

Financial Inclusion Schemes of Regional Rural Bank of Uttar Pradesh**Daroga Manjhi****Senior Research Fellow****Department of Business Administration,****University of Lucknow, Lucknow, (UP)****Abstract:**

This paper trying to explore the various financial inclusion schemes of different Regional Rural Banks of Uttar Pradesh, namely Allahabad UP Gramin Bank, Gramin Bank of Aryavart, Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank, Prathama Bank, Purvanchal Bank, Sarva UP Gramin Bank and Gramin Bank of Aryavart. In the research methodology section qualitative and descriptive research method are used to satisfy the need of objective of research of this paper. Primary and Secondary sources of data are used. Primary sources includes personal interviews, respondents are banks authorized personnel and in secondary sources of data includes journal, company websites, RBI reports etc. Content Analysis is used in secondary source. And further data analysis & findings, suggestion and conclusions along with references are given.

Key words: Financial inclusion, regional rural bank of Uttar Pradesh and schemes.

I. Introduction:

The rural sector people of India was mostly depend upon informal sources of finance such as money local moneylenders, landlords and trader for the fulfillment of their financial needs. But they also face the large numbers of problems for example they exploit by money lenders, high rate of interest, coercive behaviour of lenders and many more problems. These financial problems at rural level create so many hindrances for rural development. To solving this problems RRB was established.

The establishment of RRB was firstly conceptualized by Mr. M. Narsimham Rao Working Group in 1975. For the purpose of create an alternative channel to the cooperative credit structure and to ensure sufficient institutional credit for the rural and agriculture sector¹. On 2nd October 1975, five RRBs were set up under a Presidential Ordinance. In a order to providing credit facilities to the poorer sections of rural society, generally known as Target Group.

According to NABARD "Regional Rural Banks (RRBs) were established in 1975 under the provisions of the Ordinance promulgated on the 26th September 1975 and followed by Regional Rural Banks Act, 1976 with a view to develop the rural economy and to create a supplementary channel to the 'Cooperative Credit Structure' with a view to enlarge institutional credit for the rural and agriculture sector²."

The issued capital of a RRB is shared in the proportion of Government of India (50%), the concerned State Government (15%) and Sponsor Banks (35%). According to provision of Regional Rural Banks Act, 1976 the authorized capital of each RRB is Rs. 5 crore and the issued capital is a maximum of Rs. 1 crore.

RRBs played a vital role in the development of rural sector and Indian Economy. And also there is no doubt in the working of RRBs and their good performance at national level.

The basic aim of establishment of regional rural banks in India is to help in the development of rural infrastructure and provides inclusive financial services to each and every resident of rural and semi rural areas.

Financial inclusion initiatives are driven by a combination of technology and communication. They proved tremendous success in making banking services easy, affordable and cost effective. The new concept is Financial Inclusion: Recent developments in Information technology has transformed banking from the traditional brick-and-mortar model to sleek, easy and Anytime, Anyhow, Anywhere banking supported by a number of innovative systems such as Automated Teller Machines (ATM), cashless banking through plastic money, Internet Banking, mobile banking, online money transfers, etc.

We can say that the motive behind the establishment of Regional Rural Bank is to develop the rural economy through the development of agriculture, trade, commerce and other productive activities in the rural areas. There operations include credit and other facilities, particularly to small and marginal farmers, agricultural labours, artisans and small entrepreneurs.

This paper covered the RRBs of state of Uttar Pradesh, India and their financial inclusion schemes. These regional rural bank includes Allahabad UP Gramin Bank, Gramin Bank of Aryavart, Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank, Prathama Bank, Purvanchal Bank, Sarva UP Gramin Bank, Gramin Bank of Aryavart.

This paper divided into seven sections including introduction, literature review, objective, research methodology, data analysis & findings, suggestion & conclusion and references.

II. Literature Review

To understand the RRBs it is necessary to divide the reforms in the RRBs Sector into three phases, first phase: 1993-2000, second phase: 2004-2010 and third phase is 2010 onwards⁶, but these phases are not compulsory for all academicians and researchers. The literature on Regional Rural Banks is limited.

Effectiveness and efficiency in Regional Rural Bank is must be necessary, and from time to time many scholars explore this, **Suras, Jasvir (2006)**³, assessed in their study of "efficacy of Regional Rural Banks (RRBs) in India" the growth pattern of RRBs and examine the credit distribution and geographical distribution of RRBs. His analysis period is from 1975 to 2005. He concludes the overall position of RRBs in India is not quite encouraging. Another similar study on "efficiency of rural banks" was conducted by **Khankhoje, Dilip & Sathye Milind (2008)**⁴ they measured the efficiency of RRBs from 1990 to 2002

through efficiency scores. Their scores depend upon interest income and non-interest income as output and interest expenses and non-interest expenses were used as inputs. The study finds that efficiency of rural banks has significantly improved after restructuring and shown positive results.

