A literature review is a body of text that aims to review the critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources, and as such, do not report any new or original experimental work.

Most often associated with academic-oriented literature, such as theses, a literature review usually precedes a research proposal and results section. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal, such as future research that may be needed in the area.

A well-structured literature review is characterized by a logical flow of ideas; current and relevant references with consistent, appropriate referencing style; proper use of terminology; and an unbiased and comprehensive view of the previous research on the topic.

The reviews relating to topic is mentioned below:

1. According to M. Anilkumar and S. Resia, Financial inclusion is “a means to achieve inclusive growth. Financial inclusion involves bringing into banking fold all those who presently stand excluded from preview of banking.”------Special Economic Zones in India. (Financial Inclusion ---Challenges and Opportunities.)
2. According to Committee of financial inclusion it is delivery of financial services at an affordable cost to the vast sections of disadvantaged and low income groups.-----(Ministry of Finance 2008)

3. Dr. K.C Chakraborty, Chairman and Managing Director, Indian Bank, describes Financial Inclusion as a means to provide access to financial services to all the people in a fair, transparent and equitable manner at an affordable cost. ------- Special Economic Zones in INDIA. (Financial Inclusion --Challenges and Opportunities.)

4. According to Subhash Wadhwa, International Consultant on microfinance it means availability of banking services to entire population without any discrimination.—Readings on Financial Inclusion-(Indian Institute of Banking and Finance)

5. DR. N.A Mujumdar, Former Principle Advisor, RBI, says it means a concept that extends far beyond the question of merely bringing all the cultivators including small and marginal farmers into the fold of institutional credit as the current official discourses on subject seem to suggest.--- ---- Readings on Financial Inclusion-(Indian Institute of Banking and Finance)

6. Reserve Bank of India deputy governor K.C. Chakrabarty, in a recent presentation on financial inclusion in Mumbai, said about 40% Indians have check-in accounts. Going by his presentation, 51 out of every 100 Indians had bank accounts in 1993. This has marginally gone up to 54 in 2007.

7. Anil Ambani, the billionaire chairman of Reliance-Anil Dhirubhai Ambani Group, said in the recent annual general meeting of one of his group firms that nearly 400 million Indians have bank accounts. That’s less than 40% of the country’s population.
8. The Committee of Financial Inclusion has defined financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." — National Bank for Agriculture and Rural Development.

9. According to C. Ragarajan and K. C. Chakrabarty, it is scaling up access to finance for India's rural poor and to present presents a formidable developmental challenge in a country as vast and varied as India.

10. As per the National Sample Survey Organisation (NSSO, 2005), about 73 percent of the households in India were located in the rural areas. The incidence of indebtedness was about 27 percent among the rural and 18 percent among the urban households. About 13 percent of the rural households were indebted to institutional agencies and 16 percent to non-institutional agencies.

11. Addressing the National Conference on Inclusive Growth in India on October 8, 2010, Jayanthi Natrajan, said “Financial inclusion is fundamental for a good democracy and the very meaning of democracy is meaningless without financial inclusion”.

12. H. R. H. Princess Máxima of the Netherlands, the UN Secretary-General’s Special Advocate for Inclusive Finance for Development, spoke about the significance of Financial Inclusion in achieving development goals on a side-event ‘Financial Inclusion: A Path to the Millennium Development Goals’ during the MDG Summit 2010 on September 22 in New York.

13. The Finance Minister of India, Mr. Pranab Mukherjee, in an Annual Review Meeting of Regional Rural Banks (RRBs) held on 25th July, 2010, said that the status of Financial Inclusion
in the country should be reviewed and hence Regional Rural Banks should be expanded to outreach financial inclusion.

14. Smt. Usha Thorat, Deputy Governor, Reserve Bank of India at the Tenth Annual International Seminar on Policy Challenges for the Financial Sector on June 2, 2010 said that achieving financial inclusion in a country like India with a large and diverse population with significant segments in rural and unorganised sectors requires a high level of penetration by the formal financial system.

