



# FINANCIAL INCLUSION - A COMPARATIVE STUDY OF HDFC & ICICI BANKS.

**Dr.Ganesh.K.T<sup>1</sup>**

*Asst Professor, Dept. of Commerce, Bharathi College (Autonomous),  
Bharathinagara, Mandya Dist. Karnataka*

**Mr.Jagadish C B<sup>2</sup>**

*Asst Professor, Dept. of Commerce, GFGC, Halaguru, Mandya Dist. Karnataka*

## ABSTRACT

Banking administrations ought to be accessible to the total population of the economy without segregation. Be that as it may, in India, banks have not possessed the capacity to cover numerous fragments of our population. Financial inclusion is conveying financial administrations at reasonable expenses to burdened and low income people of society. The Private Banks has been endeavoring hard endeavors to extend digital financial inclusion from many years. That numerous changes have been made in territories identified with financial reasonability, gainfulness intensity, still immense fragments, particularly the underprivileged segments of the general public, have not gotten to fundamental banking administrations. This article provides a discussion on major two private banks which providing digital financial inclusion service from past one decade and also its comparative study.

**Keywords:** Financial inclusion, Digital Banking, Private banking.

## INTRODUCTION

Even after 60 years of independence, a large section of Indian population still remains unbanked. The Government of India and the Reserve Bank of India have been pushing the concept and idea of financial inclusion and making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Some of the major efforts made in the last five decades including - nationalization of banks, building up of robust branch network of scheduled commercial banks, co-operatives and regional rural banks, introduction of mandated priority sector lending targets, lead bank scheme, formation of self-help groups, permitting BCs/BFs to be appointed by banks to provide door step delivery of banking services, zero balance BSBD accounts, etc. The fundamental objective of all these initiatives is to provide the financial services to the large section of the hitherto financially excluded Indian population.

Banking and Financial services support the development of wage creating activities and empower individuals to put something aside for their future needs and retirement. In this manner, public and private banks emphatically urge business banks to create Financial inclusion projects, for example, country banking and small scale financing , which target bunches regularly prohibited from conventional Financial services. In spite of these sound expectations, some private banks projects may come up to bring about high exchange expenses and experience calculated troubles in dealing with these activities. Innovation can take out calculated troubles and essentially lessen exchange costs, in this way expanding financial inclusion.

## Financial Inclusion:

Financial Inclusion is a process or concept formulated with an objective of providing financial products and services to every constituent of our society, especially economically backward people. It is a very useful tool for financial growth of India. When compared to the developed world, the coverage of our financial services is quite low. Then the Reserve Bank of India has set up a commission (Khan Commission) in 2004 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 in banking account. So now it ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. Reserve Bank of India in collaboration with the Government of India had formulated a policy namely Financial Inclusion Policy (2005) for financially including of the excluded. The policy was framed with the objective of employment generation, asset creation and income increase which would help in the upliftment of the weaker or poor people. Formal financial institutions, NGOs and SHGs help in the inclusive growth through financially including the low income and weaker section of the population.

### Private Sector Banking:

Historically, the private sector banks played a crucial role in the growth of joint stock banking in India. India's economy has undergone significant change since 1991, and even India's banking system has dynamically evolved to meet the economy's needs. Many of the private sector banks had significant exposure to global financial world. The paper will put focus on the activities of the private sector banks for financial inclusiveness and the outreach of such banks in reaching the excluded sections of the society.

There are 21 private banks in India as on 2020. Out of this, major two banks were selected for analyse the Financial Inclusion progress from past 10 years. ICICI Bank and HDFC bank are an Indian banking and financial services companies. Both the banks started in 1994 and Both the banks provide similar number of products and services including wholesale banking, retail banking, treasury, auto loans, two wheeler loans, personal loans, loans against property, consumer durable loan, lifestyle loan and credit cards. These banks consistently maintaining good progress among private banks in all the activities.

### Objective of the Study

1. To study the present scenario of financial inclusion of selected private banks.
2. To observe the progress of private banks in financial inclusion past one decade.
3. To make comparative analysis of financial inclusion of two major private banks.

### Research Methodology

The descriptive research method used to carry out the present study. The relevant qualitative data using secondary research method has been collected from different sources such as RBI publications, the government published reports, research papers published in journals, books, magazines, electronic forms, etc. and evaluated to meet the research objectives.

### Research Tools Used For the Present Study

- Pair T Test.
- Correlation.

