

## **Growth with Equity: A Challenging Task Ahead for Bank of India**

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### **Abstract**

The “inclusive growth” as a strategy of economic development received attention owing to a rising concern that the benefits of economic growth have not been equitably shared. Growth is inclusive when it creates economic opportunities along with ensuring equal access to them. Apart from addressing the issue of inequality, the inclusive growth may also make the poverty reduction efforts more effective by explicitly creating productive economic opportunities for the poor and vulnerable sections of the society. The concept “Inclusion” should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process. It is imperative that inclusive growth without financial inclusion will not succeed in achieving equitable objectives as financial inclusion can truly fortify the economic standards of the poor and the disadvantaged whose enrichment is foremost prerequisite for a nation encumbering growth trajectory. Financial Inclusion promotes thrift and develops culture of saving and also enables efficient payment mechanism strengthening the resource base of the financial institution which benefits the economy as resources become available for efficient payment mechanism and allocation. The whole process of financial inclusion will not be possible without the contribution of banks. Banks are the key pillars of India’s financial system. Public have immense faith in banks. Banks enjoy considerable goodwill and access in the rural regions. Lending to agricultural activities and small scale industry is in the priority sector for lending of the commercial banks. The theme of the paper is to understand the inter-relation between financial inclusion and its overall contribution to inclusive growth and the role of banks to encompass all those financially excluded into the folds of inclusive class. The study is further extended by covering the contribution of Bank of India in achieving the financial inclusion and inclusive growth in Odisha.

### **Objectives of the Paper**

1. To discuss the need for inclusive growth in India.
2. To explore the relationship between financial inclusion and inclusive growth.
3. To discuss various efforts made for financial inclusion in India.
4. To analyse the efficiency of financial inclusion plan of ‘Bank of India’ in Odisha.
5. To suggest certain measures to ‘Bank of India’ for the achievement of financial inclusion and inclusive growth in Odisha.

### **Research Methodology**

The research paper is descriptive and analytical in nature. The research paper is mainly based on secondary sources which include books and WebPages.

### **Introduction**

India’ is the new global buzzword. The last two decades have seen the Indian economy shine and announce itself on the global stage. Consistent high growth over the last few years has brought economic progress and prosperity to many million households - per capita income has multiplied many-fold and the number of millionaires in India has now soared to 1.53 lakhs making the country's high net worth individual (HNI) population 12th largest across the globe<sup>1</sup>. This news however, hides some alarming trends. Growth continues to bypass a large section of people. A large majority of Indians live in the villages and they have been excluded from India’s growth story. Economic prosperity has not yet penetrated to large sections of the urban poor and rural population.

Of the estimated 365 million people living in urban areas in India 76 million are poor. In case of rural areas the story is worse – more than 270 million people are below the poverty line<sup>2</sup>.

1. *Economic Times June 2011*

2. *Based on estimates available from Planning Commission 2012*

According to Credit Suisse, the top 1% of the population own 15.9% of India's wealth, the top 5% own 38.3% and the top 10% have 52.9% of Indian's wealth. What this really means is that 90% of Indian, the urban and rural poor has a very small stake in the pie. Growth must lead to the re-distribution of this ever growing pie to a situation where the bulk of the population is middle class and a smaller percentage of the population is either very rich or very poor. A vast section of the Indian population are the most neglected by financial services firms, having no access to savings, credit, insurance or any form of financial products. As per RBI, India still has 145 million households completely excluded from banking services. Considering the large unbanked and underbanked population in India, financial inclusion carries tremendous social appeal and presents a great economic prospect. Financial Services firms shall also get support from the Government to further financial inclusion. In the 2012-13 Budget, the government has drawn up significant plans for financial inclusion initiative. Government has allocated Rs. 10,000 Crores to NABARD for refinancing of Regional Rural Banks. Government has extended 'Swabhimaan' (initiative to bring basic banking services to unbanked villages) to all villages with population of 1,000 and more in North Eastern region and all villages with population more than 2000 in rest of India. Government has also allowed Kisan Credit Card (KCC) to be used as ATM cards making it an effective instrument for making agricultural credit available to the farmers. While continued support from the Government shall remain the key, developing suitable business model to achieve financial inclusion shall be the responsibility of financial services firms.

