International Journal of Research in IT and Management (IJRIM)
Available online at: http://euroasiapub.org
Vol. 11 Issue 9, September- 2021
ISSN(o): 2231-4334 | ISSN(p): 2349-6517 | Impact Factor: 8.106
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal

Progress of Over drafting Facility, KCC,GCC and ICT Transactions: A Study under Financial Inclusion Plan

Dr. Rajesh Kumar, Associate Professor,
Dept. of Commerce, DAV College Pundri
E-mail: rajeshturan1401@gmail.com

Abstract

The practice of offering banking and financial solutions and services to all members of society, regardless of their socioeconomic standing, is referred to as financial inclusion. The many of rural people are still excluded from inclusive growth, making financial inclusion a challenge for the Indian economy. Financial inclusion promotes inclusive growth by encouraging those at the bottom of the economic pyramid to access financial services such as credit and other safety nets. Because of the strong linkage between financial inclusion and payment systems, the Reserve Bank has taken a number of actions, including encouraging the use of mobile banking and pre-paid instruments like digital and mobile wallets. Banks have been working hard for more than a decade to keep the momentum going toward the goal of financial inclusion. This study examines the progress of Overdraft Facility, Kisan Credit Card, General Credit Card, and ICT Transactions during the period 2010 to 2020. The present study uses secondary data, which is analysed in terms of absolute figures, year-over-year increase, CAGR, and graphic analysis.Over an 11-year period, the number of persons using overdraft facilities have increased from 0.10 billion to 5.29 billion. The study indicates that the number of Kisan Credit Card have almost doubled during the study period under consideration. The amount utilised through the use of General Credit Card have increased from Rs. 35.11 billion in March 2010 to Rs. 1940.48 billion in March 2020. The amount mobilised through the use of General Credit Card has grown at a compound annual growth rate of 49.36 percent.

Key Words: - Financial Inclusion, Basic Saving Bank Deposit Account, Overdraft Facility KCC, GCC, ICT A/Cs,

International Journal of Research in IT and Management (IJRIM)
Available online at: http://euroasiapub.org
Vol. 11 Issue 9, September- 2021
ISSN(o): 2231-4334 | ISSN(p): 2349-6517 | Impact Factor: 8.106
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal

Introduction

The practice of offering banking and financial solutions and services to all members of society, regardless of their socioeconomic standing, is referred to as financial inclusion. Financial inclusion promotes inclusive growth by encouraging those at the bottom of the economic pyramid to access financial services such as credit and other safety nets. Financial inclusion is primarily concerned with providing dependable financial solutions to economically disadvantaged people without regard for their status. Its mission is to provide inequitable financial solutions. Many poor Indian families are unable to obtain banking services in the country. Financial inclusion aims to provide low-cost financial services to the less fortunate segments of society, allowing them to become financially self-sufficient without relying on charity or other non-sustainable funding sources. Financial inclusion also strives to increase public awareness of financial services and financial management. It also aims to create formal and systematic credit channels for the underserved. The reserve bank authorised banks to use middlemen to provide banking services by employing business facilitators and business correspondents. The BC approach allows banks to execute ‘cash-in-cash-out' transactions much closer to rural residents, addressing the issue of last-mile reach.

The establishment of new banking organisations (two new universal banks and 10 small finance banks) have also aided the country's financial inclusion efforts. Because of the strong linkage between financial inclusion and payment systems, the Reserve Bank has taken a number of actions, including encouraging the use of mobile banking and pre-paid instruments like digital and mobile wallets. Banks have been working hard for more than a decade to keep the momentum going toward the goal of financial inclusion.While evaluating development in this area across the dimensions of Access, Usage, and Quality, it is observed that India has come a long way in improving last-mile access to banking services and increasing financial product usage. The National Strategy for Financial Inclusion (NSFI) 2019-2024 and the National Strategy for Financial Education (NSFE) 2020-2025 provide a roadmap for a coordinated approach to financial inclusion, financial literacy, and consumer protection. Through a multi-stakeholder approach, the National Strategy for Financial Inclusion document lays out several milestones and action plans to be implemented in order to make financial services available, accessible, and affordable to all citizens in a safe and transparent manner to support inclusive growth.

