinator of participating banks.

Controlling Authorities of participating banks were encouraged to monitor progress on a monthly basis and visit the branches regularly.

To open no frill accounts as per RBI guidelines of all branches of Banks operating in Rajasmand District were also advised

The target of at least one account per household according to the voter list was set.

Sarpanch/Govt. Authorities prepared and verified records of migrated families, who migrated to different countries or declined to open an account.

A series of meetings was held at different levels to review and coordinate progress towards 100% financial inclusion, including at the SLBC and Reserve Bank of India (RBI).

5. Analysis and discussion

A bird's eye view of the progress of finances including the population, is sketched in the following Table 2.

Table 2. Status of survey completed and position of various accounts

Survey completed		100% financial inclusion achieved	Position of SB accounts		Loan accounts opened	No. of families who refused to open SB A/c	No. of families not available at the village
No. of villages	No. of families	Villages/wards	Existing	Newly opened			
1,004 (Rural)	175,438	1,004 (village)	77,160	84,667	970	5,540	7,101
21 (Semi Urban)	21,618	90 (wards)	16,358	3,439	-	1,176	645
Total	197,056	1,094	93,518	88,106	970	6,716	7,746

Note: The household survey conducted and the identification of families resulted in an increase in the number of families by 11,335 compared to the 2001 census level as a result of growth in population and fragmentation of families

This marathon of surveying and opening deposit/loan accounts in the entire District came to an end before the target date. The District collector Rajsamand verified the task by carrying out a sample cross-checking through his field staff. Data punching was carried out to update different information, which may be required for future needs.

The Statistical analysis for the performance of different banks in the Financial Inclusion in the district of Rajsamand, Rajasthan is as below.

The below Table 3 shows that the State Bank of Bikaner and Jaipur had opened 26,270 new accounts from a total of 61,736 families from the allotted 338 villages. State Bank of Indore had opened 1,710 new accounts from the allotted 19 villages. Punjab and National Bank had opened 1,017 new accounts from the allotted 31 villages. Bank of Baroda opened 2,599 accounts from the allotted 34 villages. The number of accounts opened can be directly co-related with the number of branches present in the district. The highest number of branches present in the district are of State Bank of Bikaner and Jaipur and Mewar Aanchalik Gramin Bank 19 (out of a total of 59 branches in the district i.e. 32.30%) thereafter Bank of Rajasthan with 12 branches network (12 out of 59 i.e. 20.33%). Thus number of newly opened accounts by SBBJ is 26,720 and by Mewar Aanchalik Gramin Bank is 20,594 due to their wide branch network and higher customer base. The obvious reason for opting for the SBBJ from among these two is due to better facilities being provided by the former and the bank itself being promoted by State Bank of India group which additionally adds to its credibility and brand value.

Statistically while analyzing the data, Anova: Two-factor without replication model was deployed for studying the variance among the different banks and the number of existing accounts and the newly opened accounts in the Rajasamand district.

Table 3. Progress of survey and SB Account opening in the village

100% financial inclusion progress report								Distt. Rajasamand					
Position of villages				Survey completed				Position of SB A/C					
Bank name	No. of Br.	No. of Village allotted	No. of Families	Villages where the survey started	No. of village	No. of Families	100% FI declared	Existing A/C	New Open A/C	A/C rnained to be open	Loan A/C GCC/ KCC/ OD	No. of family refused to open A/c	No. of family not available at the village
State Bank of Bikaner and Jaipur	19	338	61,736	338	338	61,736	338	33,537	26,720	0	444	162	873
State Bank of Indore	1	19	2,270	19	19	2,270	19	220	1,710	0	44	120	176
Punjab National Bank	2	31	4,375	31	31	4,375	31	1,245	1,017	0	275	1,622	216
Bank of Baroda	3	34	4,191	34	34	4,191	34	1,110	2,599	0	0	308	174
Bank of Rajasthan	12	243	43,983	243	243	43,983	243	13,305	27,541	0	207	662	2,268
Oriental Bank of Commerce	2	23	5,383	23	23	5,383	23	2,241	2,403	0	0	380	359
Allahabad Bank	1	36	4,309	36	36	4,309	36	1,656	2,083	0	0	257	313
Mewar Aanchalik Gramin Bank	19	280	49,191	280	280	49,191	280	23,846	20,594	0	0	2,029	2,722
Total	59	1,004	2E + 05	1,004	1,004	175,438	1,004	77,160	84,667	0	970	5,540	7,101

