



## Fostering Inclusiveness in Uttarakhand: A Focus on Government Schemes on Financial Inclusion

Reetika Bhatt<sup>1</sup> and Chinmaya Pant<sup>2</sup>

<sup>1</sup>College of Agribusiness Management, G.B. Pant University of Agriculture and Technology, Pantnagar, Uttarakhand, India

<sup>2</sup>HDFC Bank Ltd, New Delhi, India

Corresponding author: reetikabhatt@gmail.com

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### Abstract

Financial Inclusion has been accorded high importance by RBI to aid inclusive growth of the economy. There have been formidable challenges in this area such as bringing sections of society that are financially excluded within the ambit of the formal financial system, providing financial literacy and strengthening credit delivery mechanisms. In the present study, secondary data on various government schemes on Financial Inclusion in Uttarakhand state as whole and district Udham Singh Nagar in particular were analysed. The study highlights the proportion of schemes of Udham Singh Nagar to that of Uttarakhand, wherein, figures of KCC and DRI of Udham Singh Nagar remarkably contribute in the achievement of targets of Uttarakhand. Uttarakhand has done well in regard to deepening of credit and extending other banking services since its formation. There is no end of schemes, plans, and regulations aimed at providing financial services and products to the poor people. For better penetration of banking services in the region, few schemes are running in the State and district of which PMJDY, the latest initiative by Central Government, has been executed in the Mission Mode. As the progress of PMJDY in India and Uttarakhand has shown splendid figures, District Udham Singh Nagar also moves in the similar direction of progress, covering 100 % targeted households in Uttarakhand.

**Keywords:** Financial inclusion, lead bank, schemes, SLBC

Banks play a vital role as financial intermediaries by accepting deposits from the public and providing credit facilities to the needy sector of the economy for its development. Apart from the priority sector lending policy which has been in existence since long, a host of initiatives have been taken in recent years which include the rollout of Financial Inclusion Plans and expanding the scope of the Business Correspondent (BC) model, improving credit delivery procedures for the Micro and Small Enterprises (MSE) sectors and encouraging the adoption of Information and Communication Technology (ICT) solutions. Pradhan Mantri Jan Dhan Yojana (PMJDY) is the recent initiative taken in this direction.

Credit-planning process was introduced under the

Lead Bank Scheme in 1969 with a view to attain accelerated economic development of the regions/States. Under this scheme, banks are allocated areas/villages to provide necessary credit for the development of the area allocated to them under Service Area Approach (SAA) by formulating specific innovative schemes. Although, SAA to Rural Lending has been discontinued, but it is still applicable for Government sponsored schemes. This was recommended by the Advisory Committee on Flow of Credit to Agriculture and Related Activities from the Banking System (Vyas Committee). The Lead Bank prepares Annual Credit Plans (ACP) for the State with targets to all banks functioning in the State. The achievements under ACP are monitored at quarterly intervals at the block, district and State level in the

concerned forum i.e. Block Level Bankers' Committee (BLBC), District Consultative Committee (DCC) and State Level Bankers' Committee (SLBC). NABARD prepares Potential Credit Linked Plan (PLP) for the area on the basis of local resources and potential available, on the basis of which the Annual Credit Plan for the State is prepared. In Uttarakhand, lead bank responsibility has been entrusted to SBI at State level and PNB, SBI and BoB at the district levels.

The Tarai region of Uttarakhand lies in Udham Singh Nagar and the main livelihood activity is agriculture. Udham Singh Nagar is also an industrial hub. The availability of fertile land is augmenting the development of agro-based industries and is thus contributing significantly to economic development of the district. Besides this potential, Udham Singh Nagar has highest Credit-Deposit ratio among all 13 districts of Uttarakhand. In Udham Singh Nagar, Bank of Baroda is responsible for planning the initiatives and execution of schemes in the district. For better penetration of banking services in the region, few schemes are running in the State and district guided by SLBC and Lead Bank.