Review of Literature

GOI (2008) examined financial inclusion as a delivery mechanism providing financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The recommendations of the report focused on the following areas. First, financial inclusion should include access to mainstream financial products. Second, banking and payment services should be available to the entire population without discrimination. Third, promotion of sustainable development and generation of employment in rural areas should be a priority. Fourth, financial inclusion must be taken up in a mission mode and thereby suggested the constitution of a National Mission on Financial Inclusion (NMFI) in order to achieve universal financial inclusion within a specific time frame. Fifth, the Committee also recommended for the constitution of two funds with NABARD – the Financial Inclusion Promotion and Development Fund, and the Financial Inclusion Technology Fund for better credit absorption capacity among the poor and vulnerable sections of the country and also for proper and appropriate application of technology in order to facilitate the mandated levels of inclusion. In short, the report provided an understanding of one of the best ways to achieve inclusive growth through financial inclusion.

To measure financial inclusion, a multidimensional Index of Financial Inclusion (IFI) has been proposed by Sarma (2008). The IFI is an index that captures information on various dimensions of financial inclusion in one single digit lying between 0 and 1. It captures the penetration of the banking system, its availability to users and its actual usage. Chakravarty and Pal (2010) employ the axiomatic measurement approach for the measurement of financial inclusion. It improves upon the IFI proposed by Sarma (2008) such that the index can be utilized to determine the percentage contributions by the various factors.

Sadhan Kumar Chattopadhyay evaluated the extent of financial inclusion in West Bengal in a working paper for the RBI titled Financial Inclusion in India: A Case-Study of West Bengal (2011). According to the study, there has been an improvement in banking industry outreach activity, but it is not considerable. The study created an index of financial inclusion (IFI) based on data on three dimensions of financial inclusion: banking penetration (BP), availability of banking services (BS), and banking system usage (BSU). Based on IFI rankings, the research offers a comparable picture between different states on the basis of IFI rankings.

Dixit & Ghosh (2013) found that the percentage of financial inclusion in the different states varies differently across the country. For example, Kerala, Maharashtra, and Karnataka have higher rates of financial inclusion, whereas Gujarat, Manipur, Assam, Bihar, Uttar Pradesh, and Madhya Pradesh have lower rates of financial inclusion. Without a doubt, expanding geographical and demographic reach offers issues in terms of feasibility and sustainability, and appropriate commercial models are continuously evolving, as are various delivery systems being tested by various government agencies at the central and state levels. Financial literacy and level of awareness continue to be a problem when it comes to using financial services and products. To attain the goal of financial inclusion, it is necessary for all stakeholders, including sectoral regulators, banks, governments, civil society, NGOs, and others, to work together. Most states in the country suffer financial exclusion challenges, and in order to address them, each must build its own personalised solutions based on its own experiences and characteristics, as well as those of its peers across the country.

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. These parameters were updated annually and based on the availability of data, additional services such as insurance and microfinance were added. The key findings of the report were as follows: one in two Indians has a savings account and only one in seven Indians has access to banking credit; CRISIL Inclusix at an all-India level stood at a relatively low level of 40.1 for 2011 (on a scale of 100). In short, CRISIL gave ground-level information regarding the progress of financial inclusion in the country's rural and also in urban areas.

Iqbal & Sami (2017) discovered that the number of bank branches and the credit deposit ratio of banks (proxies of financial inclusion) have a positive significant impact on the country's GDP. The growth rate of ATMs, one indication of financial inclusion, has been demonstrated to have a statistically minimal impact on Indian GDP. As a result, the study observed that financial inclusion is highly associated with the progress and development of the economy. Regardless, effective financial inclusion regulations in the country are required to access financial services, as well as client awareness E-banking training and financial literacy programmes should be organized. As a result, financial inclusion is a significant route that India must walk in order to achieve complete success.

Sujlana, P., & Kiran, C. (2018) found that there is a dire need to provide quality financial services in rural areas for economic growth as it will help rural households to fund the growth of their livelihoods. Government of India has taken heartfelt efforts in bringing the citizens of India under the ambit of banking services. But still some segment of the nation is lagging behind even though financial inclusion initiatives are in progressive stage. Rapidly developing technology has also played a vital role in bridging the financial divide of the nation. More number of people have started using ATMs, Immediate Payment Service (IMPS) and mobile banking.

Rahman, S. A., & Soundararajan, P. (2020) concludes that due to the continuous attempts of the government and the banks, development has been made in the optimistic direction towards financial inclusion but still more is to be done to attain 100% financial inclusion in India. From the progress of Pradhan Mantri Jan Dhan Yojana (PMJDY) during the period from Jan, 2015 till Jan, 2017 it can be concluded that government's efforts to ensure financial inclusion and to remove financial untouchability has been commendable. PMJDY has acted as a financial vehicle accelerating the rate of financial accessibility across the country.