**Table No-01 : Showing the Progress of Financial Inclusion of HDFC bank during Ten years**

Banking Outlets:	Year ended 2009	Year ended 2010	Year ended 2011	Year ended 2012	Year ended 2013	Year ended 2014	Year ended 2015	Year ended 2016	Year ended 2017	Year ended 2018
Branches	200	215	220	227	231	245	251	286	296	305
Schemes covered by BCs	260	298	345	369	480	530	590	630	687	720
Other Modes	125	165	170	182	186	190	196	240	267	310
Total	585	678	735	778	897	956	1037	1156	1250	1335
Urban location through BC's	53	59	67	73	79	84	90	105	127	139
<b>Basic Savings Bank Deposit A/C's</b>										
No in Millions	63.45	69.7	73.4	77.8	80.1	86.7	90.3	93.4	96.7	100.9
Amount in Billions	48.9	52.3	55.8	60.9	63.7	68.9	73.2	76.4	100.9	130.5
<b>Basic Savings Bank Deposit A/C's- BCs</b>										
No in Millions	12.4	15.6	17.9	25.9	27.3	34.7	38.1	48.9	52.6	62.9
Amount in Billions	10.2	11.9	13.4	15.7	17.8	18.5	21.1	23.5	24.6	26.9

OD Facility availed in BSBDA's Account										
No in Millions	0.14	0.19	1.21	1.26	1.34	1.57	1.68	2.01	2.23	3.15
Amount in Billions	0.6	1.0	1.4	1.8	2.1	2.4	2.9	3.4	3.9	4.2

Source: RBI Annual Report

It is observed from Table No.:01, the progress of financial inclusion of HDFC bank of ten years, from 2009 to 2018 the banking outlets have been comparatively increased by 230% .

**Table No.-02 : Showing the Progress of Financial Inclusion of ICICI bank during Ten years**

Banking Outlets:	Year ended 2011	Year ended 2012	Year ended 2013	Year ended 2014	Year ended 2015	Year ended 2016	Year ended 2017	Year ended 2018	Year ended 2019	Year ended 2020
Branches	95	105	124	134	143	165	187	230	259	275
Schemes covered by BCs	102	143	186	230	267	310	345	387	421	460
Other Modes	75	90	109	143	167	180	201	225	237	247
Total	272	338	419	507	577	655	733	812	917	982
Urban location through BC's	42	51	60	68	75	81	89	96	107	120
Basic Savings Bank Deposit A/C's										
No in Millions	23.41	39.4	43.7	47.8	50.1	59.7	68.5	76.3	89.3	90.2
Amount in Billions	8.9	9.4	10.3	11.6	16.0	18.9	20.2	23.4	25.9	27.5
Basic Savings Bank Deposit A/C's- BCs										
No in Millions	9.4	10.6	11.7	12.9	14.3	16.8	20.1	25.7	27.5	29.7
Amount in Billions	1.2	5.9	6.7	7.3	8.8	10.5	12.6	13.7	14.8	16.7
OD Facility availed in BSBDA's Account										
No in Millions	1.0	1.12	2.25	3.75	4.64	5.87	7.68	8.06	10.23	12.15
Amount in Billions	01.3	1.8	2.4	2.9	3.1	3.8	4.1	4.4	5.2	5.5

Source: RBI Annual Report.

It is observed from Table No.:02, the progress of financial inclusion of ICICI bank of ten years, from 2011 to 2020 the banking outlets have been comparatively increased by 360% .

**Paired T Test:**

**Table No.:03 - Paired T test for the HDFC Bank and ICICI Bank Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Mean
HDFC Bank	247.6000	10	36.39353	11.50864
ICICI Bank	171.7000	10	63.96362	20.22707

**Paired Samples Correlations**

	N	Correlation	Sig.
HDFC Bank & ICICI Bank	10	.996	.000

**Paired Sample T-Test**

HDFC bank & ICICI Bank	Paired Differences					t	df	Sig (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% confidence interval of differences				
				Lower	Upper			
75.90000	27.94220	8.83610	55.91135	95.88865	8.590	9	.000	

From the Table No.:03 it is proved that the Sig. (2-Tailed) value is less than .05, so, we can conclude that there is a statistically significant difference of Branches of HDFC Bank is greater than ICICI Bank (2011-2020). Since our Paired Samples Statistics box revealed that the Mean value of HDFC Bank was greater than the Mean value for the ICICI Bank. So, it can be conclude that Branches of The HDFC Bank are significantly more than the ICICI Bank.

**Conclusion:**

The decade's of financial inclusion programme of major private banks as shown the positive result for RBI as well as GOI. To include the people who have excluded from banking activities though various programmes. Financial literacy of the people who were in the past not performing banking related activities was also brought to main stream to strengthen the economy of the country. Though Private Sectors Banks are much more technologically advanced and more organized than the Public Sector Banks but in this context their effective contribution is not at all satisfactory. It is a pre-condition for inclusive growth, income inequality and most importantly for reducing poverty. RBI and GOI has made so many efforts in this direction like opening of new frill accounts, set up Business Correspondence, relaxation in KCC norms, Pradhanmantri Jan Dhan yojna, direct benefit transfer etc. The private sector banks play key role in elevating financial inclusion phenomena as the banks are base of financial inclusion in simpler way starts with open an saving account in banks. The private sector banks are giving their administrations to all gatherings of populace. They have begun development designs in semi urban and provincial regions. This is a decent sign for guaranteeing financial inclusion and better nature of administration in these regions. The quantity of parts of private banks with monetary opportunity of states demonstrates preferred rank connection over with proportion of improvement use and gross state household item. Data and correspondence innovation offers the open door for the private banks to enhance money related inclusion for the unbanked individuals.

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