Keeping this view in mind, the *objective* of paper is to study various schemes and initiatives taken by GoI and RBI in Uttarakhand and Udham Singh Nagar in particular. Following this, another objective is to calculate the proportion of achievement of targets of Udham Singh Nagar to that of Uttarakhand. This would help in determining the contribution of the district in the State in terms of target and achievements of the schemes.

*Thorat (2007)* in her key note address analyzed the rural urban divide in banking, described the changes happening in the rural sector and suggested some strategies for the banking in the hinterland.

*Mandira Sarma and Jesim Pais (2008)* analyzed the history of Financial Inclusion in India that started since 1904 as Cooperative movement and gained momentum in 1969 when 14 major commercial banks of country were nationalized and lead bank scheme was introduced shortly thereafter. *Chattopadhyay (2011)* assessed the extent of financial inclusion in the country in general and West Bengal in particular. He observed that although there has been an improvement in outreach activity in the banking sector, heterogeneity across states is widespread. *Paramasivan and Ganeshkumar (2013)* found that literacy alone cannot guarantee high level financial inclusion in a state. Branch density has significant impact on financial inclusion.

## Methods and Material

Descriptive research design was used in the study to discuss features of various Government schemes on Financial Inclusion. Secondary data pertaining to targets, achievements and progress of government schemes in the State and District Udham Singh Nagar were collected for the year 2013-14. Sources of the data were Reports from Lead Bank, State Annual Credit Plan of SLBC, Agenda Book of SLBC, Handbook of statistics on Indian Economy and various government reports of RBI. The collected data was tabulated and subject to analysis using standard statistical measures such as averages, percentages and ratios. A comparative analysis between statistics of Uttarakhand and Udham Singh Nagar was done to present a better image of the current status of various schemes.

## Results and Discussion

Various government schemes running in Uttarakhand as well as Udham Singh Nagar are stated and discussed hereunder.

### Kisan Credit Card

In order to address the problems in purveying credit for agriculture, the Reserve Bank of India had set up a one man High Level Committee of Shri R.V. Gupta in December 1997 to suggest measures for improving the delivery systems as well as simplification of procedures for agricultural credit. Against this background the Kisan Credit Card (KCC) scheme was introduced in pursuance to the announcement made by the hon'ble finance minister in his budget speech for the year 98-99. It sought to address many of the issues concerning short-term credit needs of farmers. It aimed at providing timely and adequate credit to the farmers in a cost effective and flexible manner. The scheme is being implemented in the country by all the banks from the year 1998-99. The Kisan Credit Card is a pioneering credit delivery innovation for providing adequate and timely credit to farmers under single window, with flexible and simplified procedure, adopting whole farm approach, including the short-term, medium term and long term credit needs of the borrowers for agriculture and allied activities and a reasonable component for consumption needs. This has now been accepted as the only medium of short-term credit for agriculture.

### Prime Minister Employment Guarantee Programme

Government of India approved the introduction of a new credit linked subsidy programme called Prime

**Table 1: KCC as on 31st March 2014**

Region	Yearly Target	Card Issued	Limit sanctioned	Target achieved	Cumulative amount
		(Number)	(Amount in lacs)	(in %)	(in lacs)
Udham Singh Nagar	24000	8408	15901	35.033	242969
Uttarakhand	100000	77029	85920	77.029	569151

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar.

*Status quo:* In Uttarakhand, 77.02% of target was achieved with 77,029 number of total cards issued in 2014. But, the picture is little poor in case of Udham Singh Nagar, where only 35% of target was achieved in the same year. Also, the number of cards of KCC issued in Udham Singh Nagar forms only 10% of total card issued in the State in 2013-14.

**Table 2: PHEMEP (DIC+KVIC+KVIB) upto 31 March 2014 (in Lacs)**

Region	Yearly Target	Received		Sanctioned	
		Number	Amount	Number	Amount
Udham Singh Nagar	78	200	412.36	40	203.05
Uttarakhand	782	2809	5283.74	1534	2643.5

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar.

