

## RURAL DEVELOPMENT OF FINANCIAL INCLUSION IN PUDUCHERRY

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### ABSTRACT

*Financial inclusion can be defined as easy access to formal financial services or systems and their usage by all members of the economy. Current development theories suggest that greater financial inclusion can have a positive impact on the lives of the poor. On the contrary, financial exclusion refers to the lack of access to financial services. Financial exclusion thus makes it difficult to reduce inequalities and alleviate poverty. Financial inclusion providing access to financial services for all has gained prominence in the past few years.*

**Key words:** Financial inclusion, Rural Development, Banking sector.

### INTRODUCTION

Financial inclusion is one of innovative development which helps to promote the inclusive growth in the country. With the effect of financial inclusion the country witnessed remarkable and sustainable growth in a slow and steady process. India is the well organised financial system particularly in banking system at cross rate level. Success of the financial inclusion is basically depends on awareness and its effective implementation in a systematic manner. It is chapter highlights the theoretical aspects of the financial inclusion and its impact on inclusive growth in a detailed manner.

Financial inclusion is an important tool of inclusive growth. Financial inclusion is concerned with the delivery of banking services at an affordable cost to the vast section of disadvantaged, underprivileged and low income group who tend to be excluded. The present paper attempts to examine the relevance of rural development of financial inclusion in Puducherry. The major issues identified from the survey are infrastructural issues like remote and sparsely populated areas with poor infrastructure and physical access, demand side issues like lack of awareness, low income, absence of collateral security, social exclusion, illiteracy and supply side issues like distance from branch, branch timings, cumbersome documentation

and procedures, for opening bank accounts, unsuitable banking products/schemes, high transaction costs, language, attitude of the staff and easy availability of loans from informal sources.

**TABLE 1**  
**Financial Inclusion for Inclusive Growth 2011-2012 - All Sectors**

(Rs. 000)

<b>Sector Block</b>	<b>Details</b>	<b>Agriculture</b>	<b>Agri Allied Activity</b>	<b>Non-Farm Sectors</b>	<b>Other Pri Sector</b>	<b>of Wise Govt</b>	<b>Non Performing Sector</b>
karikalam	A/C	22999	1793	8806	2776	12755	<b>16447</b>
Pakkam	Amount	983288	85362	171876	357760	386786	<b>586045</b>
Reddiar	A/C	9706	2048	13203	2669	5675	<b>4182</b>
Palayam	Amount	508175	55257	729979	667900	248370	<b>179326</b>
Villianur	A/C	25840	1435	2329	4513	8636	<b>16458</b>
	Amount	965645	69969	343466	474200	344379	<b>853424</b>
karaikal	A/C	43567	2670	3468	5212	10618	<b>21723</b>
	Amount	1281590	98960	364493	997500	314589	<b>992465</b>
Mahe	A/C	2117	664	885	805	1163	<b>2875</b>
	Amount	79826	18168	77915	190000	96653	<b>138758</b>
Yanam	A/C	1934	846	1014	1068	1611	<b>1348</b>
	Amount	66325	20476	68751	242640	88754	<b>108254</b>
Puducherry Urban	A/C	9561	0	9361	3434	2707	<b>3064</b>
	Amount	283500	0	452072	870000	148822	<b>111799</b>
<b>Total</b>	A/C	<b>115724</b>	<b>9456</b>	<b>39066</b>	<b>20477</b>	<b>43165</b>	<b>66097</b>
	<b>Amount</b>	<b>4168349</b>	<b>348192</b>	<b>2208550</b>	<b>3800000</b>	<b>1628353</b>	<b>2970071</b>

**Source:** Puducherry Annual Credit Plan Report 2011-2012.

Table no. 1 reveals that the District credit plan for the year 2011-2012 All sector – Block wise, there are blocks in Puducherry. In Agricultural sector no of 115724 accounts out of which total amounted to Rs. 4168349. In Agricultural allied activity no 9456 accounts out of which total amounted to Rs.348192. In Non- farm sector no of 3906 account out of which total amounted to Rs.2208550. In other private sector no of 20477 accounts out of which total amounted to Rs.3800000. In total private sector no of 184723 accounts out of which total amounted to Rs. 1052509. In Government wise no of 43165 accounts out of which total amounted to Rs.1628353. In non-performing sector no of 66097 accounts out of which total amounted to Rs.2970071.

