Chapter-1

Introduction

1.1 Preamble to the Current Study

Access to finance, especially by the poor and vulnerable groups is a prerequisite for employment, economic growth, poverty reduction and social cohesion. Further, access to finance will empower the vulnerable groups by giving them an opportunity to have a bank account, to save and invest, to insure their homes or to partake of credit, thereby facilitating them to break the chain of poverty. But India is lagging behind in this respect so it has become the matter of concern. The banking industry in India has recognized this imperative and has undergone certain fundamental changes over the last two decades. Reforms since the early nineties in the banking sector have facilitated increasing competition, the development of new generation private sector banks as well as technological breakthrough in diverse financial products, services and delivery channels. With the recent developments in technology, both delivery channels and access to financial services have transformed banking from the traditional brick-and-mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines (ATM), credit / debit cards, internet banking, online money transfer, etc. Experience has shown that in the initial phase of real and financial sector reforms, there is a need to build in adequate provisions ensuring that the economically weak segment of population have increased participation in the process of economic growth and social development. Reforms in financial systems, therefore, need to be complemented by measures that encourage the institutions, instruments, relationships and financing arrangements to be properly geared for providing sound, responsive financial services to the majority of the people who do not have such access. The
main point, however, is that access to such technology is restricted only to certain segments of the society.

Amartya Sen. (2000) convincingly argued that poverty is not merely insufficient income, but rather the absence of wide range of capabilities, including security and ability to participate in economic and political systems. Today the term ‘bottom of the pyramid’ refers to the global poor most of who live in the developing countries. These large numbers of poor are required to be provided with much needed financial assistance in order to sail them out of their conditions of poverty. Accordingly, there is felt a need for policy support in channeling the financial resources towards the economic upliftment of resource poor in any developing economy.

In 1947, the first survey of rural indebtedness (All India Rural Credit Survey) conducted by the Reserve Bank of India (RBI) documented that moneylenders and other informal lenders met more than 90 per cent of rural credit needs. The share of banks in particular was only about 1 per cent in total rural household debt. The ratio remained low until 1971 when it was 2.4 per cent, although the share of formal sources of credit in rural areas increased steadily to 29 per cent due to the rising share of cooperatives.

The Indian Economy was in a crisis in 1991. Foreign exchange reserves dipped to an all time low by June 1991, inflation peaked at 16.7 per cent in August 1991 and GDP growth dropped sharply to 1 per cent. In order to overcome this crisis, substantial reforms were undertaken which resulted in a shift in the development paradigm of the country. The New Economic Policy (NEP), launched during this time had two broad elements (i) stabilization and (ii) Structural Adjustment Policy (SAP).
Post 1991, the Narsimham Committee Report-I, set the framework for reforms in the financial sector (especially banking sector). The committee emphasized moving towards “a vibrant and competitive financial system to sustain the ongoing reforms in the structural aspects of the real economy”. Adoption of international prudential and capital adequacy norms by banks in India was considered essential for competing globally. In a nutshell, the committee called for a new institutional structure that was market driven and based on profitability. This approach was relatively new compared to the ‘social banking’ approach followed till the end of eighties.

The nineties witnessed the Indian economy achieving GDP growth rates above 7 to 8 per cent prompting many to believe that the period of ‘Hindu rate of growth’ had been left behind. However, by the beginning of the new millennium, concerns were raised about the ‘inclusiveness’ of the growth process. The majority of the population depends on agriculture for their livelihood. The growth rate of agriculture, both in terms of gross product and output, had visibly decelerated during the post-reform period vis-à-vis the eighties. Further, as against the earlier trends of increasing share of institutional credit in total credit the latest NSSO (NSSO Report 498, 2003) Report points to the re-emergence of moneylenders in the rural credit scenario. For all farmer households taken together, at the all India level, institutional sources were responsible for providing only 57.5 per cent of the total credit, a downward trend compared to the situation prevalent (66.3%) during 1991-92 as reported by the All India Debt and Investment Survey.