*Status quo:* Against 10% yearly target of Uttarakhand in 2014, Udham Singh Nagar sanctioned only 2.6% of advances of Uttarakhand. Although, 51.28% of target was achieved by Udham Singh and 58.04% was achieved by Uttarakhand upto March 2014. The study found that in Udham Singh Nagar, maximum number of advances under PHEMEP has been disbursed to Trade Shopkeepers, followed by Industrial Units. The cumulative position of PHEMEP advances of Uttarakhand on March 2014 stands out to be 3944 in number and Rs.13505.14 lacs in amount. The cumulative number of PHEMEP advances of Udham Singh Nagar forms 5.2% of total cumulative number of PHEMEP advances of Uttarakhand.

**Table.3.Veerchandra Garhwali Paryatan Yojana (in Lacs)**

Region	Yearly Target	Received		Sanctioned		Disbursed		Outstanding	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
Udham Singh Nagar	23	86	51.75	23	118.32	23	118.32	163	514.14
Uttarakhand	500	930	4432.28	418	1497.78	389	1335.29	4616	9606.09

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar

*Status quo:* Udham Singh Nagar attains 100% yearly target as on March 2014. The total number of outstanding of the scheme in Udham Singh Nagar is 163 and Amount outstanding is 514.14 lacs. With the achievement of 77 % of yearly target, 389 advances were disbursed in Uttarakhand under VCGPY.

**Table 4: Advances under Differential Rate of Interest (in Lacs)**

Region	Accounts opened		Disbursed		Total Outstanding	
	Number	Amount	Number	Amount	Number	Amount
Udham Singh Nagar	1102	475.96	116	314.47	1265	1642.68
Uttarakhand	1720	643.29	501	381.96	7542	5720.99

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar

*Status quo:* The contribution of Udham Singh Nagar in total number of accounts opened in Uttarakhand was 64% in 2014, which is remarkably high proportion of contribution of one district in the State. Although, the total number of accounts outstanding till March 2014 in Udham Singh Nagar was 16% of that of Uttarakhand. This fact signify that in Udham Singh progress is made largely in the year 2013-14.

**Table 5: Advances Under SCP (in lacs)**

Region	Target	Received	Sanctioned		Disbursed		Outstanding since inception	
			Number	Amount	Number	Amount	Number	Amount
Udham Singh Nagar	1533	101	71	63.76	70	40.11	4278	9295.02
Uttarakhand	10032	3930	3425	1435.7	3222	949.69	23905	26704.63

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar.

*Status quo:* As stated above, the maximum sanctioned amount in this scheme is small. So, the overall outstanding since inception is very low as compared to other schemes. 15% of total target of Uttarakhand was allotted to Udham Singh Nagar in 2014. Whereas, number of loan disbursed in Udham Singh Nagar forms 2.17% of total number of loan disbursed in Uttarakhand. But, out of 71 files sanctioned in Udham Singh Nagar, 70 loans were disbursed by March 2014, which is a better practice.

**Table 6. Advances under SJSRY (in lacs)**

Region	Target	Received	Sanctioned	
			Number	Amount
Udham Singh Nagar	109	281	144	140.82
Uttarakhand	734	715	1132	859.66

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar

*Status quo:* Under this scheme, both Udham Singh Nagar and Uttarakhand surpassed the targets in March 2014. With 109 targets only, 144 loans were sanctioned under SJSRY in Udham Singh Nagar. Similar is the case in Uttarakhand, where 1132 files under SJSRY were sanctioned against target of 734 only. The sanctioned amount in Udham Singh Nagar is 140.82 lacs and 859.66 in Uttarakhand.