Mahajan, Vijay & Ramola, Bharti Gupta find in their study conclude that rural financial institutions are facing with a hierarchy of constraints which are beyond their control and any attempt at developing workable and sustainable approaches to improved access of the rural poor to financial services will need to address a whole range of macro-policy issues including depoliticization, ownership and governance in addition to regulatory issues⁵. To get a deeper insight, all RRBs were categorized either as profit making or loss making ones. And to improve in loss making RRBs, need focused attention of the all the stake holders, in general, and of the sponsor bank. **Misra, Biswa Swarup (2006)**⁷

The Reserve Bank of India and Sponsor bank are continuously efficiently trying to control and regulate the loss making regional rural banks. Another important step taken by the Reserve Bank of India for the commercial and their related bank in 2004 was the HR Khan Commission to look into financial inclusion. and the recommendations of the commission were incorporated into the mid-term review of the policy **(2005-06)**. In the report RBI exhorted the banks with a view of achieving greater financial inclusion to make available a basic “no-frills” banking account.

In **January 2006, the Reserve Bank** permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions and other civil society organizations as intermediaries for providing financial and banking services. These intermediaries could be used as business facilitators (BF) or business correspondents (BC) by commercial banks. RBI initiated several measures to attain greater financial inclusion such as Opening of no-frills accounts, Relaxation on know-your-customer (KYC) norms, Engaging business correspondents (BCs), Use of technology, GCC, Opening of branches in unbanked rural centers etc.

The term "financial inclusion" has broadly since the early 2000s, a result of findings about financial exclusion of poor from financial services and its direct correlation to poverty. The United Nations defines the goals of financial inclusion as follows(AusAID, 2010):

Access at a reasonable cost for all households to a full range of financial services, including savings or deposit services, payment and transfer services, credit and insurance;
sound and safe institutions governed by clear regulation and industry performance standards; financial and institutional sustainability, to ensure continuity and certainty of investment; and competition to ensure choice and affordability for clients.

In 2004, the Reserve Bank of India (RBI) set up the Khan Commission to look into inclusive financing. On the basis of report RBI exhorted the banks with a view to achieving greater financial inclusion to make available a basic ‘no- frills’ account.

According to Wikipedia(2015), In India, financial inclusion first featured in 2005, when it was introduced by K.C. Chakraborty, the chairman of Indian Bank. Mangalam became the first village in India where all households were provided banking facilities. Norms were relaxed for people intending to

open accounts with annual deposits of less than Rs. 50,000. General credit cards (GCCs) were issued to the poor and the disadvantaged with a view to help them access easy credit. In January 2006, the Reserve Bank permitted commercial banks to make use of the services of nongovernmental organizations (NGOs/SHGs), micro finance institutions, and other civil society organizations as intermediaries for providing financial and banking services. These intermediaries could be used as business facilitators or business correspondents by commercial banks. The bank asked the commercial banks in different regions to start a 100% financial inclusion campaign on a pilot basis. As a result of the campaign, states or union territories like Puducherry, Himachal Pradesh and Kerala announced 100% financial inclusion in all their districts. Reserve Bank of India's vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states and there is inadequate legal and financial structure.

III. Objective

To know about the all financial inclusion schemes of regional rural banks of Uttar Pradesh.

IV. Research Methodology

This is a qualitative & descriptive research and based on complete census survey method. All the Regional Rural Banks of Uttar Pradesh are taken in census survey. The sources of data are collected through Primary and Secondary data sources. For the collection of primary data personal interviews are conducted with open ended questions. Respondents are the authorized personnel of various Regional Rural Banks of Uttar Pradesh.

Content Analysis is used to satisfy objective of this research paper. For the Content Analysis Secondary sources of information are used that's includes bank website, journals, newspapers and magazines.

V. Data Analysis and findings.

A) Allahabad UP Gramin Bank

Allahabad UP Gramin Bank is a regional rural bank of Uttar Pradesh which sponsored by Allahabad Bank. Its area of operations are in the district of Sitapur, Bahraich, Shrawasti, Lakhimpur, Banda, Hamirpur, Jalaun, Chitrakoot, Mirzapur, Sonbhadra and Mahoba.

Its financial inclusions vision includes-

With a commitment to reach the un-reached and with a firm corporate belief that even the poor is bankable, financial services to be extended at affordable cost in an on-going basis to improve quality of life of all those who have been hitherto deprived of financial services from formal financial institutions, through various modes such as opening of branches, business correspondents model, installing of bio-metric ATMs, mobile banking van, mobile banking etc.