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. This paper is an attempt to comprehend the significance of Financial Inclusion in the context of a developing country like India wherein a large population is deprived of the financial services which are very much essential for overall economic growth of a country. The consensus is that finance promotes economic growth but the magnitude of impact differs. Financial inclusion is intended to connect people to banks with consequential benefits. Ensuring that the financial system plays its due role in promoting inclusive growth is one of the biggest challenges facing the emerging economies. This paper therefore advocate that financial development creates enabling conditions for growth when access to safe, easy and affordable credit and other financial services by the poor and vulnerable groups, disadvantaged areas and lagging sectors is recognised as a pre-condition for accelerating growth and reducing income disparities and poverty.

## **Need for Inclusive Growth in India**

Reforms undertaken in the early 1990s made India one of the world's fastest growing economies. The boom of the IT industry and improved agricultural production created an atmosphere of optimism, which led to the coining of phrases, such as Incredible India, India Shining, and India 2020 around the end of the millennium. The Indian growth story has been one of high Gross Domestic Product (GDP) growth but primarily driven by the growth in services sector. Not all sectors of the economy have grown at the same pace as is reflected in the relatively low agricultural growth rate, low-quality employment, poor education, inadequate healthcare services, rural-urban divide, social inequalities, and regional disparities. Growth that is not inclusive, affects the society, the economy, and the polity. A lack of inclusive growth can result in real or perceived inequities, which has its own social ramifications. Inclusive growth promotes economic growth partly by broadening the base for domestic demand and partly by increasing the number of people with a stake in reforms and in a stable government. Inclusive growth thus seeks to broaden the flow of benefits of globalization towards the currently excluded sections. However, for achieving inclusive growth, it is essential that the diffusion of opportunities be supported with good governance and accountability. In order to reduce disparity and promote inclusive growth, the Indian government has set state-specific targets for parameters, such as GDP growth rate, agricultural growth rate, new work opportunities, poverty ratio, dropout rate in elementary schools, literacy rate, gender gap in literacy rate, infant mortality rate and maternal mortality ratio. In the last few years, inclusive growth has been at the forefront of studies sponsored by multilateral aid agencies, such as the United Nations, the World Bank, Asian Development Bank, and several nongovernmental organizations (NGOs). Successive governments have initiated several projects, such as Jawahar Rozgar Yojna, Integrated Rural Development Program, Rural Housing Scheme, and Swarnjayanti Gram Swarozgar Yojana to promote inclusive growth. However, for inclusive growth to happen in a country with the scale and size of India, private sector involvement is equally important. The private sector has started contributing with initiatives, such as the ICICI Foundation having been set up with the sole purpose of promoting inclusive growth.

The focus of the government in recent years has shifted from promoting Incredible India to building Inclusive India. Inclusive growth needs to be achieved in order to reduce poverty and other social and economic disparities, and also to sustain economic growth. In recognition of this, the Planning Commission had made inclusive growth an explicit goal in the Eleventh Five Year Plan (2007-2012). The draft of the Twelfth Five Year Plan (2012-2017) lists twelve strategy challenges which continue the focus on inclusive growth. These include enhancing the capacity for growth, generation of employment, development of infrastructure, improved access to quality education, better healthcare, rural transformation, and sustained agricultural growth. Despite the presence of over 300,000 NGOs, which are working in sectors spanning the gamut from agriculture to microfinance, and from minority rights to scientific and industrial research<sup>3</sup>, India's growth has primarily benefited its urban elite and middle class population who are engaged largely in the fast-growing services sector. The Indian middle class, defined as those consuming between 2 and 20 US dollars per day, has grown by about 205 million between 1990 and 2008<sup>4</sup>. However, around 70% of the poor are from rural areas<sup>5</sup> where there is a lack of basic social and infrastructure services, such as healthcare, roads, education, and drinking water. Stunted agricultural growth, relatively high food prices, and low rural wages, insufficient government spending on rural development and obsolete infrastructure are key determinants of rural poverty. Significant interstate as well as intrastate regional disparities continue to exist in India. Low growth rates and poor public services in the poorer states further widens the disparity in development.

For example, poverty concentration can be seen in the adjoining states of Bihar, Jharkhand, and Chhattisgarh, UP, MP, Odisha, and Rajasthan. These states collectively account for 44% of the total population and 60% of the poor<sup>6</sup>. Most of the low-income states have rich natural resources but poor infrastructure and human development.