Given the above trends the focus has shifted to financial inclusion which means providing access to basic financial services at affordable prices, a pre-requisite for ushering in inclusive growth. Recognizing this, the Eleventh Five Year Plan has explicitly stated ‘inclusive growth’ as its objective. Growth needs to be sufficiently inclusive if its benefits have to be shared among all or
else the growth process itself shall be threatened. In order to achieve ‘inclusive growth’, both State based interventions and Market based instruments are required. However, an important limitation of ‘market’ as an institution is that it is ‘not wealth neutral’ and given this perspective, the concept of ‘Financial Inclusion’ fits in. Financial Inclusion needs to be seen as an instrument that would move the wealth effect towards a neutral domain. Thus, as a concept Financial Inclusion has the potential to contribute substantially towards ‘inclusive growth’.

The increasing gap between demand and supply of financial services has led to the ‘exclusion’ of large number of rural population from formal financial institutions. As a response to the failure of formal financial institutions in reaching the poor, the ‘microcredit’ or more broadly ‘microfinance’ approach was innovated and institutionalized in the Indian rural credit system. It was aimed at overcoming the twin problems of formal credit system - non-availability and poor recovery performance of the existing rural credit institutions. As a result, Microfinance Institutions (MFIs) have made inroads into the rural areas to improve and extend timely, easy and adequate access to financial services. Credit is one of the critical inputs for economic development. Its timely availability in the right quantity and at an affordable cost goes a long way in contributing to the well-being of the people especially in the lower rungs of society. It is one of the three main challenges to input management in agriculture, the other two being physical and human (Hans, 2006). Financial Inclusion has become the buzzword in academic research, public policy meeting and seminars. This study is a primer on the subject focusing on India.
1.2 Financial Inclusion: An Overview

In simple terms, Financial Inclusion means provision of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. These include access to savings, credit, insurance, payments and remittance facilities by the formal financial system to those who tend to be excluded. As banking services are viewed as services in public good, the term financial inclusion means availability of banking services to the entire population without discrimination. In short, financial inclusion means to provide access to financial services to all the people in a fair, transparent and equitable manner at an affordable cost (Dr. B.K. Swain, 2007).

Financial inclusion ensures ease of availability, accessibility and usage of formal financial system to all members of the economy (Sharma, 2008). Financial inclusion has been widely recognized as important means to achieve inclusive growth on India. During the post nationalization of banking period, there has been spectacular progress in formal banking networks across the country. In the course of time, Reserve Bank of India has been adopting various measures like priority sector lending, KYC norms, banking correspondent model to ensure financial inclusion. Infact, measuring financial inclusion in a developing country like India is different from other developed countries. Financial inclusion can be measured in two ways. One is inclusion in the payments system i.e. having access to a bank account. The second type of inclusion is towards formal credit markets, thus requiring the excluded to approach informal and exploitative markets (Thorat Usha, 2007).

On 29 December 2003, Former UN Secretary-General Kofi Annan said: “The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that
exclude people from full participation in the financial sector. Together, we can and must build inclusive financial sectors that help people improve their lives.”

According to the United Nations the main goals of Inclusive Finance are as follows:

1. Access at a reasonable cost of all households and enterprises to the range of financial services for which they are “bankable,” including savings, short and long-term credit, leasing and factoring, mortgages, insurance, pensions, payments, local money transfers and international remittances
2. Sound institutions, guided by appropriate internal management systems, industry performance standards, and performance monitoring by the market, as well as by sound prudential regulation where required
3. Financial and institutional sustainability as a means of providing access to financial services over time
4. Multiple providers of financial services, wherever feasible, so as to bring cost-effective and a wide variety of alternatives to customers (which could include any number of combinations of sound private, non-profit and public providers).

A holistic financial inclusion could be expedited with the maximum use of information, communication and technology-enabled services supported by an extensive Financial Literacy mission.

According to the UK Financial Inclusion Taskforce, there are three main concerns in financial inclusion; access to banking, access to affordable credit and access to free face-to-face financial advice. The term 'Financial Inclusion' is defined as an extension of banking
and financial services at an affordable cost to unbanked people of the community. Unlike financial inclusion, 'Financial Exclusion' signifies the lack of access (by the economically poor and unbanked people of society) to appropriate, low-cost, fair and safe financial products and services.