Table 4. Statistical table showing progress of survey and SB account opening in the village

Anova: Two-factor without replication						
Summary	Count	Sum	Average	Variance		
State Bank of Bikaner and Jaipur	2	60,257	30,128.5	23,235,745		
State Bank of Indore	2	1,930	965	1,110,050		
Punjab and National Bank	2	2,262	1,131	25,992		
Bank of Baroda	2	3,709	1,854.5	1,108,561		
Bank of Rajasthan	2	40,846	20,423	1.01E + 08		
Oriental Bank of Commerce	2	4,644	2,322	13,122		
Allahabad Bank	2	3,739	1,869.5	91,164.5		
Mewar Aanchalik Gramin Bank	2	44,440	22,220	5,287,752		
Existing accounts	8	77,160	9,645	1.62E + 08		
New accounts opened	8	84,667	10,583.38	1.46E + 08		
Anove						
Source of variation	SS	df	MS	F	P-value	F crit
Banks	2.03E + 09	7	2.9E + 08	15.7709	0.000856	3.787044
Accounts	3,522,191	1	3,522,191	0.191599	0.674777	5.591448
Error	1.29E + 08	7	18,383,149			
Total	2.16E + 09	15				

The data in the above Table 4 is an interpretation of the data set by two-factor ANOVA without replication. This means that there are two independent categorical variables, or factors, that affect a single dependent variable. In this case, the factors are Banks and No. of Accounts, and the dependent variable is the values in the table.

Here's a breakdown of the table:

Summary: This Table 4 shows the count, sum, average, and variance for each row and column. For example, State Bank of Bikaner and Jaipur has a count of 2 (No of accounts existed and number of accounts opened), a sum of 60,257, an average of 30,128.5, and a variance of 23,235,745.

ANOVA: This section performs an analysis of variance to see if there are statistically significant differences between the means of the different Banks and No. of accounts

Source of Variation: This row specifies whether the variation is due to the Banks, Number of accounts, or error.

SS: The Sum of squares, which measures the total variance within our target group is 2.03E + 09

df: This stands for degrees of freedom, here it's 7 in our data set.

MS: This stands for mean squares, which is calculated by dividing the sum of squares (SS) by its degrees of freedom (df). It represents the average amount of variance per unit which in our case is 2.9E + 08 for banks and 3,522,191 for a number of accounts.

F: This is the F-statistic, which is a test statistic used to compare the mean squares of different groups. In this case, it is used to compare the variance between the Banks and No of accounts to the variance within the error term. The F-static value for variance among Banks is 15.77 and among the number of accounts is 0.191599

P-value: This is the probability value associated with the F-statistic. A low p-value (less than 0.05) indicates that the observed difference between the means is statistically significant. It means that there is significant variance among the different banks and the number of accounts opened by them. The majority of accounts opened owing to a large number of branches of SBBJ, Bank of Rajasthan and Mewar Aanchalik Gramin Bank.

F crit: This is the critical F-value at a specific alpha level (usually 0.05). If the F-statistic is greater than the F crit, then the null hypothesis (that the means are equal) can be rejected. In this case, the F crit for Banks is 3.787044, and for the number of accounts is 5.591448

Based on the p-value (0.000856 for Banks and 0.674777 for accounts), we can reject the null hypothesis for Banks and fail to reject the null hypothesis for a number of accounts. This means that there is a statistically significant difference between the means of the Banks, but not between the means of the Number of accounts.

In simpler terms, the data suggests that there's a significant difference in the values between the Banks, but not between the number of accounts that existed and the number of accounts newly opened. The primary reason as discussed earlier is due to the wide presence of the branches leading to a higher customer base which in turn helps mouth-to-mouth publicity and hence better performance in terms of a number of accounts opening in the allotted villages.

