

**ANALYSIS OF PERFORMANCE OF COMMERCIAL BANKS ON
FINANCIAL INCLUSION IN KERALA STATE WITH SPECIAL
REFERENCE TO CREDITS AND LOANS.**

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ABSTRACT

Even though more than 150 Million under privileged has access to banking facilities, still a major portion of the world population is excluded from financial services. Indian scenario is little different, more than the half of the weaker section of the society does not have accesses to banking segment. As per the statistics nearly 25 % of the people are living below poverty line. Most of their incomes are less than minimum required for lively hood and they are living in un-livable condition. As India is developing country, more concentration is given growth and development aspects like per capita income, GDP etc. Our government during its eleventh five year plan thought of inclusive growth by various measures. One of the major steps taken is financial Inclusion. Kerala is one of the well governed states with high literacy rate. Kerala tops among the states on implementation of various poverty alleviation schemes and participatory democracy. Since a decade, Financial Inclusion is buzzword of economic growth and development. It refers to delivery of financial service to masses including the under privileged and disadvantaged groups, which will in turn help them to come out of poverty and vicious cycles. Financial Inclusion is a bridge which will reduce the differences and gaps between the have and have-nots. The present study aims to analyze the performance of commercial Banks on Financial Inclusion over a period of three years. Secondary data is used for the analysis and the results found to be positive that increase in number of branches, ATM, Deposits and Credit have contributed much for increasing financial inclusion.

Keywords: Financial Inclusion; GDP; CD Ratio; Index of Financial Inclusion; RBI; GOI

INTRODUCTION

The concept of inclusive growth and financial inclusion is not new concept. These two catchphrases became familiar among the macroeconomist and bankers since two decades back. Financial Inclusion is considered as the objective of most of the developing nations. It is clear

from the recent research reports that Financial Inclusion is major area of economic and finance since a decade. According to World Bank **“Financial inclusion, or broad access to financial services, is defined as an absence of price or non price barriers in the use of financial services.”** Financial inclusion refers to a process that provides the ease of access, usage and availability of legitimate financial system for all members of an economy. Financial System with Inclusive growth has several merits. It helps the organized growth of financial sectors especially banking industry. It increases financial stability, security to system itself. It also helps to improve the life style and day to day management of finances. It also provides a safe and secure channel of financial growth. It also eliminates the un authorized money lending problem, and develops a informed financially literate citizens.

Lack of finance and in ability to access to finance are two issues faced not only in India but globally. In general Financial Inclusion means that every adult in the economy should have access to affordable finance and should have an option to use the appropriate financial services required by him among the available options. Such financial services should be available in affordable form to all, which is regulated by a responsible authority. Financial Inclusion is the provision of basic banking facility which include having a minimum saving account or loan account for all the adults in the economy. Two billion or 38 percent of the adults reported to be not having an account in 2014 (Demirguc-kunt et al., 2015). India is said to live in its villages, a convincing statement, considering that 72% of our population lives there. However a significant proportion of our 650,000 odd villages do not have a single bank branch to boast of, leaving swathes of the rural population in financial exclusion (Dangi and Kumar, 2013). Financial Inclusion can 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. As of now due to low income, illiteracy and other social factors major chunk is devoid of accessing formal financial sector. This is called as Financial Exclusion. The popularly known blue book **“Building Inclusive Financial Sector for Development”** has raised several doubts about the reason for bankable unbanked and insurable uninsured. It suggests for providing credits to bankable individual and firms, to offer insurance to insurable persons and firms and saving facilities to everyone. Financial Inclusion has become a world concern and all the countries think of inclusive growth for stable and developed economy. RBI has reported that the financial exclusion in India leads to the loss of GDP to the extent of one percent (RBI, Working Paper Series (DEPR: 8/2011)). As we all are aware that finance and access to finance are the components for development. Since 2005, the RBI and Government of India (GOI) have been making efforts to increase financial inclusion. Measures such as SHG-bank linkage program, use of business facilitators and correspondents, easing of Know Your Customer (KYC) norms, electronic benefit transfer, separate plan for urban financial inclusion, use of mobile technology, bank branches and ATMs, opening and encouraging ‘no-frill-account’

and emphasis on financial literacy have played a significant role for increasing the use of formal sources for availing loan / credit. Measures initiated by the government include, opening customer service centers, credit counseling centres, Kisan Credit Card, Mahatma Gandhi National Rural Employment Guarantee Scheme and Aadhar Scheme (IIMB-WP No.474).

Definition of Financial Inclusion

- **According to RBI** - *“Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable”.*
- **According to ADB** – *“Provision of a broad range of financial services such as deposits, loans, payments services, money transfers and insurance to poor and low- income households and their microenterprises”*
- **According to Rangarajan committee on Financial Inclusion** - *“The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections of low income groups at an affordable cost”.*
- **According to World Bank** – *“Broad access to financial services implies and absence of price and non price barriers in the use of financial services, it is difficult to define and measure because access has many dimensions”.*
- **According to UN** - *“ A Financial sector that provides access to credit for all bankable people and firms, to insurance for all insurable people and firms and to saving and payment services to everyone. Inclusive finance does not require that everyone who is eligible use each of the services, but they should be able to choose to use them if desired”.*

Financial Services covered under Financial Inclusion

The following are the services expected under Financial Inclusion

1. Savings Deposits
2. Low cost financial Services like remittances and payments
3. Cheque Facilities
4. Over Draft Facilities
5. Credit and Debit cards
6. Access to financial Markets
7. Electronic Fund Transfers
8. Commercial Loans
9. Insurances

10. Micro Credits for self help groups

Factors affecting Financial Inclusion

Gender Issues: The credit access is more to male guarantees to borrow, because they own the land or property.

Age Factor: Financial Service providers mainly target the middle aged working class as the inflow of fund and cash will be more compared to old age persons.

Financial Literacy: People who have minimum literacy about the product and services related to finance are more towards Financial Inclusion.

Place of Residence: Remote areas where there are no financial services are available, resident of those area are likely to financial excluded

Social Factors: Income levels, cultural, religious barriers also play more roles towards financial Inclusion

Charges Levied: Financial Institutions charge some fee for managing their accounts, processing Loans etc. This also stops people from actively participating in Financial Inclusion.

Service Conditions: Maintenance of minimum balance, or minimum period deposit dissuade the people to stay away from participation

Type of Occupation: Many financial institutions do not have any mechanism to evaluate the application of personal working in small or unorganised sectors. So these people are forced to be financially excluded.

Product Attractiveness: Marketing and attractiveness of the product plays very important role in financial Inclusion. MNREGA scheme provided a huge number of villagers and migrant workers to get access to financial products. Another landmark scheme is by RBI "No Frills Accounts", paved the way for financial Inclusion. This forced various state agencies to make payments of Social Security Schemes through saving accounts. This made a huge change related to Financial Inclusion.

REVIEW OF LITERATURE

Iqbal and Sami (2017), "Role of Banks in Financial Inclusion in India", has given a clear picture of Banks on financial inclusion using various factors like credit ratio and GDP. It also

tested different hypothesis which were conceived as indicators of financial inclusion. It also proved that number of ATM does not have any influence on GDP where as number of branches and credit has the influence on GDP. This has brought out the impact of number of branches and GDP.

Demirguc- Kunt and et al (2017), “Financial Inclusion and Inclusive Growth: A Review of recent empirical evidence”, establishes the link between the financial inclusion and credit availability, which can contribute to inclusive growth and economic development. This study was conducted in different parts of the world like Africa, Asia Pacific.

Sarma (2010), “Index on Financial Inclusion”, attempts to find a multidimensional index of financial inclusion (IFI). This paper constructs a multidimensional index for financial inclusion. The methodology used for finding out the index is similar to that used by UNDP for computation of some well known development indexes such as the HDI, the HPI and GDI and so on. The same methodology is being used in this paper to find out the level of financial inclusion.

