

Financial Inclusion and Role of Co-operative Bank (Case Study of Bassein Catholic Co-operative Bank, Vasai)

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ABSTRACT

Financial inclusion is new paradigm of economic growth which plays a major role in driving away the poverty. Rapid and sustained poverty reduction requires inclusive growth that permits people to contribute to and benefit from economic growth. The literature review is organized by reviewing the research papers that are published in popular research journals. The role of Bassein Catholic Co-operative bank in Financial Inclusion of Vasai Taluka has been thoroughly studied.

“Co-operative Banks have become important parts of many financial systems, with attendant potential financial stability”

INTRODUCTION

Inclusive growth entails comprehensive growth, shared growth, and pro-poor growth. It lessens the fast growth rate of poverty in a country and upsurges the participation of people into the development of the country. Inclusive growth infers an impartial allocation of resources with benefits incurred to every section of the society. But the allocation of resources must be focused on the intended short and long term benefits of the society such as availability of consumer goods, people access, employment, standard of living etc. Rapid and sustained poverty reduction requires inclusive growth that permits people to contribute to and benefit from economic growth. Rapid growth is necessary to reduce poverty but for this growth to be sustainable in the long run, it should be broad-based across sectors, and inclusive of the large part of the country's labour force.

Financial inclusion is new paradigm of economic growth which plays a major role in driving away the poverty. Lack of access to financial services in most of rural areas due to high informative barriers and low awareness, poor functioning and financial history of financial institutions, near absence of insurance and pension service create the need and scope of financial inclusion. Fruits of development have hardly reached to nearly half of Indian population because no access to loan and insurance and this raises most pertinent issue of financial inclusion. Financial inclusion is integral to the inclusive growth process and sustainable development of the country. It is a policy of involving a wider section of population deposit mobilization and credit intermediation. The different financial services include access to savings, loans, insurance, payments and remittance facilities offered by the formal financial system. This aspect of financial inclusion is of vital importance in providing economic security to individuals and families .

India is one country where the Financial Stability and Development Council (FSDC) have a specific mandate for financial inclusion and financial literacy. There is a separate Technical Group on Financial Inclusion and Financial Literacy under the aegis of FSDC with representation from all the financial sector regulators. In order to spearhead efforts towards greater financial inclusion, RBI has constituted a Financial Inclusion Advisory Committee (FIAC) under the Chairmanship of a Deputy Governor from RBI.

OBJECTIVES OF THE STUDY

1. To know the meaning of Financial Inclusion.
2. To understand the Role of Bassein Catholic Co-operative bank in Financial Inclusion of Vasai Taluka.
3. To explore different problems present in achieving Financial Inclusion.

4. To draw meaningful conclusion.

MEANING OF FINANCIAL INCLUSION

Financial Inclusion is 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” in the report of the Committee on financial inclusion in India. During April 2012, World Bank carried out a study which revealed that only 9 per cent individuals’ avails new loans from banks in the previous year and 35 per cent population are having formal bank accounts in India whereas in the case of developing economies it is 41 per cent. The aim of Financial Inclusion is to make easy access of financial services to the large underprivileged population of the country. It is an attempt for achieving inclusive growth of the society by making availability of finance to the deprived section of population. In order to reap the benefits of the financial services, lot of measures has been taken by Government of India in the favour of poor and neglected section of the society.

INITIAL STEPS FOR FINANCIAL INCLUSION IN INDIA

Reserve bank of India and government plays an important role in promoting financial inclusion for economic growth to increase the banking penetration in the country. Before 1990s several initiatives has been undertaken which included creation of State Bank of India in 1955; nationalization of commercial banks in 1969 and 1980; initiating the Lead Bank Scheme in 1970, was a big step to expand financial inclusion. Priority sector lending norms, branch licensing norms with focus on rural and semi urban branches, National Bank for Agriculture and Rural Development (NABARD) was set up in 1982 mainly to provide refinance to the banks extending credit to agriculture, establishment of regional rural banks in 1975 are also the major steps for same aim which encourage branch expansion in rural area. It also regulate interest rate ceiling for credit in weaker sections. After 1990s there are major important steps taken for financial excluded people as launching Self help groups linkage programmed in 1992 by NABARD, which facilitates and provides door step banking. Simplifications of Know your customer (KYC) norms are another milestone. Where NGOs are set up to organize the poor, build their capacities and facilitates the process of empowering them. In 1998 Kisan credit card has been launched and on the suggestion of NABARD in 2005 General credit card has been launched which facility up to Rs. 25000/-. In January 2006 NGOs, SHGs, and Micro Finance Institutions are permitted by RBI. Now MFIs currently cover 8.3 million borrowers. MFIs, self-help groups (SHGs) also meet the financial service requirements of the poorer segments.

RESEARCH METHDOLOGY

It is Descriptive and Analytical in nature. It is mainly based on secondary a source which includes books journals, newspaper and Web Pages.