Financial inclusion also facilitates inefficient allocation of resources and enables the economy to maximize welfare by reducing the spread of informal source of avenues. A large number of earlier studies often suggest that development of the financial sector and better access to financial services are imperatives for facilitating economic growth with equity. Without an inclusive financial system, poor individuals and small enterprises have to rely on their limited savings and earnings to invest in their education and entrepreneurship to take advantages of growth opportunities (World Bank, 2008). Achieving financial inclusion through formal banking system is a inconvenient task. Unavailability of adequate financial services like credit, insurances, and remittances to majority population at an affordable cost is a major roadblock for the growth of financial sectors. In this context, Micro-finance approach can be considered as an alternative solution to provide financial services to common section of the society.

In the Indian context, financial inclusion, according to the Finance Minister’s 2006-07 budget speech, was defined as “The process of ensuring access to timely and adequate credit and financial services by vulnerable groups at an affordable cost” (Union Budget, 2007-2008).

In a similar vein, the Committee on Financial Inclusion defines financial inclusion as “…the process of ensuring access to financial services and timely, adequate credit where needed, to vulnerable groups such as weaker sections and low income groups, at an affordable cost,” (Report of the Committee for Financial Inclusion, 2008).
Although these two definitions mention a range of financial services, their wording reveals a bias towards credit. In fact, until recently, the discussion on financial inclusion in policy and academic circles tended to revolve around the extension of institutional credit at the expense of providing savings, in spite of evidence that poor people save (Basu, 2005; Dev, 2006; Mohan, 2006). If this trend continues, a myopic focus on credit could lead to detrimental, long-term outcomes such as over-indebtedness and wasteful use of scarce resources (Committee for Financial Sector Reforms, 2008). Encouragingly, the RBI-led drive for financial inclusion is thus significant in that it attempts to extend savings bank accounts to ‘unbanked’ households.

The financial services include the entire range - savings, loans, insurance, credit, payments etc. The financial system has to provide its function of transferring resources from surplus to deficit units but both deficit and surplus units are those with low incomes, poor background etc. By providing these services, the aim is to help them come out of poverty. So far, the focus has only been on delivering credit (it is called as microfinance but is microcredit) and has been quite successful. Similar success has to be seen in other aspect of finance as well.

1.3 Micro Finance

Micro-finance interventions are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor. In India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO’s has been largely supply-driven and a recent approach. Micro-finance institutions are, other than banks, are engaged in the provision of financial services to the poor. Micro finance (MF) in the recent past has emerged as a potential instrument for poverty alleviation and women empowerment. MF intervention refers to provision of access to small loans without physical
collateral to the poor, especially the women, while encouraging them to save regularly in order to combine thrift and self-help for their own development. MFIs consist of Refinance Institutions, Banks, Non Government Organizations and Self Help Groups dealing with small loans and deposits in rural, semi urban or urban areas enabling people to raise savings, productive investments and thereby their standard of living. National Bank for Agriculture and Rural Development has played a very significant role in supporting group formation, linking them with banks as also promoting best practices.

Microfinance has drawn attention to an entire sector of borrowers who had been previously poorly served by the formal financial sector - and MF has demonstrated how to make lending to this sector a viable proposition. MFIs have been playing an important role in substituting moneylenders and reducing the burden on the formal financial institutions. With the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, banks have been allowed to use the services of NGO’s, SHGs, MFIs and other civil society organizations as intermediaries in providing financial and banking services through the use of business facilitator and correspondent models. Provision for this kind of financial intermediation has opened new and diverse avenues to address the issue of financial inclusion by banks.

“Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of. Millions of poor people are not served by regular banks, because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without.” (Gert van Maanen, Oikocredit, 2004)

Microcredit is based on the premise that the poor have skills which remain unutilized or underutilized. It is definitely not the lack of skills which make poor people poor….charity is not
the answer to poverty. It only helps poverty to continue. It creates dependency and takes away the individual’s initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty.” (Muhammad Yunus, 2003)

A good definition of microfinance as provided by Robinson is, ‘Microfinance refers to small-scale financial services for both credits and deposits — that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas’.