The progress of major banks in the district is in line with their physical presence as shown in the graph below. (see Figure 1)

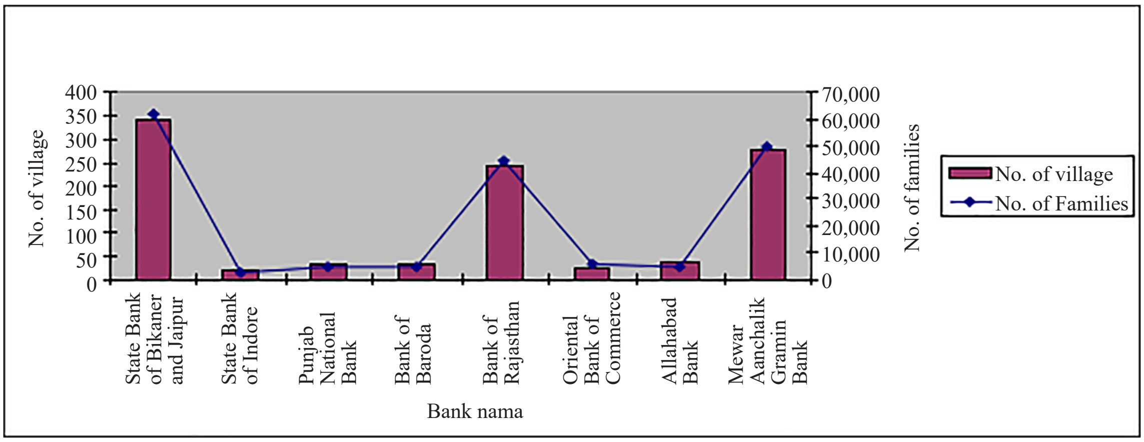

Figure 1. Village survey data

The district has a large number of immigrants. 7,101 families were unable to open bank accounts and as many as 5,540 families were not inclined to open accounts with banks which means around 78% of the migrant families shown non-inclination towards opening of bank accounts. Percentage of migrant families (Bankwise) who were not inclined to open account is shown in Figure 2 and the State Bank of Bikaner and Jaipur had the highest share in that. All the same, the remaining population has been integrated into the banking fold. It is obvious that old people and government pensioners prefer to receive money orders only, even delayed, at home instead of going to bank branches.

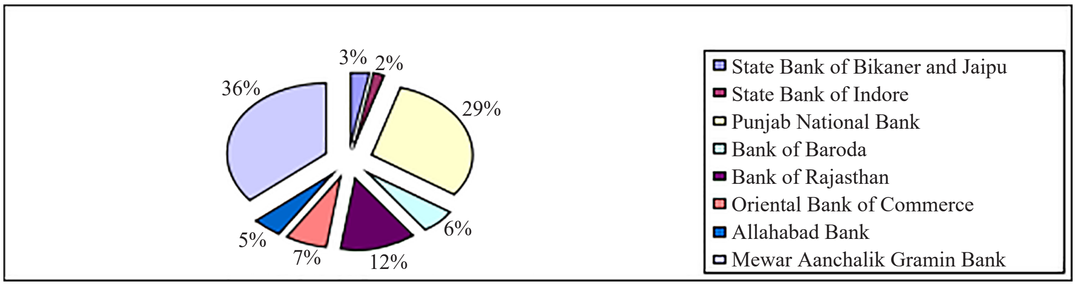

Figure 2. Bank wise allotted families who refused to open A/c (village)

Table 5. Status of existing vis-a-vis new accounts (village)

100% Financial inclusion progress report							Distt. Rajasamand						
	Position of wards				Survey completed			Position of SB A/C					
Bank Name	No. of Br.	No. of wards allotted	No. of Families	Wards where the survey started	No. of wards	No. of Fa milies	100% FI declared	Exis-ting A/C	New open A/C	A/C remained to be open	Loan A/C opened GCC/ KCC/ OD	No. of family refused to open A/c	No. of family not available at the village
State Bank of Bikaner and Jaipur	5	21	5,257	21	21	5,257	21	3,797	1,266	0		111	83
State Bank of Indore	1	1	202	1	1	202	1	142	60	0	0	0	0
Punjab National Bank	1	3	941	3	3	941	3	573	76	0		275	17
Bank of Baroda	3	13	2,664	13	13	2,664	13	1,874	564	0		183	43
Bank of Rajasthan	2	8	1,972	8	8	1,972	8	1,728	212	0	0	0	32
Oriental Bank of Commerce	2	8	1,893	8	8	1,893	8	1,632	142	0		78	41
Mewar Aanchalik Gramin Bank	6	28	7,579	28	28	7,579	28	5,933	908	0		309	429
Rajsamand Urban Co-operative Bank	2	8	1,110	8	8	1,110	8	679	211	0	0	220	0
Total	22	90	21,618	90	90	21,618	90	16,358	3,439	0	0	1,176	645