Women, labourers (including agricultural labourers), tribal population, some scheduled caste groups, and religious minorities in particular are lagging behind in job opportunities, earnings and human development. Around 58% of the workers in India are involved in the agricultural sector. Despite this, the contribution of agricultural and allied sectors in the GDP is only around 14%<sup>7</sup>. Hence, for the removal of poverty it is imperative that the rural farm and nonfarm sectors be promoted. Agriculture continues to suffer from fragmented land holdings and water availability problems. Further, it is vulnerable to crop procurement prices and weather conditions. Poor monsoons lead to crop failures and subsequently in debt repayment distress for farmers.

Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is the biggest challenge in a country like India. In a democratic country like India, bringing 600 million people living in rural India into the mainstream is the biggest concern. The challenge is to take the levels of growth to all section of the society and to all parts of the country. The best way to achieve inclusive growth is through financial inclusion.

3. NGO Partnership System, Planning Commission, Govt. Of India (Sept 2011)
4. Key Indicators for Asia and the Pacific 2010, Asian Development Bank (2010)
5. World Development Indicators, World Bank (2008)
6. Accelerating Growth and Development in Lagging Regions of India, World Bank (Feb 2008)
7. Economic Survey of India (2011)

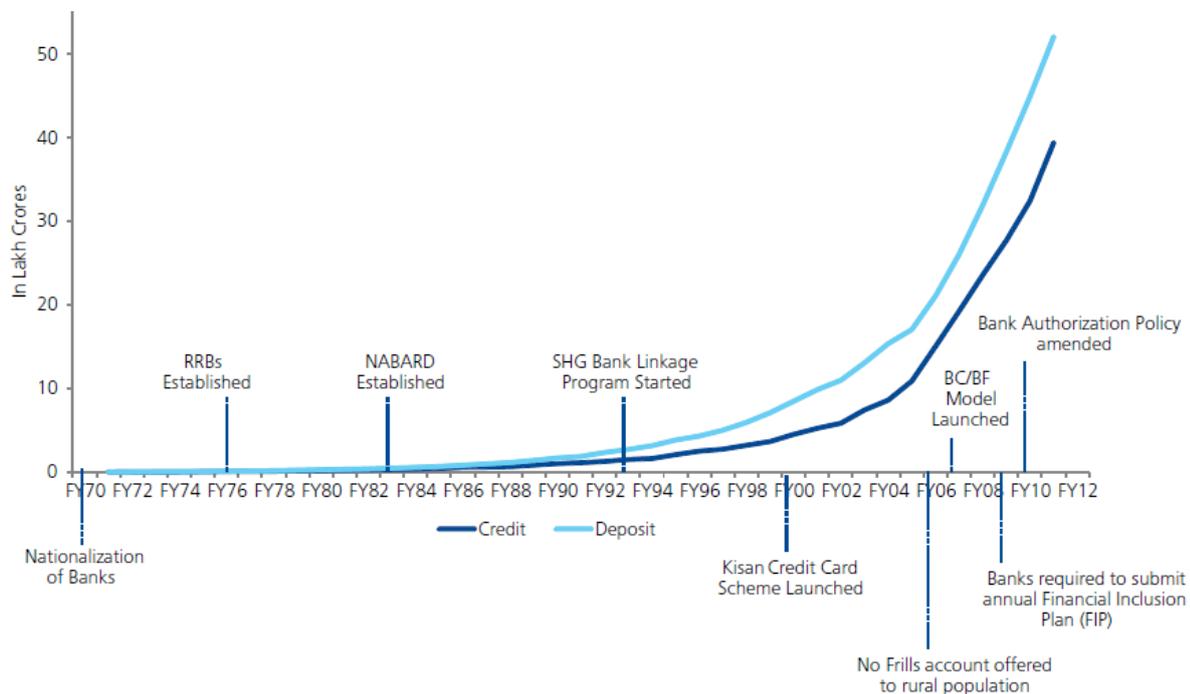
### **Financial Inclusion and Inclusive Growth in India**

Over the years, several definitions of financial inclusion/exclusion have evolved. In the Indian context, Rangarajan Committee (Report of the Committee on Financial Inclusion in India (2008)) defines it as: "Financial inclusion may be defined 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." It is imperative that inclusive growth without financial inclusion will not succeed in achieving equitable objectives as financial inclusion can truly fortify the economic standards of the poor and the disadvantaged whose enrichment is foremost prerequisite for a nation encumbering growth trajectory. The more the development larger is the thrust on empowering the low income group. And with experiences of Grameen Bank (Bangladesh) has brought a new paradigm to the banking practices by changing the perception that poor are bankable and given a direction for the world community for diffusing of banking services and a business model which is highly rated and most valued.