**Table 7. Advances under SGSY (in lacs)**

Region	Received		Group		Individual		Total		Outstanding	
	Group	Individual	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Udham Singh Nagar	97	29	52	75.6	35	26.08	87	101.68	1382	1258.09
Uttarakhand	1357	417	1025	1278.51	377	402.66	1402	1681.17	19010	9896.9

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar

*Status quo:* Apart from SJSRY scheme, SGSY is for rural areas and the quantum of loan is also smaller. Out of total loans sanctioned in Uttarakhand in 2014, only 6.04 % comprised of loans sanctioned to Udham Singh Nagar under SGSY. Also, total number of loan outstanding under SGSY in Udham Singh Nagar forms 7.2% of total loans outstanding in Uttarakhand. This makes clear that under SGSY, the performance in an year is consistent to overall performance since inception both in State as well as district.

**Table. 8. Advances to Handloom Weavers (in lacs)**

Region	Received	Sanctioned		Disbursed	
		Number	Amount	Number	Amount
Udham Singh Nagar	28	25	28.51	25	28.51
Uttarakhand	97	94	75.94	94	75.94

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar

*Status quo:* Handloom weaving is practiced mostly in Hilly areas of Uttarakhand. Under this scheme, 97 files were received in Uttarakhand, out of which 94 loans to handloom weavers were sanctioned by March 2014 amounting to 75.94 lacs. All the loans sanctioned to handloom weavers were disbursed fully in Uttarakhand as well in Udham Singh Nagar by March 2014.

**Table 9: Number Of Self Help Groups - Saving Bank A/C (in lacs)**

Region	Groups formed		Eligible for linkage	Linked and disbursed		Total outstanding	
	Number	Saving		Number	Amount	Number	Amount
Udham Singh Nagar	457	94.38	359	154	216.55	952	887.36
Uttarakhand	6518	359.98	1205	5805	1856.67	11862	4420.98

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar.

*Status quo:* In Uttarakhand, out of total number of accounts linked since inception, about 50% were linked in an year 2013-14. This was a huge progress to be achieved in an year. Besides this, total number of SHG formed in Uttarakhand is 6518, of which 7% is contributed by Udham Singh Nagar. Out of the total groups formed, only 18% in Uttarakhand are eligible for linkage whereas this figure goes high to 78% for Udham Singh Nagar.

**Table 10: No-frills Account (in lacs)**

Region	Account opened		Balance	
	Number	Amount	Number	Amount
Udham Singh Nagar	23971	1331.55	23971	1331.55
Uttarakhand	178332	5091.65	250968	8134.19

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar.

*Status quo:* In Uttarakhand, 178332 No-Frills Accounts were opened by March 2014. Out of these accounts, 13.5% were opened in Udham Singh Nagar. The corresponding balance of these accounts in Udham Singh Nagar was 1331.55 lacs and in Uttarakhand, the account balance was almost five times of the balance of Udham Singh Nagar in same period.

**Table 11: GCC (as on 31 March 2014) (in lacs)**

Region	Received		Sanctioned		Disbursed		Outstanding	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
USN	752	2792.3	752	2792.3	752	2792.3	1677	3146.13
Uttarakhand	2221	5449.13	2480	5485.71	2255	5430.48	16595	10593.47

**Source:** SLBC Agenda Book, Uttarakhand and Annual Credit Plan, Udham Singh Nagar

*Status quo:* Statistics for GCC in Uttarakhand shows that out of 2480 files sanctioned, 2255 number of loans have been disbursed by March 2014. In Udham Singh Nagar, the figures of files received, loan sanction and loan disbursed are same. This shows a better task completion strategy of Udham Singh Nagar. The amount of GCC disbursed in Udham Singh Nagar is almost 50% of the amount disbursed in whole state. This fact reveals that out of total amount of GCC disbursed in Uttarakhand in 2014, ₹ 5430.48 lacs, half of the contribution is by amount disbursed in Udham Singh Nagar.