15. Aloysius P. Fernandez in his research paper entitled “Towards Faster and More Inclusive Growth” states that Financial Inclusion cannot stop at opening a short-duration account in the name of a hitherto marginalised individual or group but can be achieved with self-help affinity groups in promoting financial inclusion of landless and marginal/small farmers’ families.

16. Sujata Mahajan in her book entitled Financial Inclusion: Concepts and Strategies states financial inclusion as an important step towards inclusive growth which can take banking services to common man.

17. G.D. Banerjee; K.G. Karmakar; N.P. Mohapatra in their book "Towards Financial Inclusion in India" (2011) treatise on 'inclusion of the last, the lost and the least which provides a resourceful insight of the various pillars of financial inclusion such as micro-remittance, micro-savings, micro-credit and micro-insurance. It argues for an institutional method for poverty alleviation where banking and payment services will be non-discriminative of any population and will reach out to each and every section of the society, including people from the tribal and resource-poor regions.
18. Sameer Kochar, R. Chandrashekhar, K.C. Chakrabarty, Deepak B. Pathak in their book entitled Financial Inclusion focuses on various facets of financial inclusion ranging from opening up of no-frills accounts to micro-credit to financial literacy, while emphasising the role of process changes, technology enablement, capacity building and outreach mechanism.

19. Anirban Roy Managing Director of SEED financial services at his recent presentation said that the number of bank branches in India is 85,300; which has increased from 8,700 since 1969, after a number of banks were nationalised. Out of these, 32,000 branches are in the rural hinterland where almost 70 per cent of Indians live.

20. A nationwide programme on financial inclusion, “Swabhimaan” was launched in February, 2011 by the Government, which is focused on bringing the deprived sections of the society in banking network to ensure that the benefits of economic growth reach everyone at all levels. The new initiative provides branchless banking services through the use of technology.

21. According to D Subbarao, Governor of RBI financial inclusion is not restricted merely to opening of bank accounts and should imply provision of all financial services like credit, remittance and overdraft facilities for the rural poor but accounts must be operational to provide benefits beyond deposit of money like availability of credit, remittance facility and overdraft among others.

22. Sustained growth of the nation and its continued prosperity depend critically on universal financial services covering all people. Further, empirical evidence shows that inclusive financial system significantly raises growth, alleviate poverty and expand economic opportunity.(Dr. Joji Chandran, 2008).
23. Financial inclusion means the provision of affordable financial services, viz., access to payments and remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded (Thorat, 2006).

24. Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy (Leeladhar, 2006).

25. Financial inclusion broadly refers to the provision of formal financial services that are accessible to all. In the case of credit, financial exclusion refers to those individuals or households who are denied credit by the financial system in spite of demand (Dev, 2006).

26. Of the 600,000 habitations in the country, only about 30,000 have a commercial bank branch. Just about 40% of the population across the country has bank accounts (Subbarao, 2009).

27. While households that receive credit from moneylenders are not considered to be financially excluded, financial inclusion is meant to refer to access to institutional credit from formal financial systems. However, financial services include not only credit but also the provision of other services such as savings, remittances, and insurance. Given the increasing number of migrant labourers working in places far from home, remittances have become the most important financial service that is lacking for a majority of the migrant population. The recent efforts taken by the commercial banks towards financial inclusion have been mostly associated with the opening of bank accounts for individuals who previously did not own one. A broader idea of
financial inclusion should focus on increasing the productivity of vulnerable groups and ensuring sustainability in the long run (Subbarao, 2007; Mor and Ananth, 2007). This means that banks should go beyond bank accounts and credit—they need to tap into savings and additional income to reduce risk and to help smoothen consumption, while simultaneously trying to increase asset values.

28. With regard to the level of farmer indebtedness in India, the percentage of farmers indebted to formal sources is 56%; 64% of them are indebted to informal sources of credit (Dev, 2006). The rise of MFIs has ensured that credit in some form is available to the poor, but this has not translated into poverty alleviation. In many cases, MFIs have exacerbated indebtedness.