Allahabad UP Gramin Bank running various financial inclusions programs this are-

- ✓ Money lenders loan free Policy.
- ✓ Self Employment Credit Card.

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- ✓ No Frill Saving Bank Account and overdraft facility.
 - ✓ Solar home light loan Policy – loan on a discount interest on government grant and annual interest rate for these is 5%. With ultimate aim is to clean environment and lighting facility in village.
 - ✓ Business Correspondents Bank Friend- bank at your home or workplace without absentees from work.
 - ✓ Kissan Credit Card – loan facility up to Rs 300000 at 7% interest rate and facilities is also available.
 - ✓ Women Empowerment Program.
 - ✓ General Credit Card- credit facility up to Rs 25000 without any security.
 - ✓ National Pension Schemes.
 - ✓ Pradhanmantri Jan Dhan Yojna
 - ✓ Creation of Self Help Group and micro finance facilities.

B) Gramin Bank of Aryavart

Gramin Bank of Aryavart is sponsored by Bank of India. Gramin Bank of Aryavart covers six district of Uttar Pradesh namely Farrukhabad, Kannouj, Hardoi, Lucknow, Barabanki and Unnao.

Its financial inclusion includes-

- ✓ Village Organisation - Manage FI awareness building campaign, financial literacy workshop in its geography, Promotion of banking services with the help of SHG members in its village.
- ✓ Bank Sakhi – They are members of Rajeev Gandhi Mahila Vikas Pariyojana promoted Self Help Group federation members. Ensure prompt and efficient service to be provided to the customers, Ensure safe custody of cash and equipment which are at their disposal, BANK SAKHI-CSP shall not charge any fee or commission or any charges from the customers, Maintain confidentiality with regard to customer information and do not share any customer information with any third party except BARTRONICS and Bank.
- ✓ Facilities of No Frills account and hassle free Over Draft.
- ✓ Door Step banking services.
- ✓ Financial Literacy Initiatives.
- ✓ Creation of Financial Literacy Centres.
- ✓ Pradhan mantra Jan Dhan Yojna.
- ✓ Participation in Clean Energy Program.

C) Baroda Uttar Pradesh Gramin Bank

Baroda Uttar Pradesh Gramin Bank is sponsored by Bank of Baroda. Its covers the district of Allahabad, Ambedkar Nagar, Faizabad, Fatehpur, Kanpur Dehat, Kanpur Nagar, Kaushambi, Pratapgarh, Raibareli and Sultanpur.

Its Financial Inclusions Programs includes-

- ✓ Swarojgar Credit Card Scheme – this was introduced in September 2003 for the creation of self employment.
- ✓ Women empowerment program.

- ✓ Creation of Self Help Group.
- ✓ SHG Bank Linkage Programme.
- ✓ Pradhan mantri Jan Dhan Yojna.
- ✓ Bank Kisan Credit Card.
- ✓ Loan and Advances for development of entrepreneurship development at village level.
- ✓ Actively participated in Rajiv Gandhi Mahila Vikas Pariyojan which is Working for Poverty Reduction and Women's Empowerment.

D) Kashi Gomti Samyut Gramin Bank

Its sponsored bank is Union Bank of India. Its presence in eight district of Uttar Pradesh. These are Ambedkar Nagar, Azamgarh, Chandauli, Gazipur, Jaunpur, Mau, Sant Ravidas Nagar and Varanasi.

Its financial Inclusions includes

- ✓ ATM enabled Kisan Credit Card.
- ✓ Working on Immediate Payment Service and receiving money from any bank through NEFT facility for its all branches.
- ✓ Cumulative Deposit Scheme – the scheme encourages small investors to save monthly installments over a fixed period of time.
- ✓ KGS Sarvangeen Vikas Yojana - To create a hassle free single term loan limit to farmers for all term loan requirements like farm mechanisation, land development, minor irrigation, water conservation, horticulture, allied activities and other agri -related activities etc.
- ✓ And various loans and deposit schemes to attract the low income people or group.

E) Prathama Bank

Prathama Bank is a regional rural bank of UP. This bank is sponsored by Syndicate Bank. Presence of Bank in Amroha, Moradabad, Sambhal and Rampur. Head office is in Moradabad.