**Table 12: Coverage of unbanked villages in Uttarakhand (population below 2000)**

Sl. No.	District Name	Allotted Wards-SSAs	Wards-SSAs Surveyed	Household Coverage-%	Coverage of unbanked villages
1	Almora	233	233	100.00%	448
2	Bageshwar	118	118	100.00%	999
3	Chamoli	183	183	100.00%	288
4	Champawat	118	118	100.00%	638
5	Dehradun	161	161	100.00%	153
6	Pauri Garhwal	324	324	100.00%	1905
7	Hardwar	213	213	100.00%	1056

8	Nainital	259	259	100.00%	1062
9	Pithoragarh	344	344	100.00%	1341
10	Rudraprayag	125	125	100.00%	530
11	Tehri Garhwal	229	229	100.00%	1062
12	Udham Singh Nagar	332	332	100.00%	449
13	Uttarkashi	130	130	100.00%	506
14	Total	2769	2769	100.00%	10437

**Table 13: Comparative Statistics of Account Opened in India and Uttarakhand**

Region	Accounts rural	Accounts urban	Total accounts	Rupay-card issued	Rupay card-%	Deposits (in lacs)
Uttarakhand	932038	438969	1371007	1231307	89.81%	20667.86
India	75016094	50457195	125473289	110792799	88.29%	1049962.62

Source: Department of Financial Service, India

**Table 14: Progress under PMJDY in Udham Singh Nagar (as on 28 January 2015)**

Total number of allotted		Accounts opened	Passbook issued	Rupay cards issued	Total number of Rupay cards activated	Number of literacy camps by branches	Adhaar seedings with accounts
SSA	Wards	238534	206399	180237	97078	534	82974
309	145						

Source: Lead Bank, Udham Singh Nagar

*Status quo:* As earlier mentioned, the household coverage under the Scheme was 100 percent by 28.01.2015 in Udham Singh Nagar (Table 12). The share of total number of Accounts opened in Udham Singh Nagar to that of Uttarakhand is 17.4%. The statistics of Rupay Debit cards issued clarify that of total cards issued in Uttarakhand, only 14.6% were from Udham Singh Nagar. Also, out of total Rupay Debit cards issued, 53.8% were activated by 28.02.2015. Besides this, 35% of accounts opened have been seeded with Aadhar Card in Udham Singh Nagar.

**Table 15: Number of Bank Branches in Uttarakhand**

Year	Public	Private	Total
2010	1306	121	1427
2011	1380	119	1499
2012	1522	146	1668
2013	1663	135	1798
2014	1799	148	1947

Source: Agenda Book, SLBC Uttarakhand.

**Table 16: Deposits -Uttarakhand (as on March 31 in Crore)**

Year	Total Deposit	Public Banks	Private Banks	Growth in year	% Growth
2010	39128	36480	2648	-2166	-5.25
2011	46837	43508	3329	7709	19.70
2012	53799	48958	4841	6962	14.86
2013	62714	57490	5224	8915	16.57
2014	75832	65994	9838	13118	20.92

Source: Agenda Book, SLBC Uttarakhand.

Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely, Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas. PMEGP is a central sector scheme to be administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The Scheme is implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks.

### **Veer Chandra Singh Garhwali Paryatan Yojana (VCSGPY)**

This scheme is specific to the State-Uttarakhand. The main idea behind this scheme is to promote tourism in the State. VCSGPY was launched in 2002-03 by the Govt., of Uttarakhand. The implementing agency is Tourism department (District Tourist Officer in Nodal Officer), Uttarakhand. The assistance is provided in the form of Bank Loan and subsidy to unemployed youth for setting up enterprises in 10 identified activities related to tourism promotion, which is 25%, upto a maximum of Rs. 5.00 lacs, of the total project outlay (upto Rs. 20.00 lacs). Margin of 12% of the Total Financial Outlay (Rest being bank loan) is provided by identified entrepreneur.