Objectives

The present study focuses to achievethe followings objectives:

1) To evaluate the progressof over drafting facility through Basic Saving Bank Deposit Accounts; and

2) To examine the progress of transactions using the Kisan Credit Card, General Credit Card, and ICT Accounts.

Research Methodology

The current study is based on secondary data taken from the 'Reserve Bank of India's annual publications' and the 'Report on Trends and Progress of Banking in India'. The data has been collected over an 11-year period, from 2009-10 to 2019-20. Under the financial inclusion plan, the study has analysed the data on variables over drafting facility through Basic Saving Bank Deposit Accounts and transactions utilising the Kisan Credit Card, General Credit Card, and ICT Accounts.The results have been presented in the form of tables and figures, using a variety of metrics such as absolute values, year-over-year percent growth, compound annual growth rate (CAGR), and visual analysis, etc.

Analysis and Interpretation

Table 1 displays the number of people availed overdraft facility in Basic Savings Bank Deposit account and the amount of overdraft money they have utilised. The table shows that by the end of the year 2010 only 0.18 million people were using the overdraft facility, the same has been raised to 6.4 million by the end of March 2020.The growth rate of people using the overdraft facility ranges between 0 to 3.44 percent except the years 2018 and 2019 where it registered a negative growth of -0.33 and -0.02 with a CAGR of 42.92 percent. The amount availed through this facility have increased from Rs. 0.10 billion to Rs. 5.29 billion over a period of 11 years. The year-on-year growth of amount availed through BSBDAs ranges between 0.11 percent to 9.32 percent except the years 2017 and 2018 where it recorded a negative growth. The amount availed is more than 50 times in the year 2020 as compared to year 2010. The CAGR of the overdraft amount utilised worked out 48.71 percent.

Table: 1 Overdraft Facility availed in Basic Saving Bank Deposit Accounts from 2010 to 2020

Year Ended	OD Facility Availed (No. in millions)	Y o y Growth (%)	OD Facility Availed (Amt. in billions)	Y o y Growth (%)
March 2010	0.18	--------	0.10	--------
March 2011	0.61	2.39	0.26	1.60
March 2012	2.71	3.44	1.08	3.15
March 2013	3.79	0.40	1.55	0.44
March 2014	5.9	0.56	16.0	9.32
March 2015	8	0.36	20	0.25
March 2016	9	0.13	29	0.45
March 2017	9	0.00	17	-0.41
March 2018	6	-0.33	4	-0.76
March 2019	5.9	-0.02	4.43	0.11
March 2020*	6.4	0.08	5.29	0.19
Progress 2010-20	6.22	--------	5.19	--------
CAGR	42.92	--------	48.71	--------

*Denotes provisional value

The position of kisan credit card used and the amount utilised by using the kisan credit card is depicted by the table 2. The table indicates that during the period under study the number of kisan credit card have almost doubled with a growth rate ranging between 7.77 percent to 18.08

percent up to 2016 after that except in the year 2019 it remained either negative or zero. The amount utilised through these cards have increased from Rs. 1240.07 billion to Rs. 6390.69 billion in the year 2020 with a CAGR of 17.82 percent. The growth rate of amount mobilised through kisan credit card ranges between 5.01 percent to 29.27 percent up to 2019 except in the year 2014 where it was recoded a exceptionally high growth rate of 40.47 percent. Only in the year 2020 amount utilised through KCC recorded a negative growth of -4.34 percent.The growth of kisan credit card during the period under consideration is further shown by figure 1.

Table: 2 Progress of Kisan Credit Card from 2010 to 2020

Year Ended	KCC (No. in millions)	Y o y Growth (%)	KCC (Amt. in billions)	Y o y Growth (%)
March 2010	24.31	--------	1,240.07	--------
March 2011	27.11	11.52	1,600.05	29.03
March 2012	30.24	11.55	2,068.39	29.27
March 2013	33.79	11.74	2,622.98	26.81
March 2014	39.9	18.08	3,684.5	40.47
March 2015	43	7.77	4,382	18.93
March 2016	47	9.30	5,131	17.09
March 2017	46	-2.13	5,805	13.14
March 2018	46	0.00	6,096	5.01
March 2019	49.1	6.74	6,680.44	9.59
March 2020*	47.5	-3.26	6,390.69	-4.34
Progress 2010-20	23.19	--------	5,150.62	--------
CAGR	6.93	--------	17.82	--------