For several decades, many economies, including the Indian, experimented with subsidized credit for the poor. But the only tangible outcome perhaps was the increase in Non-Performing Assets (NPA). Then came the realization that the core issue for the poor was access to credit rather than the cost of credit. In fact one of the contributions of microfinance can possibly be the ‘end of interest rate debate’. Microfinance has proved time and again that it is access and not interest rates that are a constraint for the poor. Another discovery followed, that the poor can and will save, and can indeed use a wide range of financial services such as remittances facilities and insurance products. The most well-known and cited international example of a microcredit institution is the Grameen Bank in Bangladesh. But there are numerous others. Even during the Asian financial crisis, Bank Rayat Indonesia not only survived but thrived; as did BancoSol in Bolivia (R Srinivasan, 2003).

The Microfinance Services Regulation Bill defines microfinance services as “providing financial assistance to an individual or an eligible client, either directly or through a group mechanism for:
i) An amount, not exceeding rupees fifty thousand in aggregate per individual, for small and tiny enterprise, agriculture, allied activities (including for consumption purposes of such individual) or

ii) An amount not exceeding rupees one lakh fifty thousand in aggregate per individual for housing purposes, or

iii) Such other amounts, for any of the purposes mentioned at items (i) and (ii) above or other purposes, as may be prescribed.” (Report of the Committee for Financial Inclusion, 2008)

The SHG-Bank Linkage Programme launched by NABARD in 1992 continues to be the predominant Micro-Finance (MF) model in the country. It represents the union of the banking system comprising the public and private sector commercial banks, Regional Rural banks (RRB), and Co-operative Banks with several organizations in the formal and semiformal sectors to facilitate the provision of financial services to a large number of poor clients. It is a proven method of financial inclusion, providing un-banked rural clientele with access to formal financial services from the existing banking infrastructure. The Reserve Bank of India has identified large gap in the demand and supply of credit to the poor and suggests the urgent need to widen the scope, outreach and scale of financial services to cover the un-reached populace.

1.4 The Present Study

The present study is aimed at reviewing the status of financial inclusion through micro financing, its implications and analyzing its impact on socio economic development. The study also aimed at reviewing the role of various financial institutions in financial inclusion drive with different objectives. The study also presents the extent of inclusion among some developing countries. It also highlights the crucial role of financial inclusion in inclusive growth.
1.5 Objectives of the Study

- To analyze the need of financial inclusion in India.
- To assess the role of nationalized banks, private institutions & micro finance institutions in financial inclusion.
- To assess the problems faced by financial institutions in meeting their objectives concerning financial inclusion.
- To compare the extent of funding by government, private & micro finance institutions.

1.6 Need of the Study

The need of the study is to find out whether the various financial institutions indulge in providing the micro finance is able to meet their objective of financial inclusion or not. The study will also focus on the various parameters adopted by financial institutions and whether the parameters and terms on the basis of which micro finance is provided are favorable to those who earlier are financially excluded. The Reserve Bank of India has identified large gap in the demand and supply of credit to the poor and suggests the urgent need to widen the scope, outreach and scale of financial services to cover the un-reached populace. The study will try to establish this gap and will try to find out the reasons behind it.

1.7 Hypotheses of the study

In order to examine the stated objectives, various hypotheses have been formulated to investigate the associations between the variables

\[ H_{01} \]: The distribution of male and female adults with share of account holders in formal financial institution was similar in all countries

\[ H_{02} \]: The distribution of adults with share of account holders in formal financial institution was similar in all countries irrespective of their education.
H03: The distribution of adults with share of account holders in formal financial institution was similar in all countries irrespective of their locality

H04: The distribution of adults with share of account holders in formal financial institution was similar in all countries irrespective of their income

H05: The distribution of adults with share of account holders in formal financial institution was similar in all countries irrespective of their age

H06: The distribution of male and female adults with share of account savings in formal financial institution was similar in all countries

H07: The distribution of adults with share of account savings in formal financial institution was similar in all countries irrespective of their education

H08: The distribution of adults with share of account savings in formal financial institution was similar in all countries irrespective of their locality

H09: The distribution of adults with share of account savings in formal financial institution was similar in all countries irrespective of their income