29. Financial inclusion, therefore, does not stop at credit. Financial inclusion were related to reducing the barriers to access of financial services. These barriers have been multi-faceted: from geographic to conditional and price-based barriers; from the non-existence of bank branches, to products failing to meet the needs, to prices and charges levied being very high leading to the self-exclusion of a large section of the population (Dasgupta, 2009).

30. Murdoch and Rutherford (2003) wrote that the provider of any financial services for the poor should remember two fundamental aspects: flexibility and convenience. Flexibility refers to the time and value with respect to the savings, deposits, or credit repayments made, while convenience is the opportunity to make financial transactions such as loan repayments, deposits, and withdrawals frequently and close to home at low costs.

31. Mas (2009) identified the most important factor for the sustainability of the model to be the financial incentive for the parties involved. In a brief sketch of a CSP-dependent model, Mas
emphasised the importance of proximity in the scalable and efficient provision of financial services. As observed in Kenya, from a supply side perspective, there is no business case for banks to build branches everywhere; neighbourhood stores can be used by the poor to conduct basic financial transactions. On the demand side, the poor have voiced a need to transfer value within family and business networks; in Kenya, the response has been in the form of mobile transactions, which are becoming as common as the use of mobiles for communication.

32. Kamath (2008) attempted to understand the impact of Micro-Finance Institution (MFI) loans on daily household cash flows by analyzing cash inflow and outflow patterns of borrowers of MFI and comparing with non-MFI households. The Financial diary methodology was used to collect the data and to keep track of 11 months expenditure pattern (September 2008 to August 2009) of the households of Ramanagar area, Karnataka, India, and the Principle Component Analysis (PCA) methodology was used to analyze the data.

33. Development Research Project (2013) attempted to understand the financial needs of poor in long-term and short-term by exploring, how surplus fund is used to meet short-term, long-term and emergency requirements to develop strategies for financial inclusion and designing financial products. The rural households follow their own strategies of cash management for their daily expenditure and thereby taking advantage of this, several informal financial institutions and instruments are serving this section of society. In this context, the report examines 107 households of Ernakulum district in Kerala, as was suggested by the RBI. The aim of the study was to understand the nature of the cash flows and outflows of a sample of poor households in the district.
34. CRISIL (2013) measured the extent of financial inclusion in India in the form of an index. It makes use of the non-monetary aggregates for calculating financial inclusion. The parameters used by the CRISIL Inclusix took into account the number of individuals having access to various financial services rather than focusing on the loan amount. The three parameters of the index were branch, deposit and credit penetration.

35. The process of financial inclusion acts as an intermediary between surpluses and deficit, savings and investment and thus, plays an important role in the economic development of the country. But surprisingly the extent of financial exclusion is very high in the North Eastern Region (NER) as par economic survey. The regional average is only 37.3 percent of the population which come under the ambit of financial inclusion that is distinctly lower than the national average of 59.2 percent. Thus, 62.7 percent of North Eastern population is identified as people under financial exclusion (Economic Survey, 2011-2012).

36. Pai D. T (2012, November) said that Financial literacy refers to Knowledge required for managing personal finance. It is an integral part of the financial inclusion. It is not just about imparting the financial knowledge and information. It is also about changing the behavior in the financial pattern and activities of individuals. The ultimate goal of the financial literacy is the empowerment of people to take action by them that are in their self interest. When the people know about the financial products available and when they are able to evaluate the merits and demerits of each product for their specific needs they are in a better position to decide what they want and feel empowered in meaningful way.
37. Tiwari Kumari Reshma and Das Debabrata (2011, June) found that the population per bank branch statistic is gloomy in Assam. Mobile banking initiatives have still not take place and the financial literacy which is the need of the hour is still in its budding stage.

38. Das Prasun Kumar (2010, June), said that the objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low income and the unreachable through the formal financial system to make them partner of economic growth of the country.

39. Bhatia Navin and Chettarjee Arnab (2010, October) found that financial inclusion has become the buzzword in present day financial circles, there are miles to go before it becomes a reality in the urban population.

40. Bhole and Mahakud, (2009) write in their book, that Financial inclusion as delivery of financial services at an affordable cost to the vast section of disadvantaged and low income groups.