### **Advances under Differential Rate of Interest**

The main objective of the scheme is to provide bank finance at a concessional rate of interest of 4 % per annum, to the weaker sections of the community for engaging in productive and gainful activities so that they could improve their economic conditions. The scheme is being implemented throughout the country. The income ceiling for eligibility is annual income of Rs. 7200 per family in urban or semi-urban areas and Rs. 6400 per family in rural areas. Size of landholding must not exceed one acre of irrigated land and 2.5 acres of non-irrigated land. The banks are required to lend under the Scheme, at least one per cent of their aggregate advances as at the end of the previous year. 2/3rd of the total DRI advances must be routed through the banks' rural and semi-urban branches. The maximum assistance per beneficiary has been fixed at Rs. 6500 for productive purposes. In addition to this, physically handicapped persons can avail of assistance to the

extent of Rs. 5000 (maximum) per beneficiary for acquiring aids, appliances, equipment, provided they are eligible for assistance under the scheme. Similarly, members of SC/STs satisfying the income criteria of the scheme can also avail of housing loan up to Rs. 5000 per beneficiary over and above the loan of Rs. 6500 available under the scheme.

### **Special Component Plan**

SCP (Special Component Plan) and TSP (Tribal Sub-Plan) programme was initiated by the Government of India in 1980-81. SCP programme is meant for the Scheduled Castes and TSP programme for Scheduled Tribes. The objective of the programme is economic empowerment of 'below poverty line' (BPL) households in the scheduled caste and scheduled tribe groups, by an assured flow of financial assistance to these households for entrepreneurship. Initially, in the 6th Plan (1980-8J -1984-85) the target was to uplift at least 50% of the SC and ST population to cross the poverty line. Pump Set, Piggery, Bullock Cart, Cow Rearing, Bamboo furniture making. Wooden furniture making. Grocery shop. Poultry (200 birds), Cycle Van, Departmental Store, Tailoring, Tea Stall, Radio repairing shop. Hawker, Microphone hiring. are some of the Indicative Income Generating Schemes. There may be some other schemes in different districts based on local needs of the people.

### **Swarna Jayanti Shahri Swarojgar Yojana**

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched on 01.12.1997 after subsuming the earlier three schemes for urban poverty alleviation, namely Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUEP). The key objective of the scheme is to provide gainful employment to the urban unemployed or underemployed through the setting up of self-employment ventures or provision of wage employment.

The target population under SJSRY is the urban poor living below the poverty line. The funding under SJSRY is shared between Centre and States in the ratio of 75:25, but for special category states (including Uttarakhand), this ratio is 90:10 between Centre and State.

### **Swarna Jayanti Gram Swarojgar Yojana**

The Swarn Jayanti Gram Swarojgar Yojana (SGSY) has been designed as a holistic self employment scheme aimed at providing sustainable income to rural BPL families through income generating assets/economic activities so as to bring them out of the poverty line. SGSY

aims at bringing the assisted poor families (swarozgaries) above poverty line by providing them income generating – assets through a mix of bank credit and government subsidy. Subsidy under the SGSY is given at the uniform rate of at 30% of the project cost, subject to a maximum of Rs.7500. In respect of SC/STs and disabled however, it is 50% and Rs.10,000/ respectively. For Groups of Swarozgaris (SHGs), the subsidy would be at 50% of the cost of the scheme or per capita subsidy of ₹ 10,000 or ₹ 1.25 lakh, whichever is less. 20% of the allocation at the district level has been earmarked for meeting expenditure critical gaps in infrastructure creation required supporting the livelihood activities of the rural poor. Provision is also made for taking care of all aspects of marketing including marketing intelligence, backward and forward linkages and creation of marketing infrastructure. 15% outlay under SGSY is set apart for Special Projects to field test and validate alternative strategies for livelihood opportunities and enhancement of livelihood support for rural poor.

### Advances to Handloom Weavers

Refinance assistance has been made available to State Cooperative Banks for extending short term assistance to eligible candidates under the weaver sector. Refinance window under this sector is also available for identified purpose activities to Regional Rural Banks and Scheduled Commercial Banks. Subsidised loan to handloom sector at the interest rate of 6% for a period of three years, the quantum of interest subsidy to be borne by the Government of India will be for three years and limited to the differences between the actual rate of interest as applicable and charged by the Banks and 6% which is to be borne by the borrower. Margin Money assistance at 20% of the project cost is subject to a maximum of ₹ 10,000 per weavers is provided, that enables the handloom weavers, their Self Help Groups and Joint Liability Groups to leverage this amount for borrowing loans from the banks. The Interest Subsidy and Margin Money is routed through NABARD.