H10: The distribution of adults with share of account savings in formal financial institution was similar in all countries irrespective of their age

H11: The distribution of male and female adults with share of borrowings from formal financial institution was similar in all countries

H12: The distribution of adults with share of borrowings from formal financial institution was similar in all countries irrespective of their education

H13: The distribution of adults with share of borrowings from formal financial institution was similar in all countries irrespective of their locality
\textbf{H}_{14}: The distribution of adults with share of borrowings from formal financial institution was similar in all countries irrespective of their income

\textbf{H}_{15}: The distribution of adults with share of borrowings from formal financial institution was similar in all countries irrespective of their age

\textbf{H}_{16}: The respondents surveyed were dealing equally with all four commercial, regional rural, co-operative and micro finance institution for their services.

\textbf{H}_{17}: The respondents surveyed rated equally all the reasons for not using the loaning and credit facilities of the banks

\textbf{H}_{18}: The bank from both private and public sector encourages respondents to avail their services

\textbf{H}_{19}: There was no difference in problems perceived by the managers of the different financial institutions

\textbf{H}_{20}: There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in Haryana

\textbf{H}_{21}: There was no difference in increment of savings of SHG’s with commercial, regional rural and co-operative banks in Haryana

\textbf{H}_{22}: There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in Punjab

\textbf{H}_{23}: There was no difference in increment of savings of SHG’s with commercial, regional rural and co-operative banks in Punjab

\textbf{H}_{24}: There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in HP

\textbf{H}_{25}: There was no difference in increment of savings of SHG’s with commercial, regional rural and co-operative banks in HP
H26: There was no difference in increment of number of SHG’s association with commercial, regional rural and co – operative banks in J&K

H27: There was no difference in increment of savings of SHG’s with commercial, regional rural and co – operative banks in J&K

H28: There was no difference in increment of number of SHG’s association with commercial, regional rural and co – operative banks in Rajasthan

H29: There was no difference in increment of savings of SHG’s with commercial, regional rural and co – operative banks in Rajasthan

H30: There was no difference in increment of number of SHG’s association with commercial, regional rural and co – operative banks in Haryana

H31: There was no difference in increment of loan disbursement of SHG’s with commercial, regional rural and co – operative banks in Haryana

H32: There was no difference in increment of number of SHG’s association with commercial, regional rural and co – operative banks in Punjab

H33: There was no difference in increment of loan disbursement of SHG’s with commercial, regional rural and co – operative banks in Punjab

H34: There was no difference in increment of number of SHG’s association with commercial, regional rural and co – operative banks in HP

H35: There was no difference in increment of loan disbursement of SHG’s with commercial, regional rural and co – operative banks in HP

H36: There was no difference in increment of number of SHG’s association with commercial, regional rural and co – operative banks in J&K
There was no difference in increment of loan disbursement of SHG’s with commercial, regional rural and co-operative banks in J&K

There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in Rajasthan

There was no difference in increment of loan disbursement of SHG’s with commercial, regional rural and co-operative banks in Rajasthan

There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in Haryana

There was no difference in increment of loan outstanding of SHG’s with commercial, regional rural and co-operative banks in Haryana

There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in Punjab

There was no difference in increment of loan outstanding of SHG’s with commercial, regional rural and co-operative banks in Punjab

There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in HP

There was no difference in increment of loan outstanding of SHG’s with commercial, regional rural and co-operative banks in HP

There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in J&K

There was no difference in increment of loan outstanding of SHG’s with commercial, regional rural and co-operative banks in J&K
There was no difference in increment of number of SHG’s association with commercial, regional rural and co-operative banks in Rajasthan

There was no difference in increment of loan outstanding of SHG’s with commercial, regional rural and co-operative banks in Rajasthan

1.8 Research Methodology

The research methodology is a way to solve systematically the research problem formulated for the present study. It lays the foundation based on which the research work will be realized. It involves research design, scope of the study, sample size, sampling technique, instruments used, data collection methods and data analysis to be carried out to accomplish the research objectives.