Chakravarthy and Pal (2010), “Measuring Financial Inclusion: An Axiomatic Approach”, paper presents an analysis of banking financial inclusion using an axiomatic approach. This paper also suggests how measure of financial inclusion can be employed for a policy measure.. This can be also used for cross country comparison of financial inclusion as well as to analyse financial inclusion across the sub continent of India.

“Financial Inclusion in India: Select Issues”, details about the impact of different flagship programs of RBI and GOI since 2005, and there was no much significant impact on Financial Inclusion. It also suggests to utilize the existing channels like fair price shops, Post Office, Business Correspondents (BCs) thereby making it more efficient and user friendly for the interest of the rural population.

Nair (2016), “Report on state of financial inclusion in Kerala”, explains the details of about the status of financial inclusion in the state of Kerala, taking into various information like distance, access points of banks, Post offices etc. The paper gives a clear picture of status of financial inclusion in each districts of Kerala. It also explains in details about the factors affecting financial inclusion, but does not calculate the index on financial inclusion.

Das (2017), “Financial Inclusion through Kudumbasree Program”, explains the steps under Kudumbasree program on financial inclusion and its impact on women. It also explains the various support program of Kudumbasree group in achieving financial inclusion. The study focuses mainly on the state of Kerala and details about the achievements in women empowerment and poverty alleviation program.

Jose and Mani (2018), “Scope of Banks in Financial Inclusion for Kerala State” in their study they have tried to examine the role and importance of banking and banking penetration in growth of financial inclusion in state of Kerala. They have analyzed the data pertaining to 2013 to 2016 and tried to bring out the result in 2018. They have also focused the data like credits, deposits, bank branches and ATMs and CD Ration. They did not find out the index on financial inclusion.

Research Gap

It is very clear that no much work was done to find out the contribution of banks on financial inclusion, constructing index on financial inclusion called as financial inclusion index (FII) and focusing on credit part of financial inclusion pertaining to current year or recent past. It is felt as research gap, so my focus in on the performance of banks on financial inclusion in the recent past and to calculate an index for the available details.

Research Objectives

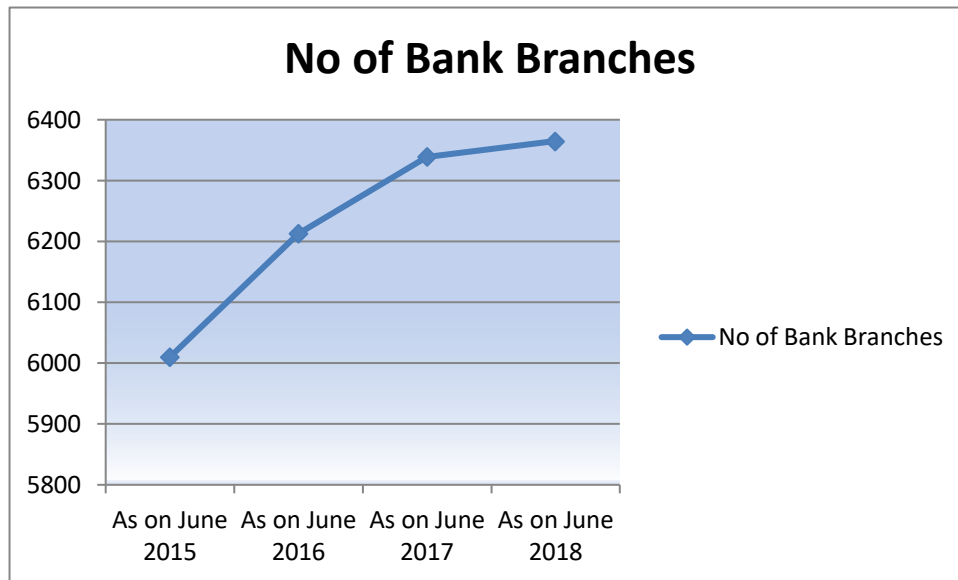
- To find out the current status of financial inclusion in Kerala State.
- To calculate the financial inclusion index for the state of Kerala for recent years.
- To analyze the credit growth and banking accessibility in Kerala State.

RESEARCH METHODOLOGY

This work is mainly a descriptive research, which is descriptive nature, analyses and explains the already available secondary data. This descriptive research mainly relays on the State Level Bank’s Committee data (SLBC) published in their reports which used to release on quarterly basis. The mainly the reports referred to this work is “**125th meeting agenda and background notes**”, “**123rd meeting agenda and background notes**” the **data pertaining to June 2015**. The analyzed data belongs to period from June 2015 to June 2018; the data related to recent past and expected to give some meaningful results pertaining to our objectives. The data mainly consists of the data pertaining to public sector, private sector including Regional Rural Banks, Co-Operative Banks and Small Finance Banks. Majority focus is given on the credits and loans, finance being the life line of the individual house hold, small businessman and traders.

Status of Financial Inclusion in Kerala

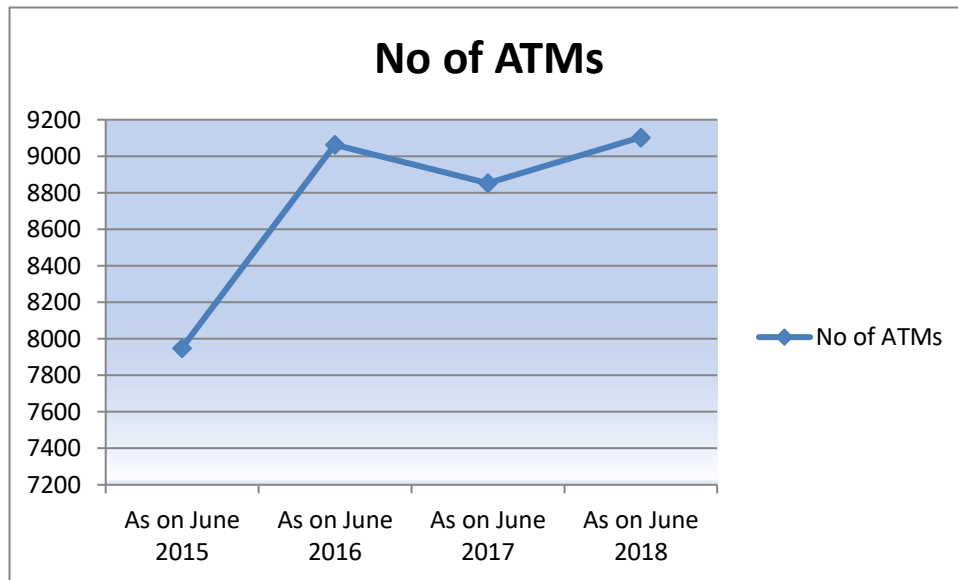
Bank Branches: Bank branches are unit in which people can get financial access. So number of Bank branches plays a important role in financial inclusion. More the number of branches, more branches will be more, and then people will get more easy access for financial needs.



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
No of Bank Branches	6010	6213	6339	6365

As we see the above graph and data, during June 2015 there were 6010 branches, and there was a 3% increase in number of branches and total branches were 613 in June 2016. In year 2017, 126 more branches were added and total number of branches became to 6339. During 2018 some more 26 branches and total became to 6365 branches during June 2018. During the four year as a whole, there is an increase in 355 number of bank branches, which is about 6 % growth.