## **AGRICULTURE DEVELOPMENT**

Historically the bank has successfully served the agricultural and rural economy through its extensive semi-urban and rural branch network. The bank is further enhancing its reach by opening more branches in semi-urban and rural geographies, and setting up a Business Correspondent network to provide doorstep services in villages. A suite of new products including microloans, remittances, micro-insurance

etc. are being delivered in addition to liabilities products and agri-supply chain financing products, using state of the art, secure, simple and cost effective technology solutions. The purpose behind providing loan for allied activities is to give hassle free and adequate credit i.e. working capital and term loan for agriculture allied activities, mainly livestock rearing, like Dairy, Poultry, Goatery, Piggery, sheep rearing, etc

**TABLE 2**  
**FINANCIAL INCLUSION FOR INCLUSIVE GROWTH 2011-2012-AGRI SECTOR**

(Rs.000)

Sector	Details	Crop loan	Minor Irrigation	land Devp	Farm March	Plan & Horti	Other
<b>Block</b>							
karikalampakkam	A/C	22197	164	30	121	173	314
	Amount	892084	11949	14500	44483	17100	3172
Reddiarpalayam	A/C	9174	187	80	36	74	155
	Amount	463355	14380	9400	12550	7060	1430
Villianur	A/C	25115	193	149	112	154	117
	Amount	879533	12142	5935	49115	15400	3520
karaikal	A/C	42566	457	80	111	91	262
	Amount	1172570	42674	11250	38636	12735	3725
Mahe	A/C	1971	13	32	4	85	12
	Amount	71410	600	2120	280	4236	1180
Yanam	A/C	1717	68	37	14	58	40
	Amount	53790	3860	1850	3460	2965	400
Puducherry Urban	A/C	9561	-	-	-	-	-
	Amount	283500	-	-	-	-	-
<b>Total</b>	<b>A/C</b>	<b>112301</b>	<b>1082</b>	<b>408</b>	<b>398</b>	<b>635</b>	<b>900</b>
	<b>Amount</b>	<b>3816242</b>	<b>85605</b>	<b>45055</b>	<b>148524</b>	<b>59496</b>	<b>13427</b>

**Source:** Puducherry Annual Credit Plan Report 2011-2012.

Table no. 2. Shows that agricultural sector block wise during the year 2011- 2012. There are six sectors in Puduchery. In crop loan total no of accounts 112301 of which total amounted to Rs. 3816242. In minor irrigation total no of accounts 1082 of which total amounted to Rs. 85605. In land development total no of accounts 408 of which total amounted to Rs. 45055. In Farm March total no of accounts 398 of which total amounted to Rs. 148524. In Plant & Horticulture total no accounts 635 of which total amounted to Rs. 59496 and other sector total no of accounts 900 of which total amounted to Rs. 13427 during the year.

### ALLIED SECTOR OF FINANCIAL INCLUSION

The financial inclusion task force and the financial inclusion fund reflect the priority attaché by the Government. The interest shown by authorities in different countries in financial inclusion clearly show that there are concern that large segments of the world's populations are excluded from formal payments

system and financial markets while financial markets are developing and globalizing rapidly. There is an obvious market failure and thus Governments and financial sector regulators are seeking to create enabling conditions such that markets become more open more competitive, affordable and inclusive.

**TABLE 3**  
**FINANCIAL INCLUSION FOR INCLUSIVE GROWTH 2011-2012-ALLIED SECTOR**

(Rs. 000)

<b>Sector</b>	<b>Details</b>	<b>AH/DD</b>	<b>AH/PF</b>	<b>AH/SGP</b>	<b>Fisheries</b>	<b>Forestry</b>	<b>Storage &amp; Other</b>
<b>Block</b>							
Karikalampakkam	A/C	1192	42	290	124	60	85
	Amount	45762	5940	5800	17450	5910	4500
Reddiarpalayam	A/C	1703	20	154	76	84	11
	Amount	29180	2220	1456	10126	1650	10625
Villianur	A/C	978	28	334	42	50	3
	Amount	45998	5700	5100	7296	2500	3375
Karaikal	A/C	1571	68	762	111	97	61
	Amount	59529	5148	11248	11893	6658	4484
Mahe	A/C	432	174	18	29	11	-
	Amount	8095	2690	1840	4663	880	-
Yanam	A/C	528	174	40	64	-	40
	Amount	14680	2660	400	2336	-	400
Puducherry Urban	A/C	-	-	-	-	-	-
	Amount	-	-	-	-	-	-
<b>Total</b>	<b>A/C</b>	<b>6404</b>	<b>506</b>	<b>1598</b>	<b>446</b>	<b>302</b>	<b>200</b>
	<b>Amount</b>	<b>203244</b>	<b>24358</b>	<b>25844</b>	<b>53764</b>	<b>17598</b>	<b>23384</b>