### Direct SHG Linkage with Banks

In November 1994, RBI constituted a working Group under the Chairmanship of Shri S.K. Kalia, the then Managing Director, NABARD. The Working Group was of the view that the linking of SHGs with the banks is a cost effective, transparent and flexible approach to improve the accessibility of credit from the formal banking system to the unreached rural poor, which is expected to offer the much needed solution to the twin

problems being faced by the banks, viz; recovery of loans in the rural areas and the high transaction cost in dealing with small borrowers at frequent intervals. Lending to SHGs are included by the banks as part of their advances to the weaker sections. It has been decided to report lending to SHG under new segment, viz. '*Advances to SHGs*' irrespective of the purposes for which the members of SHGs avail loans.

### No Frill Accounts

RBI in 2005, advised the banks to make available a basic banking 'no-frills'(NF) account with low or nil balances and charges,. These NF Accounts, similar to savings accounts of banks were to augment financial services to vast population, leading to greater financial inclusion. The no-frills bank accounts are an innovative instrument to introduce the concept of banking to the under-privileged and reduce credit rationing for this section of people. As the individual bank would have the privilege to design these no-frills accounts, the basic characteristic would involve zero or a very low balance with limited transaction facilities.

Certain modification have been done with regards to basic guidelines of opening of 'no frills' accounts and banks are advised to offer a 'Basic Savings Bank Deposit Account'(BSBD) which offers common facilities to all customers. BSBD Accounts do not require any minimum balance and the services include deposit and withdrawal of cash at bank as well as ATMs, receipt/credit of money. All the facilities are provided without any charges and no charge is levied for dormant 'Basic Savings Bank Deposit Account'.

### General Credit Card

RBI has formulated broad guidelines for banks for issuance of General Credit Cards (GCC) and each Bank floats its own scheme of GCC. But, in general, all Credit Card (e.g. Artisan Credit Card, Laghu Udyami Card, Swarozgar Credit Card, and Weaver's Card etc.) catering to the non-farm entrepreneurial credit needs of individuals are covered by GCC Scheme. The objective of scheme is to increase flow of credit to individuals for entrepreneurial activity in the non farm sector. Any credit facility extended under the Scheme includes both working capital and term loan requirements of entrepreneurs. The GCC, preferably, is issued as a Smart card / Debit card (Biometric smart card compatible for use in the ATMs / Hand held Swipe Machines and capable of storing adequate information on entrepreneur's identity, assets and credit profile etc.). Wherever the accounts are not digitized, the GCC can be

issued as a card/pass book or a credit card cum pass book incorporating the name, address, photograph of the holder, particulars of borrowing limit, validity period etc. for the time being which will serve both as an identity card as well as facilitate recording of the transactions on an ongoing basis.

### Pradhan Mantri Jan-Dhan Yojana (PMJDY)

Launched on 28 August, 2014, across the nation at state level, district and sub-district levels, the Pradhan Mantri Jan-Dhan Yojana (PMJDY) lies at the core of development philosophy of "Sab Ka Sath Sab Ka Vikas". PMJDY, as National Mission on Financial Inclusion, has an ambitious motive of covering all households in the country with banking facilities and having a bank account for each household. The prime objective of PMJDY is *ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections and low income groups. This deep penetration at affordable cost is possible only with effective use of technology.*

As the mission was launched throughout the nation simultaneously, the efforts were evident in Uttarakhand state too. Various camps by banks and campaigns at block level, district level and state level were organised to cover maximum households and unbanked villages in Uttarakhand. The district wise progress of Uttarakhand show magnificent result of 100% coverage of household under the scheme. The coverage of unbanked villages with population less than 2000 in Uttarakhand is 5.67% of that covered in India. Amongst 13 districts, Pauri Garhwal covered maximum number of villages, contributing 18.25% of coverage of unbanked villages in Uttarakhand.