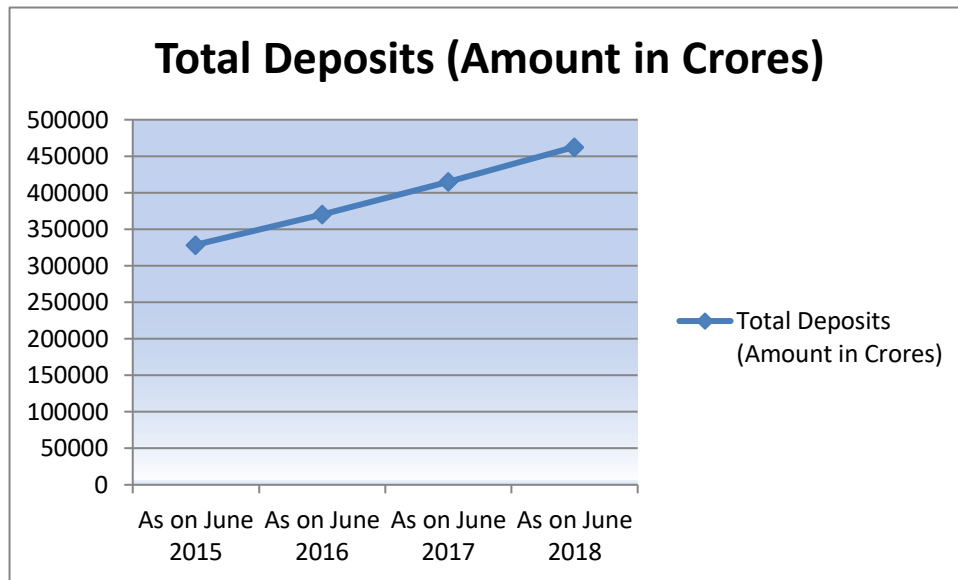
Number of ATMs: Similar to banks branches ATM also plays an important role in providing access. Almost ATM has become virtual banks as they provide the basic facility of deposit and withdrawal of money round the clock without visiting branches. So number of ATMs also plays an important factor in Financial Inclusion



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
No of ATMs	7951	9063	8854	9104

During June 2015 there were only 7951, then June 2016 saw a growth of 14% increase in number of ATMs and the total number of branches became 9063. In June 2017 saw a decrease in number of ATM and it became around 8854. This may be due to merger of SBI associate branches in single entity. Again there was a increase in number of ATMs and June 2018 the total number of ATMs came to 9104. The growth of number of ATMs in the four year period as whole is 1153 and it works around 14.5%.

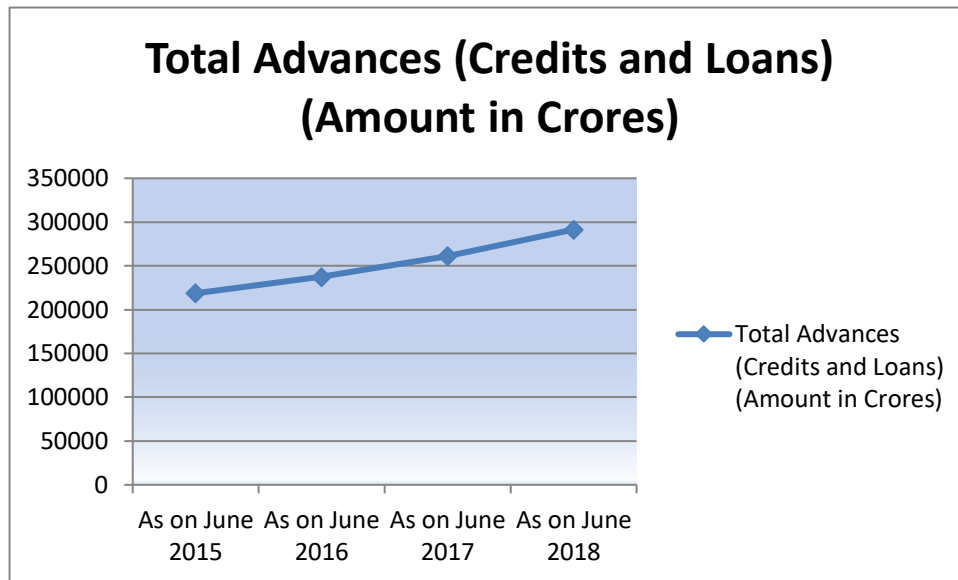
Total Deposit: Number of deposit accounts and total deposit amount are also key factors for determining the financial inclusion. More the number of deposit accounts and more the deposit amount it can be considered as factor of access dimension. Higher the number of deposit accounts and amount of deposit then the higher the access to financial inclusion for the households.



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Total Deposits (in Crores)	328782	370412	415033	462741

Total Deposits always saw an increase. In June 2015 the total deposit was Rs. 328782 Cr and in June 2016 it became Rs. 370412 and the increase was around Rs.41630 Cr and the same was around 12.66% increase in the amount. Further in June 2017 saw growth of deposit to the tune of Rs 44621 Cr and the total deposit became Rs 415033 Cr. The total deposit amount came to peak in June 2018 with value around Rs. 462741 Cr with an increase in total deposit of 11.50%. During the period of study from June 2015 - June 2018, the total deposit saw a growth of Rs.133959 Cr in value and 40.75%.

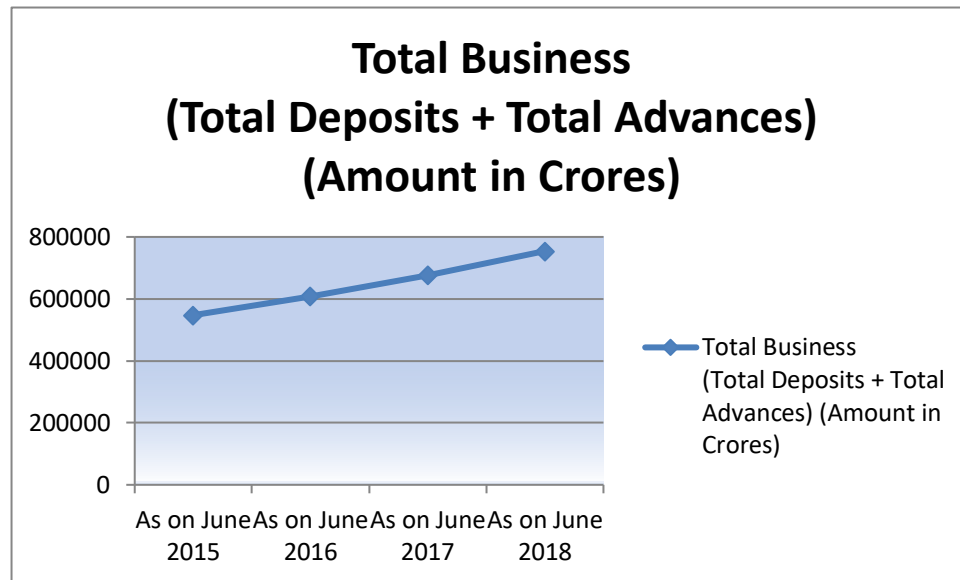
Total Advances: Total amount given as credit or loan to individuals by the bank is called as advances from Bank. As credits play important role for the upliftment of society as well as for any individual. So credit is considered as important component in financial inclusion.



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Total Advances (Credits and Loans) (Amount in Crores)	218739	237551	261134	291520

It is very clear from above graph the credit and loans kept increasing from June 2015 to June 2018. There is total increase in credit and loans over the period of 4 years to extend of 33.27%. In the year 2015-2016 there was an increase of credit to extend of 8.6%, 2016-2017 saw a growth of 9.9% and 2017-2018 saw a total increase in credit up to 11.63%.