**Source:** Puducherry Annual Credit Plan Report 2011-2012.

Table no. 3 reveals that Allied sector – block wise during the year 2011-2012. There are Account holders/ Demand draft account 6404 out of total amounted to Rs.203244. Total Account Holder/Provident fund no of account 506 out total amounted to Rs. 24358. Total Account Holder/SGP no of account 1598 out of total amounted to Rs.25844. Total fisheries no of account 446 out of total amounted to Rs.53764. Total forestry no of account 302 out total amounted to Rs.17598. Total storage & other no of account 200 out of total amounted Rs. 23384.

### GOVERNMENT PROGRESS OF FINANCIAL INCLUSION

I also notice that the poverty eradication programmes such as SGSY, SJSRY and PMEGP catering to targeted deprived sections of the society are implemented effectively here, thanks to the mutual cooperation between Government agencies and Banks. Banks should continue to actively and adequately participate in such programmes.

**TABLE 4**  
**FINANCIAL INCLUSION FOR INCLUSIVE GROWTH 2011-2012-GOVT PROGS**

(Rs. 000)

Sector	Details Block	SJSRY	SGSY/IREP/IRDP	State Govt Progs	Others	Total
karikalampakkam	A/C	20	-	1845	10890	12755
	Amount	2020	-	43808	340958	386786
Reddiarpalayam	A/C	149	4216	112	1198	5675
	Amount	6443	176762	5423	59742	248370
Villianur	A/C	-	-	1107	7529	8636
	Amount	-	-	91941	252438	344379
Karaikal	A/C	-	-	1371	9247	10618
	Amount	-	-	84425	230164	314589
Mahe	A/C	4	8	127	1024	1163
	Amount	300	400	12260	83693	96653
Yanam	A/C	-	335	200	1076	1611
	Amount	-	20829	10000	57925	88754
Puducherry Urban	A/C	8	1917	172	610	2707
	Amount	600	102629	10800	34793	148822
<b>Total</b>	A/C	<b>181</b>	<b>6476</b>	<b>4934</b>	<b>31574</b>	<b>43165</b>
	Amount	<b>9363</b>	<b>300620</b>	<b>258657</b>	<b>1059713</b>	<b>1628353</b>

**Source:** Puducherry Annual Credit Plan Report 2011-2012.

Table No. 3.10 reveals that Government programmes block wise during the year 2011-2012. There are 6 schemes in Puducherry. SJSRY total no of accounts 181 of which total amounted to Rs. 9363. SGSY/IREP/IRDP total no of accounts 6476 of which total amounted to Rs. 300620. State Government Progress total no of accounts 4934 of which total amounted to Rs. 258657. Others total no of accounts 31574 of which total amounted to Rs. 1059713. The table concluded that total no of accounts 43165 and amounted to Rs 1628353 during the year.

#### **RURAL DEVELOPMENT OF FINANCIAL INCLUSION**

In rural areas, people hesitate to have bank accounts because of the perception that they are too small economic. In order to remove this apprehension Rural Financial Inclusion project was modeled on the following lines:

- Open No frills/zero balance savings bank accounts on the spot
- Deliver the passbook at their doorsteps.
- Adopt simplified procedure for fulfilling KYC norms.
- The bank staff would contact the people at their doorstep

The concept was tried in Mangalam village by the bank. The entire 744 households in the village were covered. Following the simplified KYC procedure and door-to-door visit, 1661 fresh “no frills” SB accounts were opened. Small overdrafts with limits up to Rs. 5000 for general consumption purpose and General Credit Cards with limits up to Rs. 25,000 for the self-employed were sanctioned. This was a trendsetter in the banking industry which paved way for the banks to embark upon the financial inclusion process.

## **CONCLUSION**

Financial inclusion is a new innovate concepts. It is the aims of banking and financial services to unbanked areas. In rural banks may be equipped with motivated and trained staff having some marketing skills and knowledge an appraisal of small loans. After opening no frill accounting, proper measures may be made to organise them into groups for in calculating the habits of thrift which will ultimately enables them to avail credit facilities. Financial inclusion can truly lift the financial condition and standards of life of the poor and the disadvantaged. The financial inclusions are play vital role of economic opportunity and improve the living standard for inclusive growth. The state and central government should be awareness on banking services is very important 100 per cent success of financial inclusion.

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