*Account Opening and Adhaar Card Statistics:* In Uttarakhand, total accounts opened under the scheme was 1.09% of total accounts opened in India and similar figure was seen for Rupay Debit Cards issued in Uttarakhand. Statistics reveal that 1.11% of Rupay Debit Card issued in India was contributed by Uttarakhand. Out of total accounts opened in Uttarakhand, 397149 accounts were linked with Adhaar card as on 31 January 2015. This shows that only 28.97 percent of total accounts opened in Uttarakhand were seeded with Adhaar card.

As the progress of PMJDY in India and Uttarakhand has shown splendid figures, District Udham Singh Nagar also moves in the similar direction of progress. As reported by Lead District Manager, 534 local camps

were organised at Block and village level to literate people about the scheme. Assistance in opening the account was also provided. The supervision was made strict in order to achieve the target at district level.

### Banking Outreach in Uttarakhand

Even though the outreach of banks has remained restricted for various reasons in Uttarakhand, but focus and efforts of various initiatives by the government has led to remarkable progress in the State. Some of the parameters are detailed below.

#### Number of Bank Branches

The commercial banks, cooperative banks and Regional Rural Banks are the main providers of credit in the State at present under the multi agency approach. In Uttarakhand, there are total 1,799 Public Sector bank branches and 148 private Sector bank branches. The number of branches in the State has increased from 1427 in the year 2010 to 1947 in the year 2014.

#### Amount of Deposits

The total amount of deposits comprise of Demand deposits as well as Time deposits both. With negative growth of 5.25% in 2010, the amount of deposit grew to 20.92% in 2014. Total deposits in 2014 turns out to be 53,799 crore which is very huge amount as compared to 39,128 crore in 2010.

#### Credit

Credit has been considered not only as one of the critical inputs to agriculture, but also an effective means of economic transformation. Advances of any branch reveals the major source of income of that branch. In Uttarakhand, amount of advances in 2014 doubled than that of 2010. Although, the growth rate fell to 20.16% in 2011 and further 16.62% in 2012, but in 2013 it regained its momentum leading to 32.44% growth in 2014.

**Table 17: Advances -Uttarakhand (as on March 31 in Crore)**

Year	Total	Growth in year	%Growth	Public	Private
2010	20530	4664	29.39	17432	2729
2011	24668	4138	20.16	20464	2634
2012	28768	4101	16.62	23618	3436
2013	36237	7469	25.96	30294	3795
2014	47992	11755	32.44	39753	5546

Source: Agenda Book, SLBC Uttarakhand

## Conclusion

The Reserve of Bank India adopted the broad approach to financial inclusion aiming at connecting people with the banking system and not just giving credit, but also people access to payments system and expose financial inclusion as a viable business model and opportunity. India has sufficient schemes, rules, and directives focussing on expansion of banking coverage and ensuring service to the unbanked population. The RBI formulated regulation with framework covering employment intensive; strengthening of the rural cooperatives; and restructuring of regional rural banks, which cater predominantly to the rural areas. The multiple channels approach policy by RBI and encouraging of lending through Self-Help Group(SHG)s, adopting of Business Correspondents(BC) Model; introduction of schemes like SGSY, SCP, PMJDY at centre and VCSGPY state level. Banks and financial institutions in Uttarakhand have done well in regard to widening and deepening of credit and extending other banking services since its formation.

The unending stream of new initiatives and orders in this regard clearly demonstrates progress of credit, deposit and number of branches that has been achieved in past years. There seems remarkable proportion of achievement of targets by Udham Singh Nagar in Uttarakhand in schemes like GCC, DRI, Advances to handloom weavers etc. Although PMJDY has been recently launched, but it shows excellent results in Udham Singh Nagar as well as Uttarakhand, with 100 percent coverage of targeted household in the State. This excellent figure was result of tremendous efforts made by banks through local camps at Block and village level and helping in opening the account under the scheme.

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