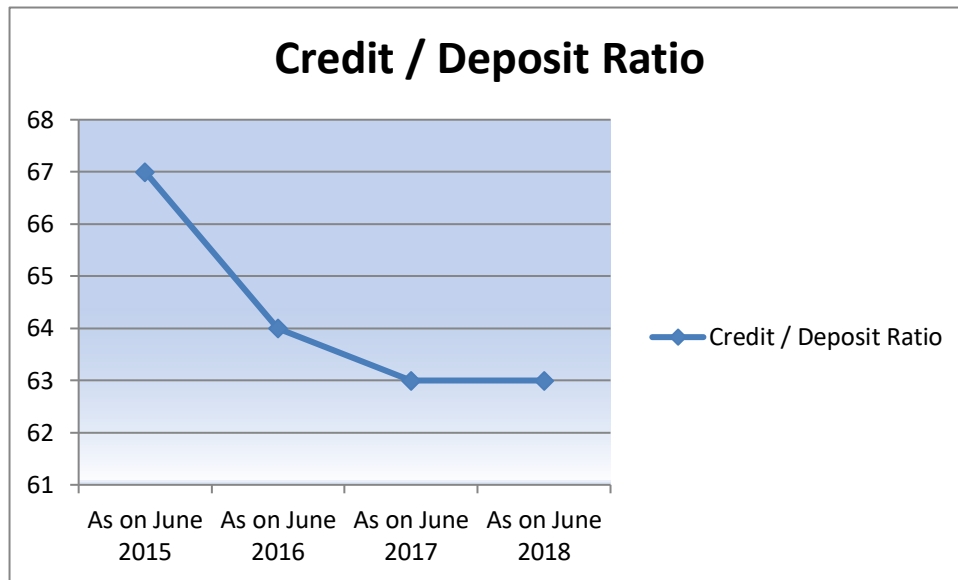
Total Business: Total is the sum of total deposit for that year and total advances for that year. Even though deposit and advances are the different transactions to bank, total volume of business of bank is the sum to total deposit and advances given.



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Total Business (Total Deposits + Total Advances) (Amount in Crores)	547521	607963	676167	754261

There appears a steady increase of total business by banks for every year. Total increase in business is around Rs 206740Cr and there is an increase in 37.75% through the span of 4 years. Year 2015-2016 saw growth of business of 11.03 % and year 2016- 2017 saw a growth of 11.21% and year 2017-2018 saw a growth of 11.54 %. The growth appears to uniform more or less throughout the three years.

CD Ratio: Credit Deposit ratio is another import factor to determine the performance of bank and their ability to offer credits and recover the credit. It is also considered as one of the best factor to measure the usage dimension in financial inclusion. If the CD ratio is higher, there is risk of liquidity, simultaneously if there is lower CD ratio, it refers that funds not utilized for development purpose through loans or credit. CD ratio about 60% above is said to a healthy one.



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Credit / Deposit Ratio	67	64	63	63

The ratio hovers around 67 % to 63 % which appears to good one. Over the year 2015 -2016 there was growth of CD by -3 % and from 2016 to 2017 there was again a negative growth of 1% and the figure was 63% and the same continued for the next year June 2018. Over a period of four years from 2015 -2018 there was slump of 4% in CD ratio.

Measurement of Financial Inclusion

The Financial Inclusion Index is constructed by the methodology similar to the methodology used by United Nation Development Program (UNDP) for the computation of important indexes like Human Development Index, Poverty Index and Gender Development Index. The study uses three different dimensions for the calculations of the indexes. The dimension is like Banking Penetration Index referred as D1, Banking Access Index D2 and Banking Usage Index D3.

- a. The Banking Penetration Index is the availability of bank branches D11 for 1000 Sq Km and availability of ATM D12 for 1000 Sq Km - **Dimension D1**
- b. The Banking Access Index is the number of branches for every one lakh population D21 and number of ATMs for every one lakh population D22 - **Dimension D2**

- c. The Banking Usage Index is the ratio of deposit to GDP D31 and ration of loans to GDP D32 - **Dimension D3**

Calculation of Dimensions

$$D_{ij} = w_{ij} * (A_{ij} - m_{ij}) / (M_{ij} - m_{ij})$$

Where,

w_{ij} = Weight attached to the dimension d_{ij} , $1 \geq w_{ij} \geq 0$;

A_{ij} = Actual value of dimension D_{ij} ;

m_{ij} = Minimum value of dimension D_{ij} ;

M_{ij} = Maximum value of dimension D_{ij} ;

D_{ij} = Dimensions of financial inclusion D_{ij}

Table T1

Sl.No	Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018	Dimensions
1	Banking Penetration	15.46	15.98	16.31	16.37	D11
2	ATM Penetration	20.45	23.32	22.78	23.42	D12
3	Banking Access	16.69	16.97	17.15	17.05	D21
4	ATM Access	22.08	24.76	23.95	24.4	D22
5	Total Deposit /GDP	64.14	65.96	66.75	61.89	D31
6	Total Credit/ GDP	42.67	42.3	42	38.99	D32

Calculated values for each dimensions from the above table T1

Table T2

Dimensions	June 2015	June 2016	June 2017	June 2018
D11	0	0.5741	0.934	1
D12	0	0.9663	0.7845	1
D21	0	0.6086	1	0.7826
D22	0	1	0.6977	0.8656
D31	0.4197	0.8377	1	0
D32	1	0.8994	0.8179	0

Calculation of Financial Inclusion Index

Suppose for n dimensions of financial inclusion represented by a point X = (1, 2, 3...). The Point W = (1, 2, 3 ...) represents an ideal situation and the point 0 = (0, 0, 0...0) represents the point indicating the worst situation or no financial inclusion. For calculation of Financial Inclusion Index for a year or for a period or for a country, there will be two points for each dimension, that is the ideal point W and the worst point 0. This FII will indicate the actual point of the financial inclusion. This point will help in identifying whether the financial inclusion is low or high. If the distance or gap between the two points the 0 and X is wide then it signifies high financial inclusion, whereas if the gap is narrow between 0 and then it signifies low financial inclusion.

$$X1 = \frac{\sqrt{(D11 * D11) + (D12 * D12) + \dots + (Dij * Dij)}}{\sqrt{(W11 * W11) + (W12 * W12) + \dots + (Wij * Wij)}}$$

$$X2 = 1 - \frac{\sqrt{(W11 - D11) * (W11 - D11) + (W12 - D12) * (W12 - D12) + \dots + (Wij - Dij) * (Wij - Dij)}}{\sqrt{(W11 * W11) + (W12 * W12) + \dots + (Wij * Wij)}}$$

For financial inclusion index (FII),

X1 specifies average of the Euclidian distance between 0 and X. If the value of X1 is high then it means that there is more financial inclusion. The reverse or inverse Euclidian distance between X point and W point has been indicated by the X2. The **Financial Inclusion Index (FII)** is average of X1 and X2, the Euclidian Distance and Inverse Euclidian Distance.

$$FII = \frac{X1 + X2}{2}$$

Distance	June 2015	June 2016	June 2017	June 2018
X1	0.4427	0.8323	0.8797	0.7485
X2	0.8597	0.7509	0.829	0.413259
FII	0.6512	0.7916	0.85435	0.5808795

As per the above table the financial inclusion index is above <0.58 for all the years, which shows that there high rate of financial inclusion. As per the index calculated June 2017 recorded highest rate of FII that is 0.8543 followed by June 2016 where FII is 0.7916. The lowest of all is in June 2018 and it is around 0.5808. June 2015 recorded FII of about 0.6512.

Loans and Advances

The relationship between the finance and economic growth has been of long interest to the development economist and goes back to at least Schumpeter's [1912] "Theory of Economic Development". Many of the early empirical work including Gold Smith's has confirmed that

there is positive relationship between financial development and economic development using cross sectional data for developed and developing countries. Interest has now turned to focus on the casual relation between growth of financial system and economic development and its growth rate. In developing economies, even many of small businesses entities and consumers do not have access to credit or loans as they will not be in a position fulfill eligibility conditions prescribed by banks such as formal financial information, credit bureau reports like CIBIL scores or even collateral for loans. Bridging this credit gap and to give wider access to finance by small and medium business entities is the top agent of almost all nations. India being a developing nation it also focuses on economic development through loans and advances.

To boost the growth and economic development of different sectors, governments come forward to provide loans and advances to needy sectors for their improvement. A loan or credit and advance is a financial facility extended by the banks and other authorized financial institutions to help their clients at the time of financial need. When an individual or entity is not able to the finance on his own, he can use such financial services provided by a above said entities. A loan is defined as an amount lent or given by the lender usually a financial institution to the borrower, usually an entity or firm for a definite purpose for a fixed period of time which carries a nominal rate of interest.