Table 5 depicts comprehensive data of Financial Inclusion progress report indicating various facts/ parameters like Bank wise number of branches participated in the survey, number of wards allotted, number of families participated, number of accounts already existing and number of new accounts opened etc. Total 21618 families were allotted. Though these families participated in the survey, 1176 families refused to open account, means about 5.6% of families refused to open account. This ratio was much better in comparison to migrant families.

A cross-analysis of the savings bank account data is the testimony of the fact that 47.68% of families were connected to the banking system, while the remaining 52.32% opened bank accounts in the context of FI.

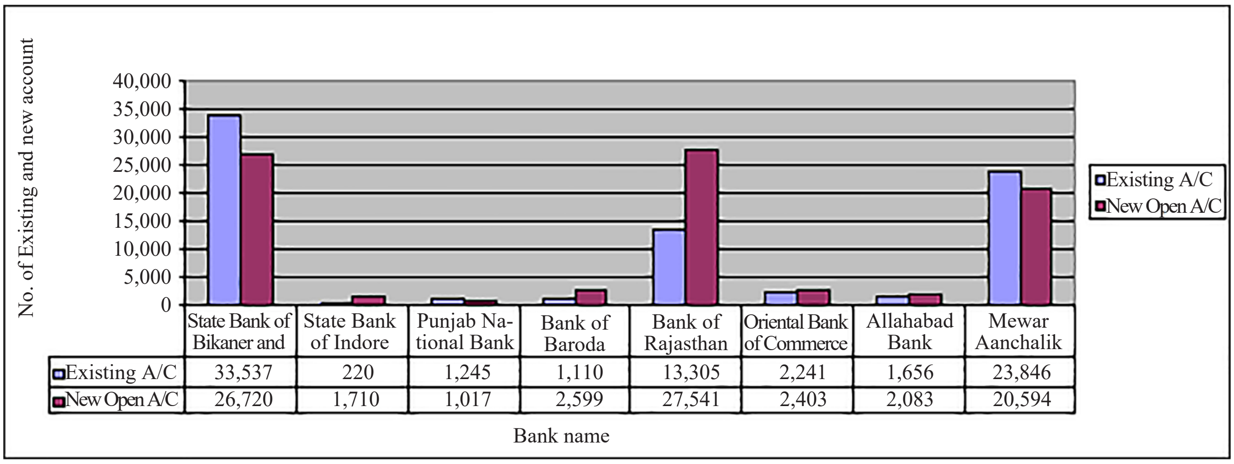

Figure 3. Existing and new account (village)

Figure 3 shows account already opened at the relevant point of = 47.68%, and new account opened during drive = 52.32%.

Figure 4 shows Bank-wise Financial inclusion performance in the wards is depicted with the help of the Bar Diagram:

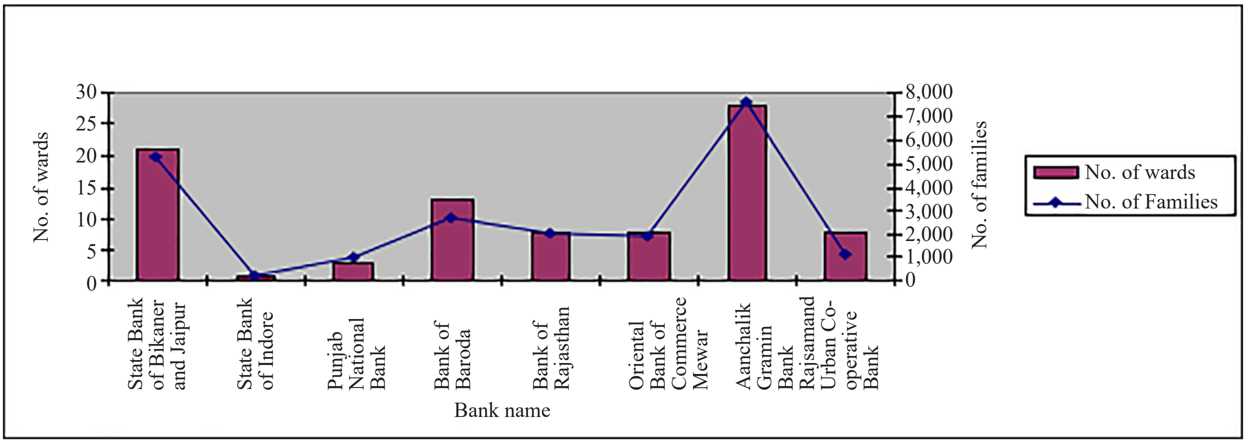

Figure 4. Ward survey data

Migration patterns are also evident with some variations in semi-urban areas. 645 families who migrated to the neighbouring state of Gujarat in search of wage jobs were unable to open bank accounts. At the same time, 1,176 families were such who were reluctant to open bank accounts. Families which refused to open account is described in terms of percentage through pie chart in Figure 5.

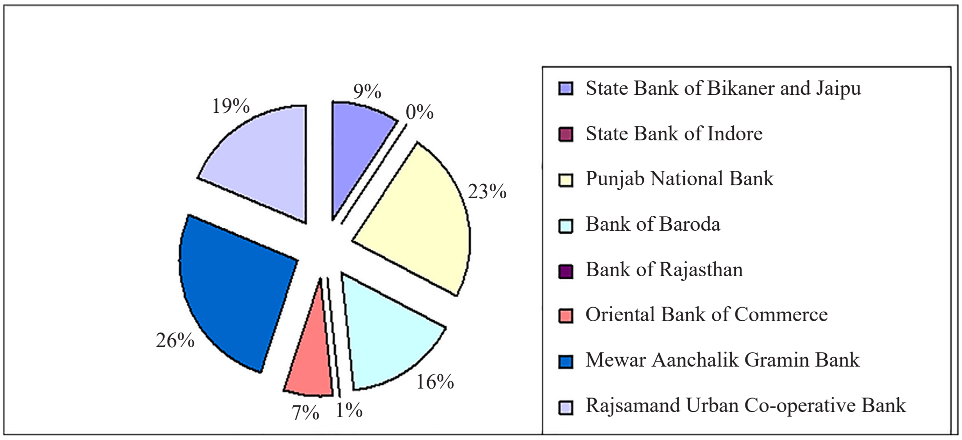

Figure 5. No. of Family refused to open A/c (ward)