ROLE OF BASSEIN CATHOLIC CO-OP BANK IN FINANCIAL INCLUSION OF VASAI TALUKA

Bassein Catholic Co-op bank ltd was established as Credit Co-operative Society by Social reformer Rev Msgr. P. J. Monis, christian missionary on 6th February 1918 along with social activists in vasai to bring financial freedom in the region of Vasai. Through his mission he succeeded in up-lifting the society, which has brought massive change in the peoples lifestyle, education and financial stability. BCCB provides excellent opportunity to customers for their need to save and grow in terms of various savings, deposit and loan schemes. Specially designed interest rates in BCCB provide the edge to customers thus saving more whether its savings, deposits or repayment of loans. The savings in deposits of our customers are safe and the bank adheres to all norms of insuring the deposits for insurance protection at par with any other Bank in India. BCCB takes care of its customers by offering comprehensive loan packages at extremely competitive and attractive rate of interest. Technology and service quality is combined at BCCB, to offer its customers, comfortable, reliable and convenient schemes for loans in various categories.

Deposits by BCCB:

(Rs. in Crores)

Type of Deposits	2017-18
Current	254.44

Savings	1259.54
Term	4584.53
Total	6098.47

(Source- <http://www.bccb.co.in>)**FINANCIAL HIGHLIGHTS OF BCCB 2018 :****(Rs. in Crores)**

Particulars	31.3.2018
Business Mix	10132.96
Deposits	6098.47
Advances	4034.49
Gross Income	638.13
Gross Profit	141.29
Net Profit	80.70
Owned Funds	978.30
Gross NPA(%)	3.94%
Net NPA(%)	-----
C.R.A.R.	16.87%

(Source- <http://www.bccb.co.in>)**MILESTONES**

- Established as credit society in the year 6th February 1918
- Converted into Urban Co-Op bank in 1966.
- "Scheduled bank status" conferred on the Bank in 1990.
- Implementation of Core Banking Software in 2010 across all branches.
- Tied up with SIDBI for Credit link Capital Subsidy
- Tied up with CRISIL & SMERA credit rating agency for Rating for Units.
- Introduction of RUPAY debit card
- AD-1 License granted by RBI in 2015.
- Papy, Bangli and Holi branch completed 50 glorious years of service.
- Net banking Facility in 2016

The spectacular performance of the bank, over the years has been duly acknowledged by Co-operative Banking Association/Federations by bestowing the following awards :

1. The Maharashtra State Co-operative Banks Association Ltd., in the year 2014-15 awarded the Bank "Late Padmabhushan Vasant Dada Patil, Best Urban Co-op. Bank" amongst all scheduled/ multi state co-operative banks in Maharashtra.
2. Avis Publication has awarded the Bank "BANCO PURASKAR 2014"- 1st prize for the best performance for the financial year 2013-2014 in the category of Banks having deposits of Rs. 3000 to Rs. 5000 crore.
3. 'Sahakar Bhushan' Award 2013-14 by Maharashtra Government.
4. 'Pratibimba' Award 2013-14 for Annual Report by Sahakar Sugandha magazine published by Sahakar Bharti.
5. The Indian Banker magazine has given 1st rank to our Bank on the basis of Average Cost of Funds, Return on Assets, CRAR ,and Business per Employees.

6. Banking Frontiers Year 2011 Award for Excellence in Recovery & NPA Management in large Urban Co-Operative Banks Category The Bank has 45 branches with 37 Onsite and 2 Off site ATMs . All the branches operate on CBS.

MAJOR CAUSES FOR LESS INCLUSIVE GROWTH

Factors Affected The Access To Financial Services

1.Place of living :

Most of commercial banks operate only in commercial areas and these banks set their branches in profitable areas. Hence population lives in rural areas find it difficult to access the financial services. Although effective distance is as much about transportation infrastructure as physical distance, factors like density of population, rural and remote areas, mobility of the population (i.e., highly mobile people with no fixed or formal address) etc. also affect access to these services.

2.Absence of legal identity and gender biasness :

Minorities, economic and political migrants, refugee workers and women's are excluded from accessing financial services due to lack of legal identities such as original birth certificates and identity cards. It is generally difficult to access credit facilities for those females, who do not possess property and assets. They also needed male guarantee to access the credit from any financial institutions.

3.Limited knowledge of financial services

Incomplete basic education and financial literacy are the major hurdles in order to access various financial services to the individuals. They do not Know the significance of different financial products i.e., bank accounts, cheque facility, bank loan or overdraft and insurance. If people having proper financial literacy, it boost up the use of many financial products by different economic agents like Business Correspondents, NGOs and MFIs and etc.

4.Level of income and bank charges

Financial prominence of people is always plays a pivotal role in accessing available financial services. It is impossible for poor people to access financial services even when these services are made for lower income level group. Moreover in India, a lot of hidden bank charges which has been demotivated poor persons in availing these services.

5.Rigid terms and conditions

People are also least interested using such type of financial products or services which are attached with some inflexible terms and conditions. Many financial institutions having different rules relating with the use of accounts like minimum balance requirements.

6.Type of business

Nature of occupation also an important factor in availing the financial services, whether it is small scale, large scale, organized and unorganized firm. Most of the banks do not preferred the small borrowers and unorganized enterprise for giving loans. Hence these loan applications tends to be rejected.

CONCLUSION

It is argued that as banking services are in the nature of public goods; the availability of banking and payment services to the entire population without discrimination is the prime objective of financial inclusion. Public sector commercial banks, regional rural banks and co-operative banks are the major institutional lenders in rural areas. By being local in nature cooperative banks have a clear advantage over commercial banks for financial inclusion. The labour costs of cooperative banks are considerably less than that of commercial banks and generally the operating costs are also minimal. Cooperative banks are a feasible option for inclusive growth through rural development by creating opportunity for employment and income generation.

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