Loan Particulars for the year June 2015 to June 2018

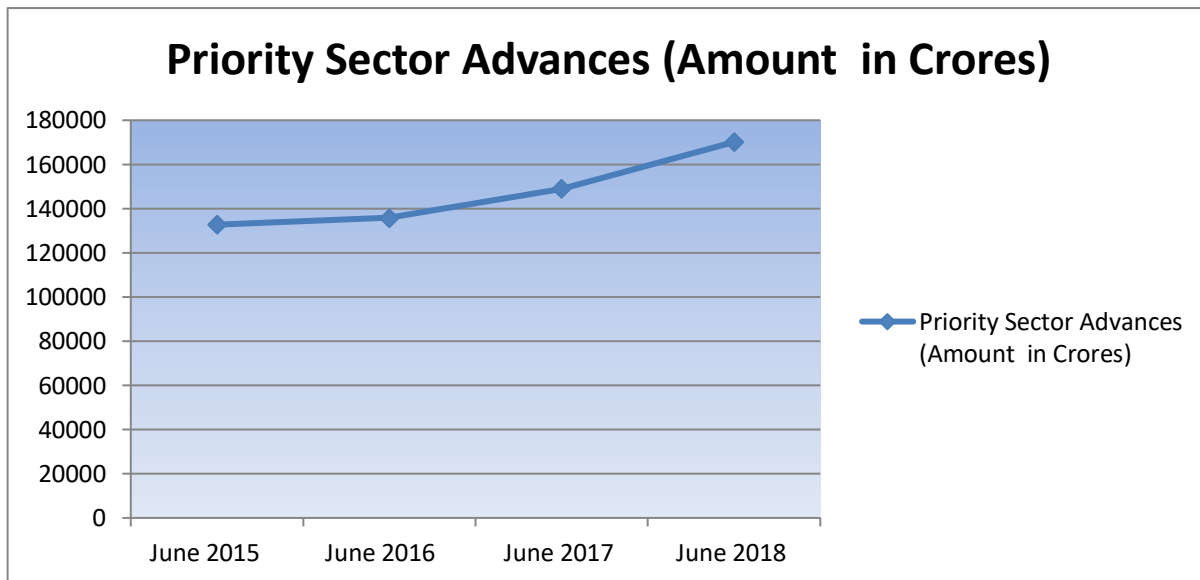
Table T3

Loan / Advances	June 2015	June 2016	June 2017	June 2018
Priority Sector Advances (Amount in Crores)	132733	135888	149066	170161
Agricultural Advances (Amount in Crores)	54523	55944	61205	71090
Kisan Credit Card (Amount in Crores)	12311	13892	15773	16378
Gold Loan (Agri. Purpose) (Amount in Crores)	33570	39139	45122	43890
MSME Advances (Amount in Crores)	40335	40603	40239	47566
Educational Loan (Amount in Crores)	9587	9716	9885	9982
Housing Loan (Amount in Crores)	25349	27966	29587	33253
Minority Community Advances (Amount in Crores)	80700	100457	87229	93016
Weaker Section Advances (Amount in Crores)	46450	56634	65075	68596
Schedule Caste Advances (Amount in Crores)	4361	4312	5044	5049
Schedule Tribe Advances (Amount in Crores)	966	1128	1251	1929

The details of loans various category are tabulated year wise for the period of four years. The detail contains Priority Sector loans, Agricultural Advances, Kisan Credit Card, Gold Loan given for agricultural purpose, MSME Advances. The details also contain Educational Loan, Housing Loan, Minority Community Advances, Weaker Section Advances and Schedule Caste and Schedule Tribe Advances. The Amount disbursed as loans, tabulated are in Crores.

Priority Sector Advances

The details of priority sector advances were represented graphically and the values pertaining to each year is tabulated below.

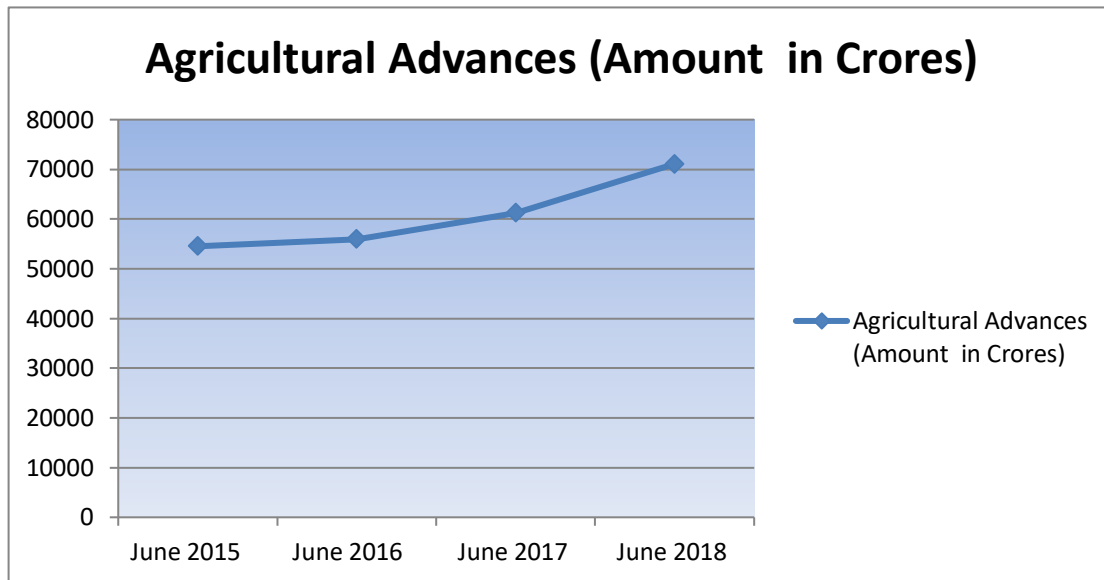


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Priority Sector Advances (Amount in Crores)	132733	135888	149066	170161

The priority sector advances had grown from Rs 132733 Cr to Rs 135888 Cr in June 2016. There was 2.377% growth. Further in June 2017 the total loan amount grown to Rs 149066 Cr. In year June 2018 the amount became to Rs 170161Cr. which led to growth of 14.15% comparing to previous year. The over all growth of priority sector advances was to Rs 37428 Cr. during the four years period.

Agricultural Advances

Loans given to farmers and agriculturist for purchase of argicultural equipment /machinery or any other purpose related to agriculture is called as Agricultural Advances. The amount given for agricultural purpose is shown graphically year wise and the values pertaining to this loan is tabulated.

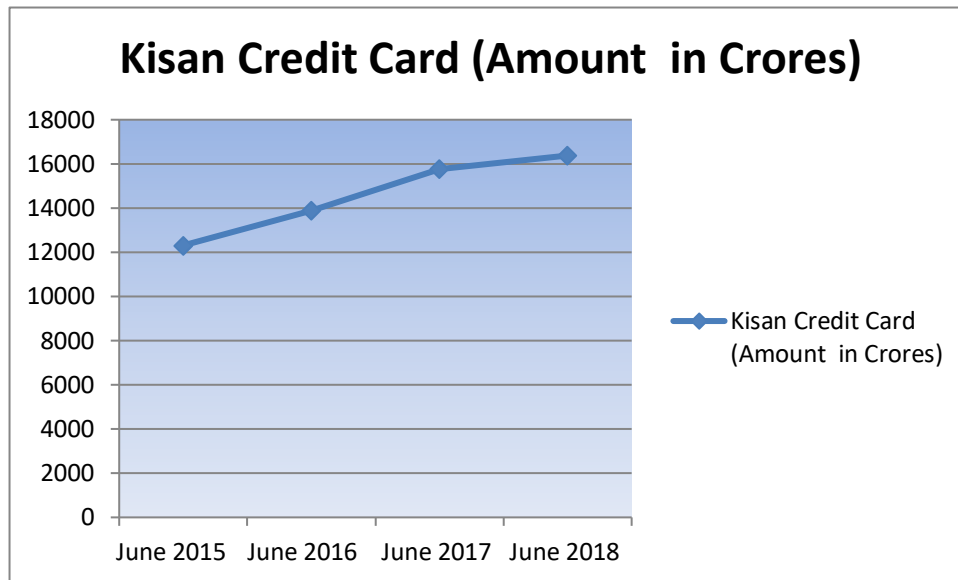


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Agricultural Advances (Amount in Crores)	54523	55944	61205	71090

During the June 2015 the total amount was Rs.54523 Cr, which slightly increased to Rs.55944 Cr during June 2016. In June 2017 there was growth of 9.4 %. During June 2018 the amount sanctioned had grown again to 16.15%. and reached Rs 71090 Cr.

