

Financial inclusion can mean big business

Bank staff needs to be motivated to attract rural masses

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Banks should look at financial inclusion of the rural masses as a business opportunity, stressed Usha Thorat, deputy governor of the Reserve Bank of India (RBI).

"Financial inclusion in India has a long way to go. It should be viewed as a huge business opportunity by all Indian banks. There should be a good synergy between the people and the banks to make this work," she said at a summit organised by Skoch Financial Technologies in Mumbai on Wednesday. Thorat's view was shared by C Rangarajan, chairman, economic advisory council to the Prime Minister of India.

While banks have started rural lending in a big way, he noted that rural lending needs to be done in a proper way to yield efficient results. "Rural lending requires a specific type of organizational ethos, culture and attitude. Rural branches of banks have to be farmer-friendly. Lending to the low-income groups needs motivated bank staff. The possibility of creating a separate cadre of rural bank employees does not appear to be feasible. More needs to be done in this regard," he said.

Rangarajan lamented that many in India still do not have access to banking services. "While the financial system in India has grown rapidly in the last three decades, some poorer sections of the society have not been able to access adequately financial



Usha Thorat, deputy governor, RBI

Helping out

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Credit and financial services delivery system need to be modified to achieve greater inclusion

services from the organised financial system. There is an imperative need to modify the credit and financial services delivery system to achieve greater inclusion. The Interim Report of the Committee on Financial Inclusion has sought to address some of the issues for improving the delivery system," he said.

"While there are 33,478 commercial bank branches spread all over rural and semi-urban centres in the country, they should be able to reach out to the poor and needy," he added.

Rangarajan said that creating an appropriate credit delivery system is very essential. "This needs to be supplemented by efforts to improve the productivity of small and marginal farmers as well as other borrowers so that the credit made available can be productively employed," he pointed out.

"Rural branches must also go beyond providing credit and help in terms of advice on a wide variety of matters relating to agriculture," he added.