41. Financial inclusion (or, alternatively, financial exclusion) has been defined in the literature in the context of a larger issue of social inclusion (or exclusion) in a society. One of the early attempts by Leyshon and Thrift (1995) defined financial exclusion as referring to those processes that serve to prevent certain social groups and individuals from gaining access to the formal financial system. According to Sinclair (2001), financial exclusion means the inability to access necessary financial services in an appropriate form.

42. The Government of India’s Committee on Financial Inclusion in India” begins its report by defining financial inclusion as the process of ensuring access to financial services and timely and
adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost (Rangarajan Committee 2008).

43. Amidžić, Massara, and Mialou (2014) constructed a financial inclusion indicator as a composite indicator of variables pertaining to its dimensions, outreach (geographic and demographic penetration), usage (deposit and lending), and quality (disclosure requirement, dispute resolution, and Financial Inclusion, Poverty, and Income Inequality in Developing Asia | cost of usage). Each measure is normalized, statistically identified for each dimension, and then aggregated using statistical weights. The aggregation technique follows weighted geometric mean. A drawback from this approach is that it uses factor analysis method to determine which variables are to be included for each dimension. Therefore, it does not fully utilize all available data for each country. Furthermore, it assigns various weights for each dimension, which implies the importance of one measure versus another.

44. Sarma (2008) follows a different approach to construct the indicator. He first computed a dimension index for each dimension of financial inclusion and then aggregated each index as the normalized inverse of Euclidean distance, where the distance is computed from a reference ideal point, and then normalized by the number of dimensions included in the aggregate index.

43. Previous studies have also looked into the impact of financial inclusion on poverty and income inequality. Burgess and Pande (2005) found that state-led expansion of rural bank branches in India has helped reduce poverty. Specifically, the authors found robust evidence that opening bank branches in rural unbanked locations in India was associated with reduction in rural poverty rates in those areas. Similarly, Brune et al. (2011) found that increased financial access through commitment saving account in rural Malawi improves the well-being of poor
households as it provides access to their savings for agricultural input use. Allen et al. (2013) found that by tapping underprivileged households, commercial banks can help improve financial access of the poor in Kenya.

44. Unlike Amidžić, Massara, and Mialou (2014) and Sarma (2008), Honohan (2008) constructed a financial access indicator for 160 economies that combines both household survey datasets and published financial institutions data into a composite indicator; and assessed country characteristics that might influence financial access. Among the variables tested, aid as percent of gross national income (GNI), age dependency ratio, and population density significantly lower financial access; while mobile phone subscription and quality of institutions significantly increase financial access. Looking at the cross-country link between poverty and financial access, his results show that financial access significantly reduces poverty, but the result is valid only when financial access is the sole regressor, i.e., it loses significance when other variables are added as regressors.

45. Financial needs of rural population are distinct from that of urban population. World Bank Report (2003), define the rural finance as financial transaction that occur outside the urban areas, which consist the insurance, money transfer, payments, credit card, farm and nonfarm activities.

46. Jonathan (2007), highlights that rural requirements are different than urban economic system. It is mainly because financial transactions are very limited and simple due to the small population in the rural areas. This system of the rural economy consist the input suppliers who provide the people information about financial and other services. As well as it consists the traders who sell their agriculture product in cities in order to earn the profit.
47. Gallardor (2006) observed that, there are some problems of the financial services in rural areas. Demand of financial services in rural areas has increased but small population size results in high cost and makes financial services less attractive to people in these areas. The capacity of the financial institution is weak to provide appropriate financial support in the rural society.

48. The World Bank Report (2003), stressed upon importance of establishing financial institution in rural areas. The significance of financial intermediaries is to improve the level of economic activities, reduce the poverty and to provide the credit and insurance to hedge risk to residents of rural areas.

49. Study of Ramji (2009) conducted to measure outcomes of the financial inclusion drive to understand processes and uncover perspective and dynamic behind financial inclusion, also observed that the household bank accounts have increased considerably (doubled) during the financial inclusion drive period.