Its financial inclusion programs includes-

- ✓ Appointment of BCAs/ Bank Mitras in banking services to make service more convenient and easily assessable.
- ✓ Grievance/ Dispute Redressal mechanism for financial inclusion customers.
- ✓ Pradhan Mantri Jan Dhan Yojna (PMJDY).
- ✓ ATAL Pension Yojna.
- ✓ Pradhan Mantri Jeevan Jyoti Bima Yojna.
- ✓ Pradhan Mantri Suraksha Bima Yojna
- ✓ Facility of Kisan Credit Card.
- ✓ Recurring deposit facility for mobilizing micro savings in multiples of Rs. 10/ with a minimum of Rs 10/-.
- ✓ Micro Insurance – insurance cover up to Rs 25000/- covering both accidental and natural death.
- ✓ Financial literacy programs.

- ✓ No. frill account.
- ✓ Voice guiding in local language.
- ✓ Ultra small branch in villages.

F) Purvanchal Bank

Purvanchal Bank is sponsored by State Bank of India. And presence of Purvanchal Gramin Bank in Gorakhpur, Maharajganj, Deoria, Padrauna, Basti, Khalilabad, Naugarh, Etawah, Balia.

Its financial inclusion programs includes-

- ✓ Pradhan Mantri Jan Dhan Yojna.
- ✓ Offered business correspondent channel, such as, Saving Bank, flexi RD, STDR, Saving bank Overdraft facilities.
- ✓ It issue FI Rupay ATM Debit Cards to Financial Inclusion customers.
- ✓ Providing facility of Direct Benefit Transfer (DBTL) Scheme.
- ✓ Financial support to Self Help Groups (SHG) to promote financial inclusion.
- ✓ Facilitate financial inclusion through provision of two essentials i.e. Literacy and easy access.
- ✓ ATAL Pension Yojna.
- ✓ Pradhan Mantri Jeevan Jyoti Bima Yojna.
- ✓ Pradhan Mantri Suraksha Bima Yojna.

G) Sarva UP Gramin Bank

This regional rural bank is sponsored by Punjab National Bank. Sarva UP Gramin Bank presence in the thirteen district of Uttar Pradesh namely Gaziabad, Bulandshar, Gautam Budh Nagar, Bijnor, Gonda, Balrampur, Budaun, Haridwar, Bagpat, Saharanpur, Janshi, Lalitpur and Muzaffarnagar.

Its financial inclusion programs includes-

- ✓ Financial literacy.
- ✓ Direct Benefit Transfer scheme.
- ✓ Pradhan Mantri Jan Dhan Yojana.
- ✓ ATAL Pension Yojna.
- ✓ Pradhan Mantri Jeevan Jyoti Bima Yojna.
- ✓ Pradhan Mantri Suraksha Bima Yojna.
- ✓ Swavalambam Scheme.

H) Gramin Bank of Aryavart.

Gramin Bank of Aryavart, a Regional Rural Bank, was constituted on 1st April, 2013 after amalgamation of two Regional Rural Banks (RRBs) namely Aryavart Kshetriya Gramin Bank and Shreyas Gramin Bank.

The Gramin Bank of Aryavart is operating in 15 districts namely Lucknow, Barabanki, Farrukhabad, Hardoi, Kannauj, Unnao, Faizabad, Mainpuri, Firozabad, Aligarh, Etah, Hathras, KashiRam Nagar, Mathura & Agra in the State of Uttar Pradesh with a network of 651 Branches & 11 Regional Offices.

Its financial inclusion programs includes-

- ✓ Priority lending facilities includes Kisan Credit Card, financing for Rural housing, and Solar light.
- ✓ Financial Literacy Initiatives – financial products/ services awareness.
- ✓ Establishment of Financial Literacy Initiatives Centres.
- ✓ Gramin Bank of Aryavart developed its own model for financial inclusion named 'Aryavart Inclusion model'.
- ✓ Aadhar Enabled Payment System.
- ✓ Pradhan Mantri Jan Dhan Yojana.
- ✓ ATAL Pension Yojna.
- ✓ Pradhan Mantri Jeevan Jyoti Bima Yojna.
- ✓ Pradhan Mantri Suraksha Bima Yojna.

VI. Suggestion & Conclusion

The above finding shows that the motive of financial inclusion programme is achieving by Regional Rural Banks of Uttar Pradesh, easily and efficiently with varied lucrative schemes. There various types of financial inclusion schemes surely attract and retain the banking customer. The day by day changing technology is also facilitated the smooth function of financial inclusion along with other necessary banking operations. The recently added five financial inclusion programs by the government of India namely Aadhar Enabled Payment System, Pradhan Mantri Jan Dhan Yojana, ATAL Pension Yojna., Pradhan Mantri Jeevan Jyoti Bima Yojna and Pradhan Mantri Suraksha Bima Yojna, strongly create a demand of banking or financial services on easy and affordable cost.

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