Kisan Credit Card

The cater and facilitate the urgent financial needs of farmers Kisan Credit Cards were issued. They can use the credit card for the purchase of fertilizers and other purposes. The details of loan given to Kisan Credit Cards is represented in graph and the values are tabulated as below.

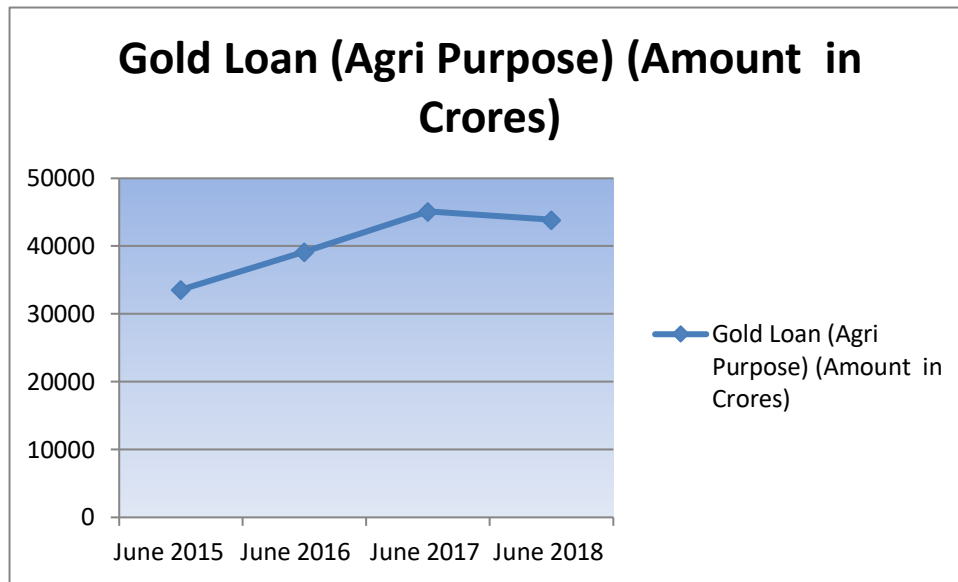


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Kisan Credit Card (Amount in Crores)	12311	13892	15773	16378

During past four years, that is from June 2015 to June 2018 portion of KCC loan amount grown Rs 4067 Cr. and total increase in value is equivalent to 25.78%. In year 2015 the loan amount to KCC is Rs12311 Cr and in year June 2016 the loan amount was Rs 13892 Cr. The loan amount grown slowly from Rs.13892 Cr to Rs. 15773 Cr in June 2017. The total loan during June 2018 is found to be Rs.16378 Cr.

Gold Loan (Agri. Purpose)

The details of Gold Loan given exclusively for agricultural purposes is represented in the graph below and values pertaining to each year is tabulated near the graph.

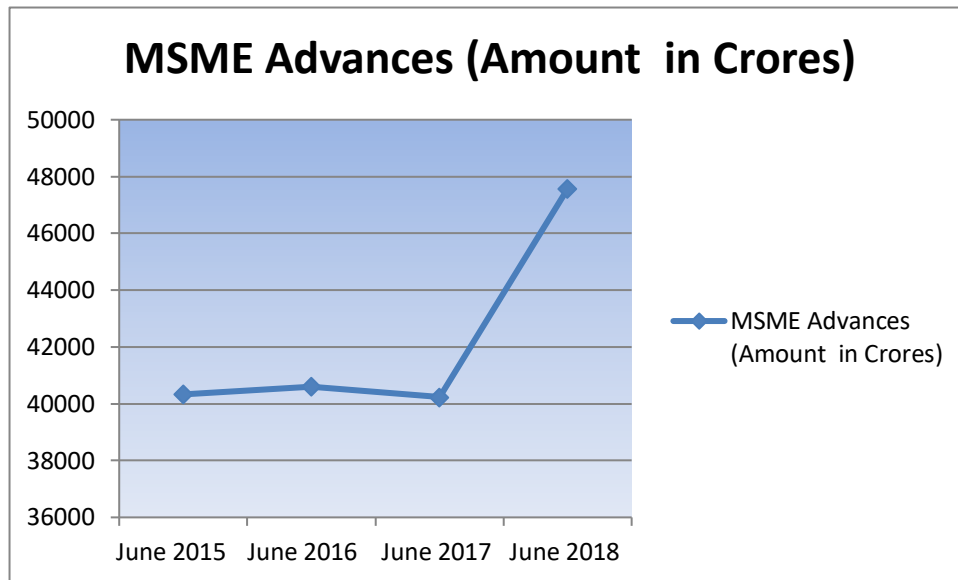


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Gold Loan (Agri. Purpose) (Amount in Crores)	33570	39139	45122	43890

Gold Loan for agriculture purpose is sub component of Agricultural Loans. These loans are given for very low rate of interest compared to other loans. The table reveals that there was steady growth of loans up to June 2017. But during June 2018 there was decline of Rs 1232 Cr compared to previous year. During the last four years there was growth of 30% from June 2015 to June 2018.

MSME Advances

These are the loans granted to Micro, Small and Medium enterprises. The loans are given to this sectors as they create lot of jobs and employment opportunity to people in the near by locality.

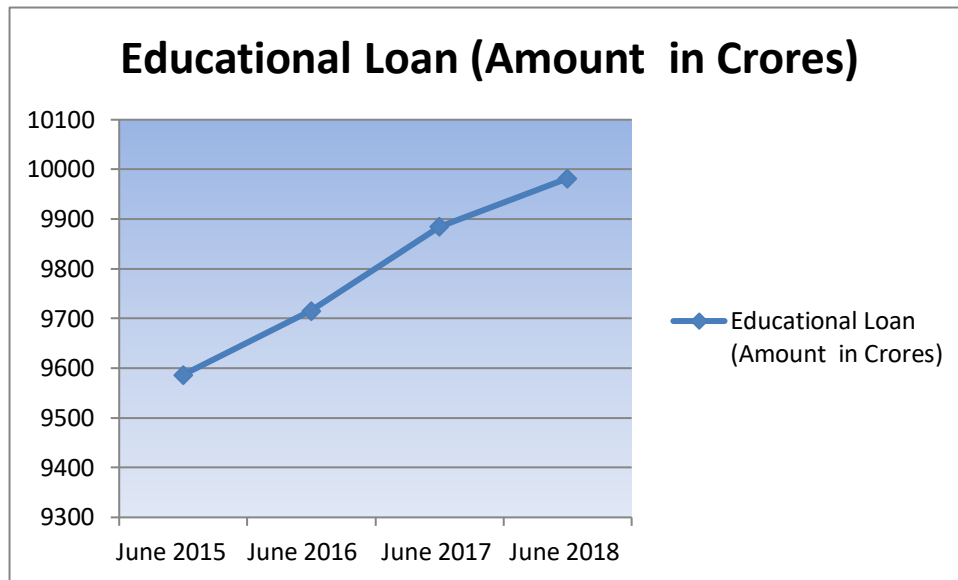


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
MSME Advances (Amount in Crores)	40335	40603	40239	47566

The amount of MSME advances does not show much difference in the first three years. In June 2015 the amount was Rs. 40335 Cr and slightly grown to Rs. 40603 Cr in June 2016. Again the loan outstanding gone down to Rs. 40239 Cr and there was difference of Rs. 164 Cr. In June 2018 there was growth of loan outstanding and the total outstanding came to Rs. 47566 Cr.