50. Ghatak (2013) realized that despite of efforts to improve supply side of access i.e. banking expansion, improvement in financial performance, greater competition and diversification of ownership of banks, by government and central bank of developing countries the existing banking practices tend to exclude vast section of population. The study observed that the most important factors influencing demand side includes Income, Accessibility, Culture, Literacy and Assets.

51. In the late twentieth century, inequality has often been explored through the concept of social exclusion (Byrne, 1999). An important aspect of social exclusion that was often ignored is exclusion from the mainstream economy (Hills et al., 2002; Littlewood et al., 1999).
52. Based on the assumption that exclusion from access to banking services perpetuates poverty, proponents of financial inclusion are advocating for every person to have, at a minimum, a no frills bank account (Conroy, 2008).

53. As stated by the Rangarajan Commission in India: ‘financial inclusion is considered a prerequisite for empowerment, employment, economic growth, poverty reduction, and social cohesion’ (NABARD, 2009: 32).

54. The sheer breadth of the problem prompted a special United Nations task force to produce a blue book that raised the basic question: ‘why are so many bankable people unbanked?’ (United Nations, 2006: 1).

55. Financial inclusion is poised to become the new panacea for poverty alleviation, in a manner similar to that of micro-credit and microfinance some ten to fifteen years ago. Regardless of the early promise of micro-credit and microenterprise, it did not lift the very poor out of poverty (Cooney and Shanks, 2010).

56. Broadly speaking, financial inclusion means access to finance and financial services for all in a fair, transparent and equitable manner at an affordable cost (Sarma, 2008; Solo, 2008). Fuller and Mellor (2008) noted that financial inclusion is the desire to develop ‘alternative’, welfare-oriented (rather than profit-driven), reliable, affordable and accessible financial services for all sections of the population. Others, however, view inclusion as a market driven solution for poverty alleviation (Alpana, 2007).

57. In order to understand financial inclusion, we need to distinguish it from other forms of poverty alleviation. Previously, numerous local, regional and national projects and research
studies have focused on micro-credit and micro-finance (Robinson, 2001). Other ameliorative efforts have focused on asset building (Sherraden, 1988; Zhan and Sherraden, 2003).

58. While micro-credit schemes are viewed as an integral part of financial inclusion as they bring saving and borrowing opportunities to marginalised groups, there is an aspect of financial inclusion that they do not cover (Conroy, 2008).

59. The definition of financial exclusion encompasses several dimensions that describe the barriers that prevent some people from using financial services. These barriers include: physical exclusion, caused by the problems of travelling to services; access exclusion, caused by processes of risk assessment; condition exclusion, when the conditions attached to products are unsuitable or unacceptable to consumers; price exclusion, where the price of products is unaffordable; marketing exclusion, where certain consumers are unaware of products due to marketing strategies that target others; and, self exclusion, when people decide to exclude themselves voluntarily on the basis of past rejections or fear that they would be rejected. (Leyshon et al., 2006: 161)

60. The Committee for Financial Sector Reforms (Government of India, 2008) noted that over-reliance on credit can lead to dangerous long-term results, including over-indebtedness and wasteful use of scarce resources.

61. Financial inclusion is not randomly distributed. Knowing who is more likely to be excluded is important as it can help the design of financial inclusion programs. Not surprisingly, those with access to financial institutions tend to be males, middle-aged professionals in full-time employment in middle- to high-income groups who have cars, telephones and are home owners (Heimann and Mylenko, 2011). Conversely, those tending to be without are mostly women, the
young, the old, the unemployed, those in semi-skilled or manual jobs and those of low socio-economic status (Carbo´ et al., 2005; NABARD, 2008; Solo, 2008).

62. Additional studies have found that people in rural areas or poor neighbourhoods, who are rarely studied, are also less likely to access financial institutions (Carbo´ et al., 2005).

Conclusion:

The various dimensions of financial inclusion tested by the eminent scholars will be guiding star for the poverty stricken Khed Village. As these theories will help to build strong strategy of inclusive finance for the target population of Khed.