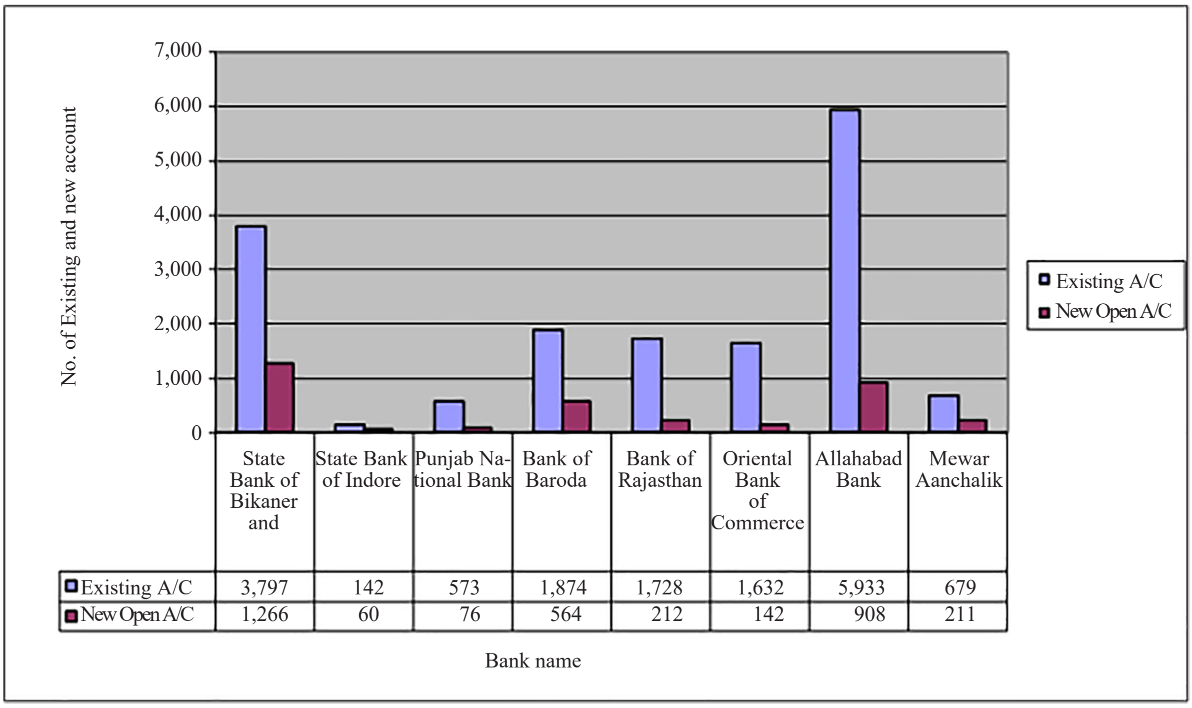

Figure 6. Status of existing vis-a-vis new accounts opened (wards)

Figure 6 depicts that total 8 banks were already having 16358 accounts and further 3439 accounts were opened during this pilot project. In other words, 82.63% accounts were already existing at that time and 17.37% new accounts were opened during the pilot project.

The level of awareness of the benefits of banking services was more prevalent among the people residing in semi-urban areas. As a result, banks had to spend notional efforts and opened 17.37 percent of new bank accounts in all the wards.

The evaluation study also carried out by an external agency showed that 92.27% of households had accounts with banks in villages. However, the percentage of the people who did not carry out any transactions in their bank accounts was 53.39. The main reasons for this were distance (in 79.64 cases), illiteracy (in 6.60% cases), and the number of households who were not interested was10.04%. As far as towns are concerned, 98% of households had bank accounts and out of this 86% carried out any transactions. The agency also noticed that most of the people contacted were not aware of how to open the account and were unable to get their passbooks (75.47%).

Notwithstanding disincentives and disconnections, the accounts opened in the context of FI had been profitably used by beneficiaries for making transactions under the NREGA (now called MANREGA) scheme and other government schemes. Otherwise, the accounts would have been mostly inoperative.

Based on evidence and discussion, it can be concluded that economic growth is positively linked to various aspects of financial inclusion such as banking penetration, access to banking services, and deposit usage (Sharma, 2016). The results suggest that social banking experiments should be conducted in India with the aim of deepening banking institutions. These results paved a way forward approach later and worked as a guiding light for the States and agencies.

Various procedural hassles allow people to easily borrow money from informal credit sources instead of from Banks and financial institutions. However, this leads to a compromised quality of life and, a high cost of living, besides falling prey to the exposition of unauthorized and unsupervised financial lenders, and to uninsured risks. FI is more than just about opening a savings bank account. It is also about awareness, financial education, advice on financial products debt counselling, etc. provided by banks. Every society should provide easy access to public goods. Banking service is a public good and should also provide service to the whole population. The process initiated, with the objective of providing banking services to the poor that too at an affordable cost which improves their quality of life, is called FI.

While this study was conducted in the context of banking institutions and in the context of emerging and developing districts, the experience of Rajsamand district provides many lessons and insights that can be learned for other banks. The key deliverable that can be visualized for banks to lead such projects under FI can be as follows:

Efficient delivery of services where the cost of intermediation is low, be ensured and re-balancing of credit portfolios be directed toward sectors that have received less credit.

There is a sheer need to substantially upscale micro-credit activities, rejuvenate rural branches, and make rural posting more attractive through incentives.

For the meaningful implementation of the FI concept we have to change the attitude & aptitude of staff posted in Rural Branches and lay greater emphasis on the MSMEs sector.

Now the time is right enough to think out of the box & find innovative means for reaching out to the poor, treating them as a long-term investment.

With the changing banking scenario and increasing cost consensus there is no alternative but to explore hybrid channels like Educational Institutes/NGOs/NFI's/ Post offices and RUDSETIs etc.

We have to adopt a mission mode to achieve 100% FI in identified districts and participate in the entire wealth creation exercise in rural areas rather than just giving crop loans-Emphasis on the "Credit plus approach".

We must foster real sector linkages amongst the farm activities and use technology as much as possible to accelerate the process of FI. It should be our mission to make bank branches become knowledge repositories in rural areas.

