

## STORY OF FINANCIAL INCLUSION IN INDIA

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### ABSTRACT

India is predominantly a rural country- seven out of every ten Indians live in villages. Every fifth person in India lives in a village of 2000-5000 people. This implies that India lives in its villages. But as told by RBI Deputy Governor K.C. Chakrabarty at a financial inclusion outreach programme organised by Vijaya Bank at Adichunchanagiri near Mandya, out of 600000+ villages only 40000 villages have a bank branch. As per RBI report on Financial Inclusion and Financial Literacy, March 2013, total number of bank branches in India has increased from 85457 in March 2010 to 103359 in December 2012 i.e. by 17902 around 20% while rural branches have increased from 33433 in 2010 to 39127 i.e. 5694, around 17%.

According to the World Bank Findex Survey (2012), only 35% of Indian adults had access to a formal bank account and 8% borrowed formally in the last 12 months. Only 2% of adults used an account to receive money from a family member living in another area and 4% used an account to receive payment from the Govt.

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 (The Committee on Financial inclusion, Chairman: Dr. C. Rangarajan). It may include savings, loans, insurance, payments, remittance facilities and financial counselling/advisory services by the formal financial system.

This paper is an attempt to discuss the overview of financial inclusion in India and highlight the measures taken by the Govt. of India and RBI for promoting financial inclusion.

**KEY WORDS:** Financial inclusion, KCC, GCC, KYC, Business Facilitators (BFs) and Business Correspondents (BCs).

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