### **Efforts Made for Financial Inclusion**

Time and again Government of India and Reserve Bank of India were proactive in order to augment the banking penetration. Various public and private interventions have been undertaken in the past five decades to expand reach of financial services. The following exhibit describes time linked interventions undertaken by various stakeholders.

**Exhibit- 1: Public Private Intervention to increase financial Inclusion**



As per the above figure some of the efforts made towards financial inclusion were setting up of State Bank of India ; nationalization of banks in two phases, one in 1969 and the other being 1980; establishment of RRBs (Regional Rural Banks); establishment of NABARD; introduction of Self Help Group – Bank Linkage programme, initiation of Kisan Credit card scheme etc. Further banks were given direction to make available no-Frill Accounts by RBI in November 2005 to expand outreach of such accounts to major sections of the society. Despite the efforts made so far, a sizeable majority of the population, particularly vulnerable groups, continue to remain excluded from the opportunities and services provided by the financial sector. Some of the key facts of the ‘Financial Exclusion’ are given below:

- For the banking services, penetration remains abysmally low with only 55% of the population having deposit accounts and only 9% of the population<sup>8</sup> having credit accounts with the banks
- As per RBI, India still has highest number of households (145 million) completely excluded from banking services<sup>9</sup>
- 34,000 branches<sup>10</sup> of Scheduled Commercial Banks (SCBs) and Regional Rural Banks (RRBs) in rural areas of the country are far lower than the 600,000 villages in India, implying poor coverage of branch banking services
- Only a little less than 20% of the population has any kind of life insurance coverage and 9.6% of the population has non-life insurance coverage<sup>11</sup>
- Number of demat accounts which facilitate<sup>12</sup> capital markets participation remain at 1.9 Crores which is 1.6% of the total population of the country

The problem of lack of coverage of financial services does not pertain to only rural and semi-urban areas. Even in urban areas there are large sections of population, especially those living in slums and migrant labourers who have specific financial services needs, but are often neglected and excluded from financial coverage.

### **Role of Banks in Inclusive Growth Process**

The whole process of financial inclusion will not be possible without the contribution of banks. Banks are the key pillars of India's financial system. Public have immense faith in banks. Banks enjoy considerable goodwill and access in the rural regions. Lending to agricultural activities and small scale industry is in the priority sector for lending of the commercial banks. Nationalization of banks marked a paradigm shift in the focus of banking as it was intended to shift the focus from class banking to mass banking. The rationale for creating Regional Rural Banks was also to take the banking services to poor people. The new Branch Authorization Policy of Reserve Bank encourages banks to open branches in these under banked states. But still certain under-banked states exist in the country such as Bihar, Odisha, Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, West Bengal and a large number of North-Eastern states such as Assam, Manipur and Nagaland. As per RBI, 41% of the population in India is unbanked, 40% is unbanked in urban areas while 61% is unbanked in rural areas. The figure is higher in North Eastern (63%) and Eastern regions (59%). Further only 14% of adult population have loan accounts of which 9.5% in rural areas, 14% in urban areas, 7% in North Eastern and 8% in Eastern regions<sup>13</sup>. This figure clearly indicates that many people in India have to necessarily depend either on their own sources or informal sources of finance, which are generally at high cost.

8, 9, 10, 11 Speech by RBI Deputy Governor Dr. K. C. Chakrabarty on September 06, 2011 downloaded from RBI website.