Bank should take utmost advantage of schemes like Rural Employment Guarantee Programs within the framework of the SB accounts opened under financial inclusion and for this State Government & local authorities must be involved in the initiatives taken by Bank. The bank should also continuously evaluate the cost & benefits of different products & services. Being the custodian of public money, they need to exercise caution. If some products succeed, Banks may continue them or else drop them in favor of other products. The commercial viability should be kept in view and efforts made in the beginning should be treated as long-term investments by Banks.

5. Limitation of the study

The concept of financial inclusion was first featured in 2005 by the Reserve Bank of India and this is an extension of an old study conducted under the aegis of SLBC, Rajasthan immediately in the next after introduction of the concept of financial inclusion i.e. in the year 2006-07. Since the concept was in a nascent stage, the objective of financial inclusion was restricted to having a basic no-frill bank account for receiving and making payments. The concept of financial inclusion has grown several folds during the last 18 years. Since this study is an extension of the old study, discussion is restricted to opening of bank accounts only that too limited to district of Rajasthan, i.e. Rajasmand District. Hence, drawing inferences from the data in today's scenario may be difficult when financial inclusion is being measured by 97 indicators. However, this study will help the researchers to understand the evolvement of the concept and brainstorm for further growth of the same.

6. Conclusion

The banking community and the Government worked hand in hand to create, design, and implement the Financial Inclusion pilot project in Rajsamand, which has been welcomed and reassuring. The pilot project has led the way in providing and facilitating the distribution of financial services. However, human resources, equipment, and methodology need to be improved to improve the quality and accessibility of policy dialogues. The financial sector is not only about numbers. At the same time, there is a need to extend financial literacy and counselling to customers. Banks should ensure that all necessary stationery, including passbooks, are readily available. Careful efforts are required to build an inclusive financial ecosystem consisting of and providing a conducive policy and social framework. Financial inclusion is essentially about providing basic facilities, which require both physical as well as social access and affordability of these facilities. Rajasthan is on a strong growth trajectory and as the next requirement is the provision of education, the bank's role is to offer education loans to all intending students with the aim of creating some financial assets in the first place and entrepreneurial credit in the second place. We recommended the Government regulate the flow to the bank segment. One way to do this is to develop and regulate policies to improve the delivery of suitable credit at fair prices with proper controls and balances. The State Government's role in inclusive growth can be seen on a larger scale through a tax measure that enhances investment in economic & social capital. At that time, the district economy was in a period of rapidly increasing incomes, both in the rural and semi-urban areas, as a result of the growth of existing economic activities and the emergence of new ones would take place. Corporate profitability was on the rise, and consumer incomes were rising rapidly. There will also be many new players who need financial services matching their enterprises that have not been offered to them yet. However, our financial depth at that point in time was much lower than in other Asian countries, although it has witnessed increasing trends in the yesteryears.

It was recommended that banks should provide a gamut of all enabling measures facilitating basic banking facilities like 'no-frills' accounts, low minimum or zero balances, and reasonable charges so that customers/a large part of the population have a reach to such accounts. Since then, many banks have implemented such policies, opening accounts with added value or irrespective of any added value. The Know Your Customer (KYC) processes for opening accounts were made simple to make it easier for low-income groups, both in the urban and rural areas. The RBI has also instructed, by way of directions to banks to provide all printed materials used by retail customers, in the language that the customers can easily understand i.e. English, Hindi, and even Regional languages. Reserve Bank of India permitted Banks to use the services of Non-Governmental Organizations/Self Help Groups, microfinance institutions (MFIs), and other Civil Society Organizations, by using business facilitator/business correspondent models as intermediaries, in the provision of banking and financial services. Hassle-free credit was facilitated for bank customers in rural areas, by way of guidelines issued for general credit card (GCC) schemes. Such measures enabled customers' access to banking services. The various steps were initiated by the RBI towards FI credit on simple terms and conditions without insisting on the security purpose and stipulated use of credit. In order to provide easy credit to the customers, the banks were permitted to issue generic credit cards similar to the Kisan Credit Card (KCC). The findings of the study contributed to the development of new products for financial inclusion in India.

Conflict of interest

The authors declare there is no conflict of interest at any point with reference to research findings.

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