Educational Loan

The loans given for educational purpose is generally within India and outside India for pursuing higher education / technical education or professional courses. The below graph pictorially represent the amount of loan given for educational purpose for the period from June 2015 to June 2018.

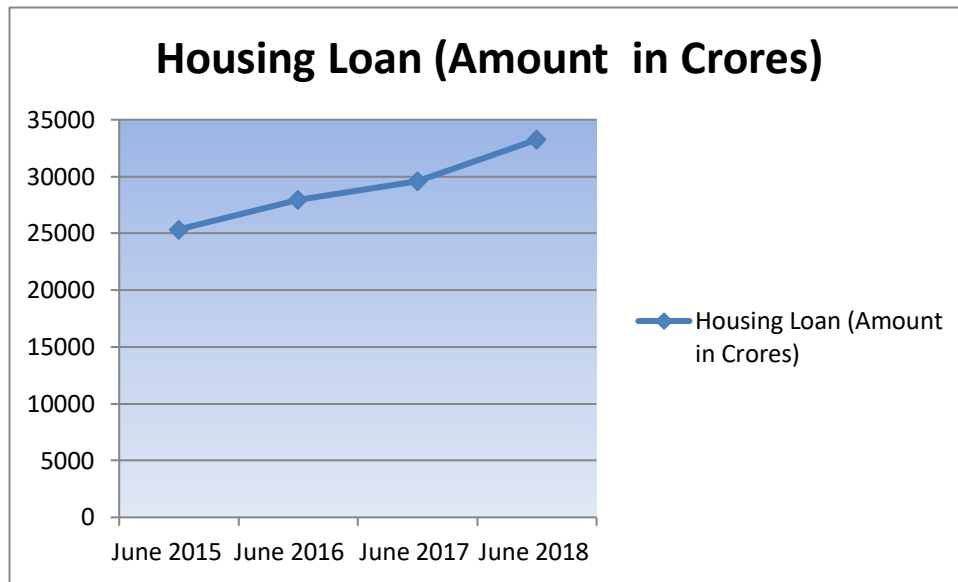


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Educational Loan (Amount in Crores)	9587	9716	9885	9982

The education loan saw as steady growth from June 2015 to June 2018. The overall growth of the educational loan is Rs 395 Cr. and this growth is almost 4.1 %. The loan outstanding during June 2015 is Rs 9587 Cr and it became to Rs 9982 Cr during June 2018.

Housing Loan

The loans sanctioned for the purchase of house or housing site or maintenance or alteration of existing house comes under the housing loan category. The year wise amount sanctioned for housing loan during the period from June 2015 to June 2018 is tabulated below.

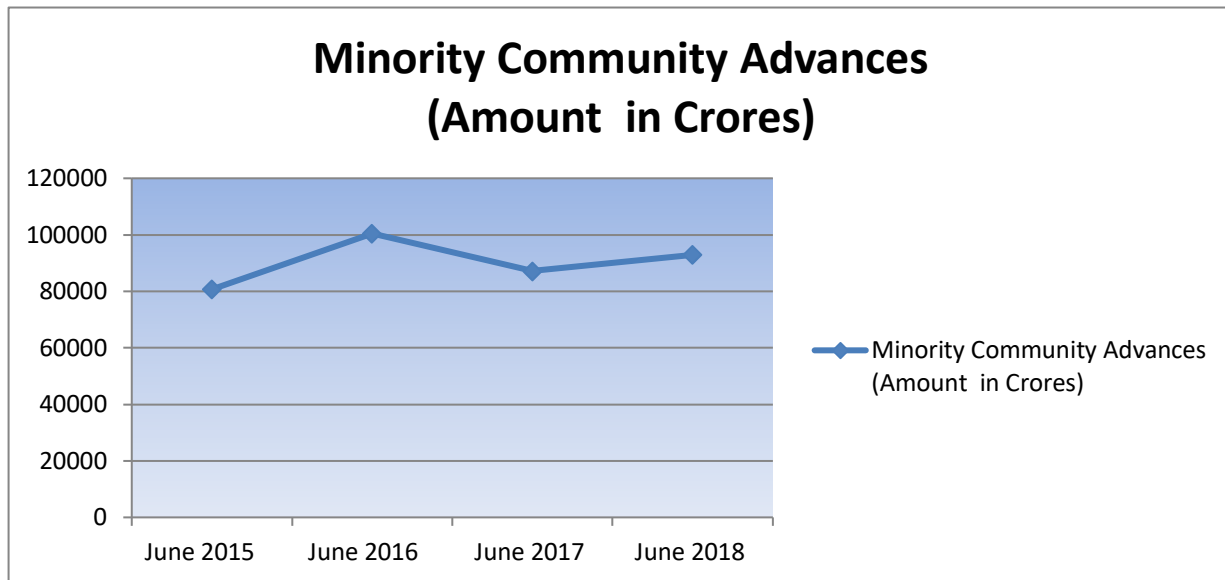


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Housing Loan (Amount in Crores)	25349	27966	29587	33253

The housing loan sanctioned during June 2015 was Rs 25349 Cr and the loan amount during June 2016 grown to Rs. 27966 Cr. The growth during this period was to the tune of 10%. Further there was a sharp increase in loan and the total outstanding during this period became Rs. 29587 Cr. Still the growth continued in June 2018 and the total outstanding became Rs.33253 Cr. Overall growth during this period is 31.18%.

Minority Community Advances

The portion of advances given as loan to minority community is known as Minority Community Advances. The amount of loan sanctioned during each period is represented graphically and tabulated as below.

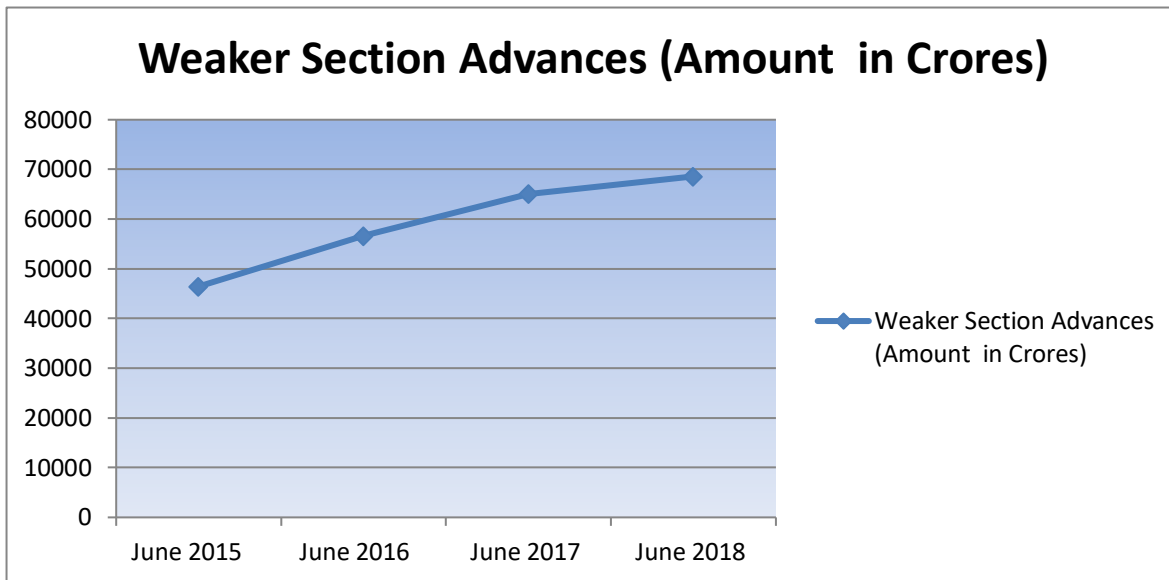


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Minority Community Advances (Amount in Crores)	80700	100457	87229	93016

The value of Minority Community Advances during June 2015 was Rs. 80700 Cr. The amount grown further to Rs.100457 Cr. This appears to be the peak value and there was slump further during June 2017 and the value came to Rs. 87229 Cr. Further the value moved to Rs 93016 Cr during June 2018. The total value increased by 15 % during June 2015 to June 2018.