12 Total number of Demat accounts with NSDL and CDS as per Economic Times article dated November 06, 2011. 13 Website of Bank Of India ([WWW.bankofindia.co.in](http://WWW.bankofindia.co.in))

### **Bank of India: Financial Inclusion and Inclusive Growth**

Bank of India was founded on 7th September, 1906 by a group of eminent businessmen from Mumbai. The Bank was under private ownership and control till July 1969 when it was nationalised along with 13 other banks. Now the Bank has 4038 branches in India spread over all states/ union territories including specialized branches. Under its 100% financial inclusion initiative, Bank Of India offers convenient options to the weaker sections of the society such as Credit upto Rs.25000 under Samanya Credit Card for consumption purpose, Pension Payments, issue of SMART CARD known as STAR ABHILASHA CARD having photo identification, Business Correspondents/ Facilitators and Branch officials for all kinds of banking and credit requirements, remittance of money without any charges etc. In the year 2009, in its financial inclusion plan, bank Of India has planned to open 125 lakhs of no-frill accounts out of which around 12.00 lakh no frill accounts in urban areas in tenure of three years<sup>14</sup>. Provision will be made for inbuilt Overdraft in all the no-frill accounts. Entrepreneurship credit will be provided to 67 lakh households through credit products like Kisan Credit Card/General Credit Card etc. 40,000 villages to be covered in its financial inclusion plan. Smart Cards and Mobile based solution will be implemented. IT vendors will be finalised to make branches technology enabled. Appointment of additional Agricultural Officers to be made who will be devoted especially to the implementation of Financial Inclusion Plan. The bank has also made some progress under its financial inclusion plan. By June, 2010 35.67 lakh No-frill accounts opened, inbuilt overdraft facility made in 15.00 lakh accounts, 4.50 lakh Smart cards issued, GCC/KCC issued in more than 72,000 accounts etc<sup>15</sup>.

### Status of Financial Inclusion Programme of ‘Bank of India’ in Odisha

As the economy began to grow at higher rates, the regional and societal disparities called for new strategies to ensure that the banking system met the requirements of inclusive growth. Such strategies needed to be fashioned in a manner that they did not undermine the stability and efficiency of the financial system. Accordingly, over the last three years or so, several measures have been taken by Bank Of India to ensure better banking penetration and outreach, particularly that the credit needs of agriculture and small enterprises are met. The following section of the paper will analyse the status of the various measures taken by “bank Of India” to meet the requirements of inclusive growth in the state of Odisha.

1. **Establishment banks in rural areas:** Over the years, concentration of bank branches in metropolitan areas became a concern. To mitigate this problem, since 2006, the Reserve Bank approves opening of new branches for any bank only on the condition that at least half of such new branches are opened in under-banked areas as notified by it. Banks too have found that the branches in semi-urban and rural areas are commercially viable. In this connection Bank of India has opened 20 branches covering 36 villages of 11 districts of the state as on 31<sup>st</sup> March 2011.

**Table-1 (No of branches for financial inclusion implementation as on 31<sup>st</sup> March, 2011)**

<b>Total no. of Villages with population &gt; 2000</b>	<b>36</b>
<b>No of Banks for financial inclusion implementation</b>	<b>20</b>
<b>Total No of population of these villages</b>	<b>96286</b>
<b>Total no of house holds in these villages</b>	<b>19448</b>
<b>No of house hold per branch</b>	<b>972</b>
<b>Population covered per branch</b>	<b>4814</b>

Source: [www.bankofindia.co.in](http://www.bankofindia.co.in)

As per the above table, there are only 20 branches covering 36 villages having a population of 96286 in these villages under its financial inclusion plan. Thus average population per branch office is 4814 which is quite satisfactory.

14, 15 Website of Bank of India ([WWW.bankofindia.co.in](http://WWW.bankofindia.co.in))

2. **Opening of no-frill account:** Specific focus on financial inclusion commenced in November 2005, when Reserve Bank advised banks to make available a basic banking “no-frills” account with low or “nil” minimum balance as well as charges, with a view to expanding the outreach of such accounts. In such accounts, banks are required to make available all printed material used by retail customers in the regional language concerned. In order to ensure that persons belonging to low income groups, both in the urban and rural areas do not encounter difficulties in opening bank accounts. The implementation of financial inclusion programme of Bank of India is spreaded in 49 zones covering 19,436 villages in the country as on 31<sup>st</sup> March 2011. Out of 1098 branches of the bank, only 20 branches are involved in financial inclusion programme in Odisha covering 541 villages.