*Denotes provisional value

International Journal of Research in IT and Management (IJRIM)
Available online at: http://euroasiapub.org
Vol. 11 Issue 9, September- 2021
ISSN(o): 2231-4334 | ISSN(p): 2349-6517 | Impact Factor: 8.106
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal

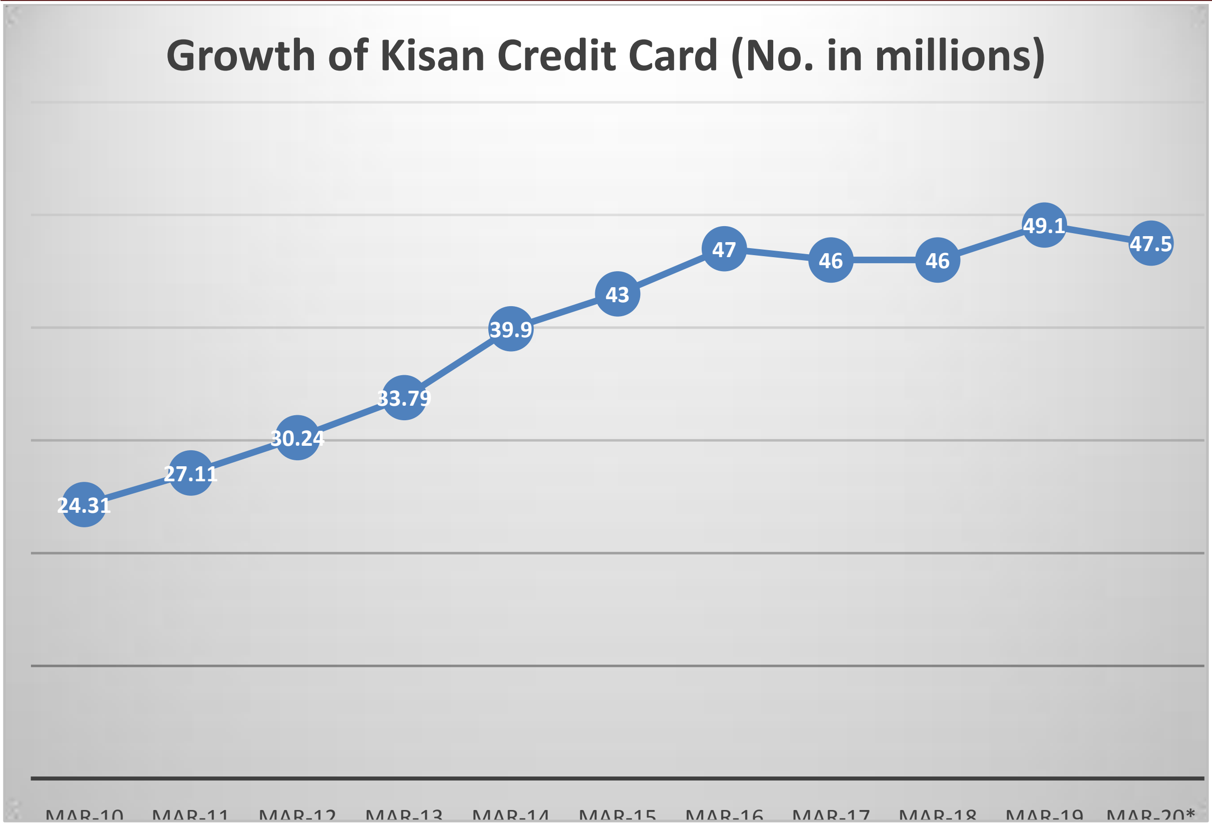

Figure 1

Table 3 embodies data regarding general credit card since 2010 to 2020. The table shows that the general credit card has increased 18.81 million during the study period.The growth rate of number of General Credit Card issued rangesbetween 18.18 percent to 103.86 percent except the years 2018 and 2019 where growth rate registered -7.69 percent and 0 percent respectively. The CAGR of the same worked out 30.69 percent. The amount utilised through the use of General Credit Card have increased from Rs. 35.11 billion in the year 2010 to Rs. 1940.48 in the year 2020. The growth rate ranges between -29.24 percent to 82.46 percent during the study period except in the year 2014 where it registered an exceptionally high 1336.86 percent growth rate. The amount mobilised through the use of general credit card has grown at a compound annual growth rate of 49.36 percent. The growth ofgeneral credit card is further depicted by figure 2.

