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Contribution of Banks in promoting financial Inclusion in Haryana

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Abstract:

Banking sector in India play an important role in bringing the excluded population into mainstream due to positive support from RBI and Government of India. This paper investigates how banking sector in Haryana is promoting financial inclusion using secondary data. A number of banking related indicator is studied between which points out that an strong banking system positively promote financial inclusion, thus helpful in economic growth. This paper help the policymakers to make policies related to banking sector.

Keywords: *Financial Inclusion, RBI, Indian economy.*

Introduction:

Financial inclusion is accessing everyone in society, especially who belongs to low-income and vulnerable groups, to financial products and services at a reasonable price through regulated institutions such as banking and non banking financial institutions **(Chakrabarty, 2011).** Financial inclusion is a vast concept, it consist of all types of activities, product and services with a focus on availability, accessibility and usage of financial services by every single citizen **(Triki and Faye, 2013)**. In a simple meaning we can say that it means having an bank account **(Rani and Siwach, 2024**). Having an bank account help an individual to avail number of facilities as per their requirement, on the other hand it is beneficial for the economy to circulate money in a right way which result in creation of demand, capital formation, employment generation. Various studies also indicate the ample benefits arise due to a strong financial system such as people able to save money, start their own business. All these opportunities are helpful in boosting the economy and removing poverty.

In India efforts were made in this direction years back with change in banking structure.In1969,major commercial banks were nationalized since then time to time, various schemes policies, rules related to banking sector were introduced by the central bank of India to enhance the banking network. The main goal is to provide banking services to everyone. A major initiative was taken in 2014 towards financial inclusion is Pradhan mantra Jan dhan yojana with the purpose to open no balance account for everyone. Also with the advancement of technology and availability of internet, an attempt also made to provide banking services online through mobile apps. Through Mobile and net banking it became easy for customer to avail banking services anytime.

Review of Literature:

A number of studies in the past was conducted which highlighted the importance of banking sector in providing financial services to the society.

Table1: List of some previous studies conducted on banking and financial inclusion

Author	Objective	Finding
Kodan and Chhikara,2011	Examined the status of financial inclusion in Haryana for 9 years from 2001 to 2009	The financial inclusion in Haryana and India is nearly equal with the status of Haryana is slightly on higher side in comparison to aggregate status of India
Mukherjee and Chakraborty (2012)	Analysed the role and efficiency of the commercial banks in Jharkhand	Banks were unable to achieve the desired aims and to keep track of every bank the frequency of reports to the RBI on its achievement on financial inclusion should be increased.
Jain (2015)	Investigated improvement in financial inclusion with the role of banking sector.	To improve financial inclusion banks has to be in the forefront for creating awareness about financial products, debt counseling, savings, affordable credit and educate the general public on money management.
Pathania et al. (2016)	Investigated the current quality indicators of four commercial banks undertaken for FI of rural population	This paper find the gaps that need to be addressed as part of innovative financial inclusion.
Iqbal and Sami, 2017	Evaluated the role of banks in Financial inclusion in India	Study found that the number of bank branch and Credit deposit ratio have a

		positive and significant impact on GDP of the country, whereas ATMs growth is an insignificant fimpact on Indian GDP
Singh,2021	Investigated the economic effect of "India's Pradhan Mantri Jan Dhan Yojana	Discovered favorable relationships between financial inclusion, economic progress, and mild acceleration.
Zhang,2021	Investigated the confluence of "the banking industry and ICT in the promotion of economic development.	The importance of integrated financial inclusion, ICT development, and growth strategies was emphasized.
Chaudhary and Anand,2019	Identify the challenges associated with financial inclusion in Sonipat Haryana	There are some challenges faced by the resident of sonipat, resulting in financial exclusion
Rani and Siwach,2024	Analyzed the banking sector in Haryana comprehensively	It found consistent improving trend in bank branches, credit and deposits of commercial banks.

Source: Author own compilation

Research Methodology:

This paper utilizes secondary data taken from the statistical abstracts of Haryana, Department of economic and statistical affairs, Haryana for the period 2000 to 2024. Number of banking office, Deposit, Credit, Credit –Deposit Ratio are some of the banking indicators which were used in this paper.

Banking in Haryana:

A number of initiatives taken at the national level to enhance the reach of the people, an attempt was made in this paper to find out how banking sector in Haryana is helpful in improving financial inclusion which is required for growth of the state. Haryana is located in northwest part of India, bordered by Punjab, Himachal Pradesh and UP. Haryana is known for rich history, cultural heritage. Every year the government of Haryana celebrate grand level melas to celebrate culture of Haryana and providing opportunities to small vendors to generate their revenue. Haryana is significantly contribute in national GDP due to its contribution in agriculture and industry.