1.8.1 Research Design

Research design is the strategy, plan and structure of conducting a research study (Kweit and Kweit, 1981, in Leedy, 1993). It is the framework that has been designed to seek answers to research questions. This research involves empirical testing of hypotheses through different data analysis tools. Based on the objectives of the present study, the research design is exploratory and descriptive in nature.

1.8.2 Scope of the Study

The study is confined to north Indian states Haryana, Punjab, Rajasthan, Himachal Pradesh and J&K. However some of the facts and figures presented in the study give the picture of national and global scenario. In India, various financial institutions are engaged in providing micro finance. These institutions are both from the public sector and private sector having linkages with self-help groups and private micro finance institutions. The institutions can be segregated into commercial banks (public & private sector), Cooperative Banks, Regional Rural banks and micro finance institutions. MFIs consist of
Refinance Institutions, Banks, Non Government Organizations and Self Help Groups dealing with small loans and deposits in rural, semi urban or urban areas.

1.8.3 Sample size

300 respondents were surveyed for the assessment of the needs of the financial inclusion. Also to assess the need of financial inclusion in India country wise secondary data of some developing countries was analyzed in references to the demographic profile of the adult’s information for their numbers of accounts and percentage share of the savings and borrowings. To assess the problems encountered by the financial institutions in meeting their objectives concerning financial inclusion and to know the effectiveness of measures taken by banks a questionnaire designed was surveyed among 40 managers, 10 each from the commercial banks, regional rural banks, co – operative banks and zonal heads of the SIDBI. To compare the extent of funding 10 banks are selected from the public sector and private sector.

1.8.4 Data Collection

The data for the study is comprised of primary as well as secondary data.

- **PRIMARY DATA:** From executives of various financial institutions and customers who are availing the facility of micro finance through Questionnaire

- **SECONDARY DATA:**
  - From various websites
  - Annual reports, Journals, Magazines etc

The survey method involves a structured questionnaire given to respondents and designed to elicit specific information. In structured data collection, a formal questionnaire is prepared and questions are asked in prearranged order.
1.8.5 Data Analysis

The present study was based on the four major research objectives as follows:

1. **To analyze the need of the Financial Inclusion**

A questionnaire was constructed primarily to handle this objective which was based on the sub objectives i.e. *dealing with banking circuit, using banking credit and automated services, switching to third parties for borrowings and awareness about the high tech facilities of the bank* which was analyzed via frequency distribution tables, Chi square test of homogeneity and also testing of proportion. Alongside some secondary data based on the country wise comparative analysis with respect to demographic profiles on *number of accounts, savings and loans taken*, was analyzed via Chi square test of associations.

2. **To assess the role of Nationalized banks, Private institutions and Micro finance institution in financial inclusion**

The data collected to handle this objective was solely secondary based which was account of the amount of savings, disbursed and outstanding loans with the various micro finance institution from the banks and their numbers. The data was collected from various Commercial banks, regional rural banks, cooperative banks and SIDBI from 2006 – 07 to 2012–13. The data collected was analyzed via percentage growth, compound growth rate, mean and standard deviation.

3. **To assess the problems faced by the financial institution in meeting their objectives concerning financial inclusion**

The said objective of the research study was again handled via designed questionnaire. The questionnaire designed was primarily based on the study associated with the problems faced by the financial institution regarding financial inclusion. Frequency
distribution tables, test of proportion and Kruskal Wallis test was used to analyze the data available on this objective.

4. To compare the extent of funding by government, private and micro finance institution

This objective was the extension of the second objective of the research study which was further subjected to the comparative analysis among all bank types and within the bank types for the secondary data of amount of savings, disbursed and outstanding loans with the various micro finance institutions from the banks and their numbers. The data was collected from various commercial banks, regional rural banks, co operative banks and SIDBI since the years 2006 – 07 to 2012 – 13. The data collected was analyzed via Kruskal Wallis Test and coefficient of variation.

1.9 Chapter Summary

Present chapter introduces the background, brief introduction to financial inclusion and micro finance along with vindication for the present study. It also highlights the need for present study and four objectives which have to be examined through hypothesis stated in the chapter. The present study advances the literature relevant to financial inclusion and micro finance, role of financial institutions and their progress under micro finance.