International Journal of Research in IT and Management (IJIRIM)
Available online at: http://euroasiapub.org
Vol. 11 Issue 9, September- 2021
ISSN(o): 2231-4334 | ISSN(p): 2349-6517 | Impact Factor: 8.106
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal

Table: 3 Progress of General Credit Card from 2010 to 2020

Year Ended	GCC (No. in millions)	Y o y Growth (%)	GCC (Amt. in (billions)	Y o y Growth (%)
March 2010	1.39	--------	35.11	--------
March 2011	1.70	22.30	35.07	-0.11
March 2012	2.11	24.12	41.84	19.30
March 2013	3.63	72.04	76.34	82.46
March 2014	7.4	103.86	1,096.9	1336.86
March 2015	9	21.62	1302	18.70
March 2016	11	22.22	1443	10.83
March 2017	13	18.18	2117	46.71
March 2018	12	-7.69	1498	-29.24
March 2019	12.0	0.00	1,745.14	16.50
March 2020*	20.2	68.33	1,940.48	11.19
Progress 2010-20	18.81	--------	1,905.37	--------
CAGR	30.69	--------	49.36	--------

*Denotes provisional value

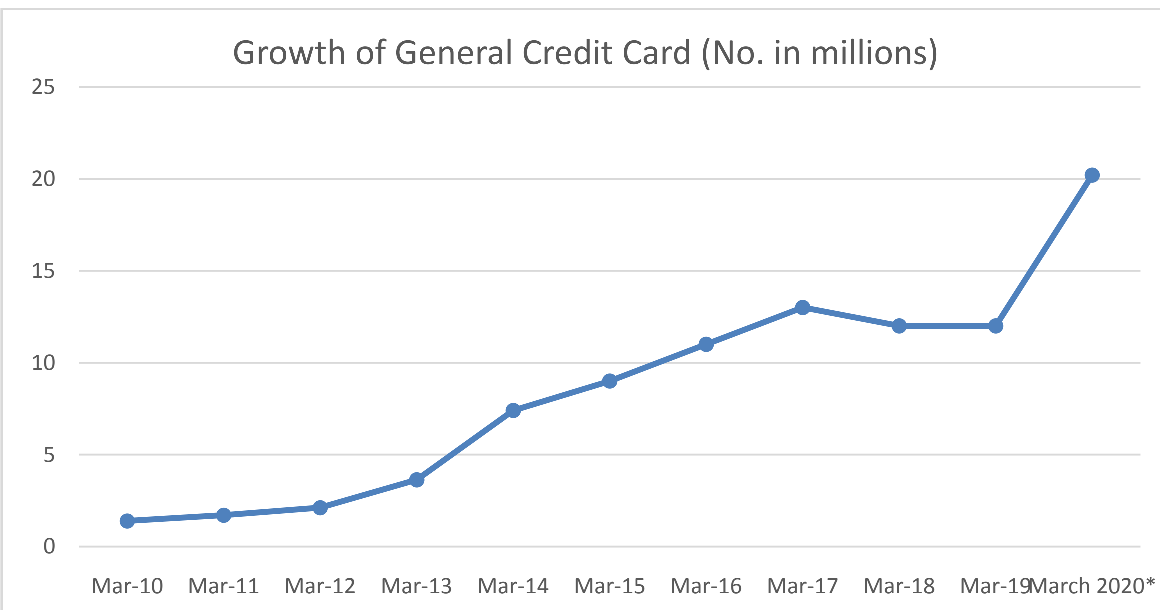

Figure 2

International Journal of Research in IT and Management (IJRIM)
Available online at: http://euroasiapub.org
Vol. 11 Issue 9, September- 2021
ISSN(o): 2231-4334 | ISSN(p): 2349-6517 | Impact Factor: 8.106
(An open access scholarly, peer-reviewed, interdisciplinary, monthly, and fully refereed journal

Table 4 depicts the number of transactions and amount mobilised in ICT A/Cs through business correspondents.The table shows that the number of transactions in ICT A/Cs have increased by 3205.28 million during the span of 11 years. The year-on year growth remained between 28.47 percent to 85.21 percent except the year 2011 where same was recorded 217.35 percent. The amount mobilised through ICT A/Cs went up from Rs. 6.92 billion to Rs. 8706.43 during the period under consideration. The growth rate of amount mobilised through these accounts ranges between 37.78 percent to 140.89 percent during the study period except the year 2011 when it was recorded 738.15 percent. The compound annual growth rate of transactions and amount mobilised through ICT A/Cs worked out 61.65 percent and 104.16 percent respectively.