Weaker Section Advances

This is portion advances given to weaker section of the society. The amount pertaining to each year is tabulated below and shown graphically below.

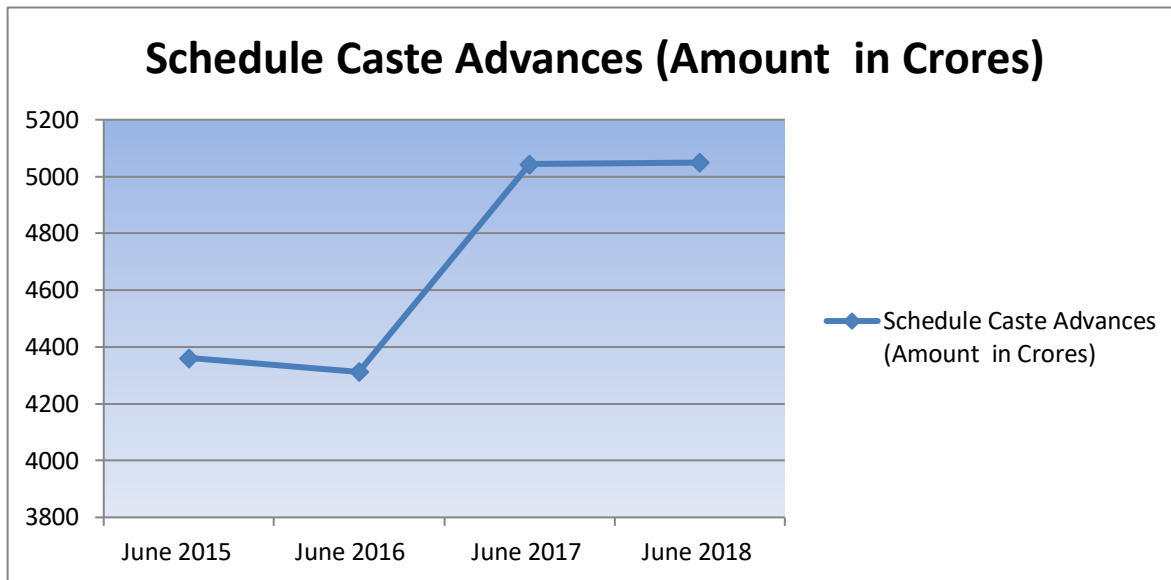


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Weaker Section Advances (Amount in Crores)	46450	56634	65075	68596

The Weaker Section Advances are the loans granted to weaker section of the society. As per RBI/ GOI banks have obligation to provide loans to weaker section of the society. As per the table and the graph above there was upward trend in weaker section loan. In June 2015 total weaker section loan was Rs 46450 Cr and loan amount grown to Rs 56634 Cr in June 2016 which again increased to Rs 65075 Cr in June 2017. In June 2018 it reached to peak value of Rs 68596 Cr. The weaker section loans have grown 47.67% from June 2015 to June 2018.

Schedule Caste Advances

Amount of loan given to Schedule Caste in total advances is categorized as Schedule Caste Advances. This loan is also a social obligation to banks for the development of Schedule Caste people. The details are tabulated below.

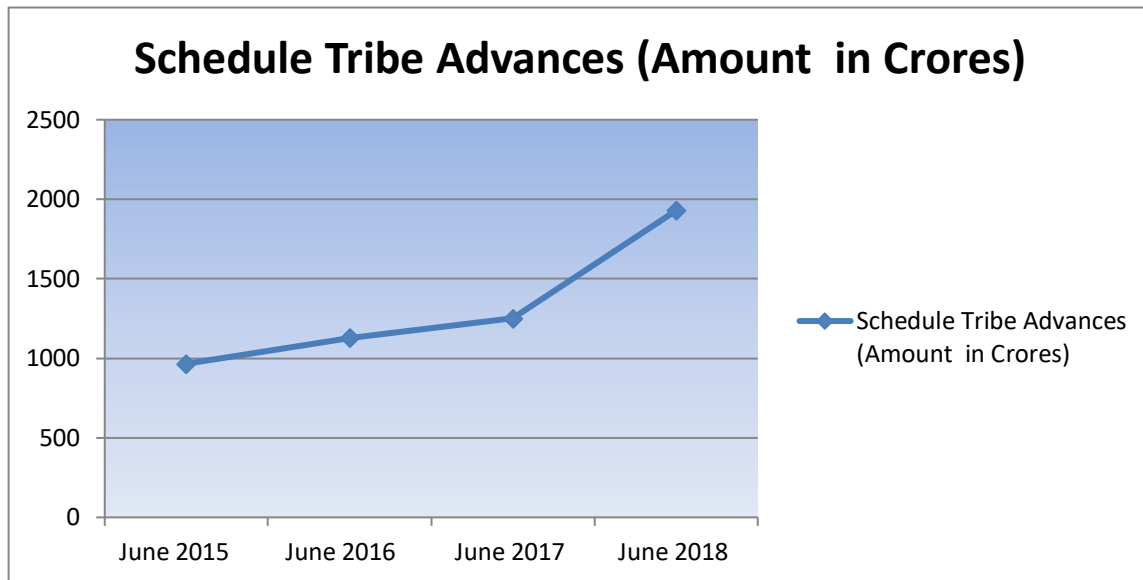


Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Schedule Caste Advances (Amount in Crores)	4361	4312	5044	5049

The values above indicate that during June 2015 to June 2016 there was little down trend which amounts to Rs 49 Cr less than previous year. Then there was an increase of Rs 732 Cr and the value reached to Rs 5044 Cr. Again there was minor growth of Rs 4 Cr in yea June 2018. If we analyze the overall growth during June 2015 to June 2018 the total increase was of Rs 688 Cr.

Schedule Tribe Advances

Amount of loan given to Schedule Tribe community in total advances is categorized as Schedule Tribe Advances. The details of Schedule Tribe Advances are tabulated below.



Financial Inclusion Parameter	June 2015	June 2016	June 2017	June 2018
Schedule Tribe Advances (Amount in Crores)	966	1128	1251	1929

The loans scenario of Schedule Tribe Loan is quite different. There was always an upward trend. The loan amount outstanding in June 2015 was Rs 966 Cr, which again increased to Rs 1128 Cr. The loan value became to Rs 1251 Cr during June 2017 and it reached to Rs 1929 Cr during June 2018. If you see the growth of this loan during the period of study, it reported a growth of 99.68%.

CONCLUSION

Due to ready availability of data for a period of four years in State Level Banker’s Committee, Kerala, report the study was limited to four years period. From the light of above discussion in this paper, it is very clear the comprehensive efforts made by Government of India and RBI are not in vain, but have made a huge contribution to improve financial inclusion. As said earlier and it is well know truth that Kerala State is one of the highly literate state with considerable size of work force working abroad. This very clear that almost 40% of total deposits was contributed by NR Deposit and which is approximately higher than 66% of deposit to amount deposited by localities during different years of study. On analysis of loans and advances it is very clear that all the commercial banks are doing well to give loans to priority sectors and other needy sections of society for their upliftment and development. The FII- Financial Inclusion Index for the four

years that during June 2015 and June 2018 shows that the financial inclusion is almost near or equivalent to 0.6 which is reasonably a good figure and shows that the rate of financial inclusion is high. As per Dr. K. C Chakrabarty, Deputy Governor of RBI “**Financial Inclusion is the road that India needs to travel towards become a Global Player**”. As per the facts and figures reproduced and discussed above from SLBC secondary data it is clear that the commercial banks are performing well in the lines of financial inclusion and this should continue longer for achieving 100% financial inclusion. RBI’s strategies like Simplified KYC, no frill account, Simplified Account Opening form has improved the level of financial inclusion, which in turn improved the status of poor, improved the standard of living of people in lower strata of the society.

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