**Table-2 (No of villages with no-frill accounts in Odisha as on 31<sup>st</sup> March, 2011)**

<b>BHUBANESWAR ZONE</b>	<b>Villages with population GREATER THAN 2000 allotted to BOI</b>			<b>Villages with population LESS THAN 2000 allotted to BOI</b>		
	100 % covered by way of opening no-frill a/cs	less than 100% but more than 50%	less than 50% covered	100 % covered by way of opening no-frill a/cs	less than 100% but more than 50%	less than 50% covered
<b>No of Villages</b>	36	0	0	68	110	327
<b>Total Household (H.Hs) in these villages</b>	19448			Not Available (NA)		
<b>Eligible H.Hs in these villages</b>	19448			NA		
<b>H.Hs in these villages where banking facility already provided</b>	3221			NA		
<b>H.Hs pending for delivery of banking facility in these villages</b>	16227			NA		

Source: [www.bankofindia.co.in](http://www.bankofindia.co.in)

According to table-2, Out of 541 villages under Financial Inclusion programme of the bank, only 36 villages are with 100% coverage of no-frill a/cs which stands about 6.65%. Further, 327 villages (60.44%) are with less than 50% coverage of no-frills a/cs. Around 19,448 house holds are there in 36 villages of 100% no-frill a/cs of which only 3221 house holds are provided with banking facility. It means, 16,227 house holds are still waiting for the delivery of banking facility to them. This figure clearly states that there is a lot to do in the state to bring low income unbanked people into banking system and make them enjoy the various services provided by the bank.

**3. Issue of smart cards:** Besides the Kisan Credit Cards (KCCs), banks have been asked to consider introduction of a General purpose Credit Card (GCC) facilitating up to Rs.25000 at their rural and semi urban braches. This facility is in the nature of revolving credit, which entitles the holder to withdraw up to the limit sanctioned. Based on assessment of household cash flows, limits are sanctioned without insistence on security or purpose. Interest rate on the facility is completely deregulated. Fifty per cent of GCC loans can be treated as priority sector lending.

**Table-3 (No of smart cards issued as on 31<sup>st</sup> March, 2011)**

<b>Total no. of Villages with population &gt; 2000</b>	<b>36</b>
<b>Enrolment already made in these villages</b>	<b>19448</b>
<b>Enrolment Pending in these villages</b>	<b>0</b>
<b>Smartcard issued in these villages</b>	<b>0</b>
<b>Smartcards activated in villages</b>	<b>0</b>
<b>Smartcard yet to be issued in villages</b>	<b>157851</b>

Source: www.bankofindia.co.in

In connection with issue of KCC/GCC, performance of Bank Of India in Odisha is pitiable. The above table shows that though all the 19448 house holds of 36 villages with more than 2000 population are enrolled for smart card, still they have not received any card as such by 31<sup>st</sup> March, 2011. Neither the cards are activated nor issued to 157851 eligible villagers in the region.

#### **4. Appointment of Business Facilitators (BF) or Business Correspondents (BC) :**

In January 2006, the Reserve Bank permitted banks to utilise the services of non-governmental organisations, micro-finance institutions and other civil society organisations as intermediaries in providing financial and banking services through the use of business facilitator (BF) and business correspondent (BC) models. The BC model allows banks to do “cash in-cash out” transactions at a location much closer to the rural population, thus addressing the last mile problem. Banks are also entering into agreements with Indian Postal Authorities for using the enormous network of post offices as business correspondents for increasing their outreach and leveraging the postman’s intimate knowledge of the local population and trust reposed in him. Unfortunately, Bank of India has not appointed a single BC or BF in its financial inclusion implemented areas in the state<sup>16</sup> as on 31<sup>st</sup> March, 2011. It clearly indicates that the bank has somehow failed in addressing the last mile problem of the rural population of the state.

**5. ICT Based Financial Inclusion Solution in the Zone :** The Reserve Bank of India has been encouraging the use of Information Communication Technology (ICT) solutions by banks for enhancing their outreach with the help of their Business Correspondents. The BCs carry hand held devices, which are essentially smart card readers. The information captured is transmitted to a central server where the accounts are maintained. These devices are used for making payments to rural customers and receiving cash from them at their doorsteps. Mobile phones have also been developed to serve as card readers. Account holders are issued smart cards, which have their photographs and finger impressions. Pilot studies have clearly shown that the technology is practical and robust, besides being affordable. Some States like Andhra Pradesh are keen that all Government payments should be routed through these accounts to ensure transparency and efficiency in such payments, apart from providing a huge opportunity for ensuring financial inclusion. The bank has selected HCL as its technical service provider in the zone. But by 31<sup>st</sup> March, 2011, HCL had not started enrolment in the concerned areas<sup>17</sup>.