Table: 4 Progress of Information Communication Technology Accounts from 2010 to 2020

Year Ended	ICT A/Cs (No. in millions)	Y o y Growth (%)	ICT A/Cs (Amt. in billions)	Y o y Growth (%)
March 2010	26.52	--------	6.92	--------
March 2011	84.16	217.35	58.00	738.15
March 2012	155.87	85.21	97.09	67.40
March 2013	250.46	60.69	233.88	140.89
March 2014	328.6	31.20	524.4	124.22
March 2015	477.0	45.16	859.8	63.96
March 2016	826.8	73.33	1,686.9	96.20
March 2017	1,159	40.18	2,652	57.21
March 2018	1,489	28.47	4,292	61.84
March 2019	2,101.9	41.16	5,913.47	37.78
March 2020*	3,231.8	53.76	8,706.43	47.23
Progress 2010-20	3,205.28	--------	8,689.51	--------
CAGR	61.65	--------	104.16	--------

*Denotes provisional value

Conclusion

The study shows that by the end of the year 2009-10 only 0.18 million people were using the overdraft facility, which has been raised to 6.4 million in March 2020. The amount availed through this facility have increased from Rs. 0.10 billion to Rs. 5.29 billion over a period of 11 years. The year-on-year growth of amount availed through BSBDAs ranges between 0.11 percent to 9.32 percent except the years 2017 and 2018 where it recorded a negative growth. The amount availed through OD facility is more than 50 times in the year 2020 as compared to 2010. The study indicates that during the period under study the number of kisan credit card have almost doubled during the study period. The amount utilised through these cards have increased from Rs. 1240.07 billion to Rs. 6390.69 billion in March 2020.The amount mobilised through the use of general credit card has grown at a compound annual growth rate of 49.36 percent.The number of transactions in ICT A/Cs have increased by 3205.28 million during the span of 11 years. The amount mobilised through ICT A/Cs increased from Rs. 6.92 billion to Rs. 8706.43 during the study period. The compound annual growth rate of transactions and amount mobilised through ICT A/Cs worked out 61.65 percent and 104.16 percent respectively.

In order to achieve the aim of a sustainable future for everybody, we must continue our efforts to increase financial inclusion. There is a pressing need for bank accounts to become more widely available, as well as access to financial goods such as lending, investment, insurance, and pensions. All stakeholders must work together to ensure that the financial ecosystem (including the digital medium) is inclusive and capable of effectively addressing risks such as mis-selling, cyber security, and data privacy, as well as promoting financial system trust through appropriate financial education and awareness. These efforts must be backed up by a well-functioning grievance system.

References

Annual Reports of Reserve Bank of India.

Chakravarty, S.R., Pal, R. (2010), ‘Measuring financial inclusion: An Axiomatic approach’, Indira Gandhi Institute of Development Research, Mumbai Working Papers 2010-03.

Chattopadhyay, S. (2011) Financial Inclusion in India: A case-study of West Bengal.

CRISIL (2013), "Inclusix Financial Inclusion Index", June

Dixit Radhika & Ghosh Munmun (2013) Financial Inclusion for Inclusive Growth Of India - A Study Of Indian States, International Journal of Business Management & Research Vol. 3, Issue 1, Mar 2013, 147-156

Government of India (2008), "Committee on Financial Inclusion" (Chairman: Dr. C. Rangarajan)

Iqbal, B. A., & Sami, S. (2017). Role of banks in financial inclusion in India. Contaduría y administración, 62(2), 644-656.

Rahman, S. A., & Soundararajan, P. (2020). An Exposition of Financial Inclusion through Pradhan Mantri Jan Dhan Yojana Scheme in India–Some Realities. Mukt Shabd Journal, 9(7), 2852-2862.

Reports on Trends and Progress of Banking in India of various years

Reserve Bank of India Bulletin *Dec. 2019*

Reserve Bank of India Bulletin *Aug. 2021*

Sarma, M., (2008), 'Index of Financial Inclusion', Working Paper No. 215, Indian Council for Research on International Economic Relations.

Sujlana, P., & Kiran, C. (2018). A study on status of financial inclusion in India. International Journal of Management Studies, 2(3), 96-104.