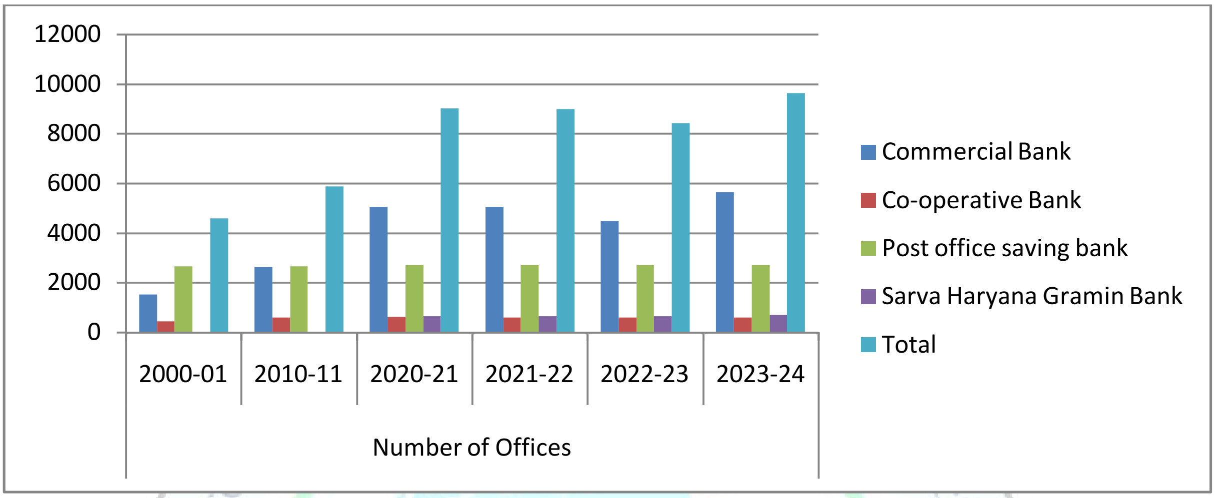
Table 2: Number of Bank offices in Haryana

Types of Bank	Number of Offices					
	2000-01	2010-11	2020-21	2021-22	2022-23	2023-24
Commercial Bank	1508	2623	5049	5042	4493	5643
Co-operative Bank	431	594	609	597	584	594

Post office saving bank	2653	2661	2696	2697	2697	2700
Sarva Haryana Gramin Bank	-	-	654	654	654	697
Total	4592	5878	9008	8990	8428	9634

Source: Statistical Abstract of Haryana

Fig1: **Number of Bank offices in Haryana**



This table 2 and figure 1 provide information about number of banking offices in Haryana. It is seen that over the years number of banking offices increasing. The total number of offices was 4592 in 2000 which is 9634 in 2023-24.In 2023-24 in Haryana there are 5643 commercial banks,594 co-operative banks,2700 post office saving banks and 697 Gramin banks. It is seen that Haryana is continuously improving their banking network.

Table 3: District-wise deposits and credits of Scheduled Commercial Banks in the State

Districts	**Deposit (Cr)**		**Credit(Cr)**		**Credit-Deposit Ratio (%)**	
	2022-23	**2023-24**	**2022-23**	**2023-24**	**2022-23**	**2023-24**
Ambala	26,429	30,238	11,579	13,785	43.81	45.59
Bhiwani	8,292	9,560	5,736	6,904	69.18	72.22
Charki Dadri	3,201	3,690	1,718	2,251	53.67	61.00
Faridabad	66,156	75,502	33,687	43,794	50.92	58.00
Fatehabad	6,550	7,197	6,498	7,872	99.21	109.38
Gurugram	3,17,322	3,52,107	1,64,604	2,26,490	51.87	64.32
Hisar	20,003	22,935	18,469	22,641	92.33	98.72
Jhajjar	12,584	13,852	7,024	8,947	55.82	64.59
Jind	9,160	10,148	8,242	9,537	89.98	93.98

Kaithal	8,019	8,908	8,232	9,842	102.66	110.48
Karnal	22,431	25,282	23,791	28,292	106.06	111.91
Kurukshetra	15,839	17,432	9,032	10,737	57.02	61.59
Mahendragarh	7,481	8,546	3,706	4,370	49.54	51.14
Nuh	2,444	2,732	1,398	1,459	57.20	53.40
Palwal	6,036	6,922	3,285	4,321	54.42	62.42
Panchkula	48,050	56,340	17,005	18,912	35.39	33.57
Panipat	16,852	19,167	19,611	23,431	116.37	122.25
Rewari	13,542	15,452	7,162	9,129	52.89	59.08
Rohtak	20,604	23,182	13,217	16,131	64.15	69.58
Sirsa	10,078	11,291	10,692	12,907	106.09	114.31
Sonipat	24,156	27,119	11,541	14,948	47.78	55.12
Yamunanagar	16,579	18,553	10,310	12,159	62.19	65.54
Total	**6,81,807**	**7,66,156**	**3,96,539**	**5,08,857**	**58.16**	**66.42**

Source: *Statistical Abstract of Haryana*

This table shows and compare the data of deposit and credit of commercial bank in all district of Haryana. It is observed that in every district from 2022-23 to 2023-24 there is an increasing trend of deposit .Similarly trend was found in case of credit. Total number of deposit increased by 84349 and credit by 112318.Also it is seen that there is an improvement in credit-deposit ratio in 2023-24. Credit-deposit ratio in 2023-24 increased by 8.26%.

Conclusion:

As a financial intermediary, banking system of a country play a key role in mobilization of funds, promoting commercial activities, creating jobs which result in growth of a country. It is seen in this study that the number of banking branches, deposit and credit keeps on growing every year it means banking sector in Haryana play a significant role in availability and accessability of financial services. But this study is based on secondary data, research should be done based on primary information so that the actual position and challenges faced by the people should be gathered which help the policymakers in making policies to include those who are still excluded.

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