**6. Financial Literacy Programme:** Recognising that lack of awareness is a major factor for financial exclusion, the Reserve Bank is taking a number of measures for increasing financial literacy and credit counselling. A multilingual website in 13 Indian languages on all matters concerning banking and the common person has been launched by the Reserve Bank on June 18, 2007. Comic type books introducing banking to school children have already been put on the website. Financial literacy programmes are being launched in each State with the active involvement of the State government. Credit counselling services in addition to financial literacy and financial education are being perceived as important tools to enable people to overcome the problem of indebtedness and seek re-access to banking system. Unfortunately the data of Bank Of India as on 31<sup>st</sup> March,2011 dose not reveal any such financial literacy programme or any other kind of awareness programme meant for the rural people lead by the bank in the zone of the state<sup>18</sup>.

### **Recommendations for Bank of India in the Zone**

The staggering numbers of financial exclusion call for system wide efforts to tackle the issue. To achieve the desired outcomes of financial inclusion and inclusive growth, it is essential to create vibrant ecosystem for financial inclusion to ensure that the organizational architecture supports and creates institutions that can reach the low income and vulnerable groups of the society. From the above study it can be easily identified that the Bank of India has been taking number of steps towards its financial inclusion plan in the state. But actions taken till now by the bank is neither enough nor satisfactory. Thus following are few recommendations for the bank to take in the near future to make its financial inclusion plan more vibrant and effective and be a proficient part of the inclusive growth of the state.

(i) It must view Financial Inclusion as a huge business opportunity and perfect its delivery models. More number of no-frill a/cs must be opened in villages having population less than 2000.

(ii) BC based delivery model has to be implemented to reach number of unbanked people of the state and strengthen door step banking.

(iii) For effective implementation of the Financial Inclusion strategies, Bank Of India must fix technology aspects including completion of Core Banking Solution (CBS) in all its branches and seamless integration of front-end devices with the back-end systems. Without this, it would not be possible to scale up the activities.

(iv) There is a need to give efforts in order to improve financial literacy among large sections of the covered villages in the state which can play an important role in propagating the benefits of financial services and products.

(v) The bank should generate trained and compassionate manpower which can be harnessed to achieve visionary goals. This has been the void that needs to be plugged from the grass root level as found most of the staff are either semi skilled or trained only for performing regular banking activities, but what needed is versatile manpower with a human touch who can feel the pulse of the consumers and shifting gears as according to circumstances.

(vi) Mere offering a no frill account may help in so called to realize to increase the number of accounts but in holistic term there will be a big void in terms of financial inclusion. Financial inclusion is not limited to only opening saving bank account with zero balance facility but it means to offer a wide array of financial services from credit counselling, offering insurance and MF products, remittances facility etc. There is dearth in innovation in developing tailored made products to appeal various classes according to their individual requirements. Thus the bank should go for product innovation which will help in great way in spreading financial deepening as it will be easy to approach masses and provide easy solutions.

## Conclusion

Importance of financial inclusion arises from the problem of financial exclusion of nearly 3 billion people from the formal financial services across the world. With only 34% of population engaged in formal banking, India has, 135 million financially excluded households, the second highest number after China. Further, the real rate of financial inclusion in India is also very low and about 40% of the bank account holders use their accounts not even once a month. Financial Inclusion has far reaching consequences, which can help many people come out of abject poverty conditions. This can be achieved by banks which are the key drivers of financial inclusion and inclusive growth. The study reveals that Bank Of India will benefit itself and the rural population of Odisha by developing focused strategies to augment the outreach of its services to attract the mass market and consider it as a potential business opportunity than as a regulatory mandate. The bottom of the economic pyramid of the state does present a significant growth area for the bank. The question that the bank should therefore be asking is not “can we make money by servicing this market” but rather “how do we make money by servicing this market”. Therefore it is needed that the bank should develop a fully-fledged service proposition dedicated to lower income markets of the state which encompasses the critical components of new products and services, new distribution and service channels and new business processes.

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