ISSN NO.2395-0692

IJAHMS International Journal of Arts, Humanities and Management Studies

"Priority Sector Lending and Emergence of Non-Performing Assets in Public Sector Banks: A case study of State Bank of India, Madhubani district: Post Liberalization"

Utpal Kumar Mishra*, & Dr. Lav Kush Sharma**

***Research Scholar,Deptt. Of Commerce L.N.M.U, Darbhanga**
****Deptt. of Commerce, HoD, R. K. college, Madhubani**

PROBLEM AT A GLANCE

Priority sector lending and social banking concepts have been developed and adopted for the purpose of credit deployment. the Banking industry in India has made considerable progress especially during the last three decades, to emerge as one of the accredited agencies of rural development. The orientation towards rural economy gained momentum only after nationalization of major commercial Banks. For various reasons, they took roots mainly in the urban and metropolitan centers and bulk of loans and advances was directed to large and medium scale industries. No serious attempt was made by banks to finance agricultural sector. The Co-operative Banking structure was assigned the main task of meeting credit requirements in the rural areas. Yet, the credit gap remained unfilled even after supplementing the efforts of co-operatives. In fact, it started widening further especially after green revolution in mid 60's in view of the larger and increasing credit needs of Indian Agriculture. The above process necessitated commercial banks to join the force its envisaged increasing lending to sectors like Agriculture, SSI and Services with emphasis on borrowers of small means. In this regard a full fledged Standing Advisory Committee was formed by Reserve Bank of India in May, 1984. Recommendations of the Committee were accepted by Reserve Bank of India and accordingly the targets for lending to priority sector and weaker section by the PSBs were stipulated. Inspite of the spectacular progress of public sector banks in post nationalization period, serious problem had emerged in operations of public sector banks resulting in the deterioration of profitability and efficiency.

The banks, without insisting adequate security, have supplied advances to priority and other neglected sections of the society at a concession rate of interest. However, the banking statistics revealed that, this designated priority sector as well as neglected sections received about 15 per cent of the total bank credit at the time of bank nationalization. On the later period, proportion of advances to the priority sector has increased from 15 per cent to 33.3 per cent in 1974 and further to 40 per cent in 1980. The commercial banks have achieved the target and even surpassed it in quantitative terms. But in qualitative terms, there is an apprehension among the bankers that the advances to priority sector resulted in a loss of interest income due to highly subsidized lending rates. As a result, the profitability of banks has adversely affected besides maintaining additional manpower requirements for supervision of small loans, mounting over dues, poor recovery of advances and raising volume of non performing assets (NPAs).

The concept of priority sector lending (PSL) is mainly intended to ensure that assistance from the banking system in an increasing manner to those sectors of the economy which has not received

ISSN NO.2395-0692

IJAHMS International Journal of Arts, Humanities and Management Studies

adequate support of institutional finance. The Reserve Bank of India (RBI) emphasized that the priority sector comprised of agriculture (direct and indirect finance), small scale industries (SSI), small road and water transport operators, small business, professional and self-employed persons, education, housing, micro-credit, weaker sections etc. The Narasimham Committee (1991) on financial sector reform has drawn attention to the problem of low and declining profitability and stated that there is need for gradual phasing out of the directed credit programme, i.e. the stipulations that 40 per cent of all credit should go to the priority sector should be scrapped. The priority sector lending is mainly intended to ensure that the assistance from the banking system to those sectors of the economy which has not received adequate support of institutional finance. The attainment of the socio economic priorities of the government like growth of agriculture, promotion of small entrepreneurs and development of backward area etc is the major responsibility of commercial banks.

How ever, the banks are not able to reach the prescribed target of lending to priority sector. The small entrepreneurs and farmers are continued to be both credit and demand constraints. Thus, it can be observed that the demand for funds for priority sector viz., small entrepreneurs and agricultural sector is enormous. With this backdrop, the present treatise is an attempt to diagnose the various lacunas of priority sector lending by State bank of India in the area under consideration in the context of national scenario and also trace out the reasons behind their apprehension that the advances to priority sector resulted in a loss of interest income due to highly subsidized lending rates. As a result, the profitability of banks has adversely affected besides maintaining additional manpower requirements for supervision of small loans, mounting over dues, poor recovery of advances and raising volume of non performing assets (NPAs).

A strategic reprioritization (based on marketing functionalities) of directed credit to agriculture, exports and micro, small and medium enterprise sectors can moderate the costs of correcting the adverse redistributive effects of inflation caused by Priority Sector Lending. It is also imperative that the priority sector be redefined more from the objectives of growth and employment while the equity angle is left to be best served through the policy of financial inclusion. The researcher will endeavor to give suggestions to improve prospects of lending through ‘Priority Sector’ to weaker sections.

Broadly, the priority sector comprises the following:-

1. **Agriculture (and allied sectors).**
2. **Small scale industries** (including setting up of industrial estates)
3. **Small road and water transport operators** (owning upto 10 vehicles).
4. **Small business** (Original cost of equipment used for business not to exceed Rs 20 lakh)
5. **Retail trade** (advances to private retail traders’ upto Rs.10 lakh)
6. **Professional and self-employed persons** (borrowing limit not exceeding Rs.10 lakh of which not more than Rs. 2 lakh for working capital; in the case of qualified medical practitioners setting up practice in rural areas, the limits are Rs 15 lakh and Rs 3 lakh

ISSN NO.2395-0692

International Journal of
IJAHMS Arts, Humanities and Management Studies

respectively and purchase of one motor vehicle within these limits can be included under priority sector)

7. State sponsored **organizations for Scheduled Castes/Scheduled Tribes**
8. **Education** (educational loans granted to individuals by banks)
9. **Housing [**both direct and indirect – loans upto Rs.5 lakhs (direct loans upto Rs 10 lakh in urban/ metropolitan areas), Loans upto Rs 1 lakh and Rs 2 lakh for repairing of houses in rural/ semi-urban and urban areas respectively].
10. **Consumption loans** (under the consumption credit scheme for weaker sections)
11. Micro-credit provided by banks either directly or through any intermediary; Loans to self help groups**(SHGs) /** Non Governmental Organizations **(NGOs)** for on lending to SHGs
12. Loans to the **software industry** (having credit limit not exceeding Rs 1 crore from the banking system)
13. Loans to specified industries in the **food and agro-processing sector** having investment in plant and machinery up to Rs 5 crore.
14. **Investment by banks in venture capital** (venture capital funds/ companies registered with SEBI)

While this mandatory exposure to 'priority sector lending' has increased the flow of credit to weaker sections, they also imposed tremendous strain on the resource of Public sector banks what has been realized as 'sickness in priority sector lending'.

In order to address the challenges faced in the past with 'Priority Sector Lending', the government of India has introduced 'Lead Bank Scheme'. Under 'Lead Bank Scheme' the lead bank at district level is expected to serve as Nodal Agency for communicating, establishing linkages and convergence among all government departments and non-government agencies at district level to meet targets of financial inclusion (Total Priority Sector Lending-TPS and Agriculture advances and Number of No-frill accounts and bank outreach being as fixed indicators). The lead bank is entrusted with physical and financial planning (Annual Credit Plan-ACP), monitoring and review of 'credit advances' and 'loan products' disbursed under priority sector lending at district level under the Reserve Bank of India guidelines. But unfortunately the 'Lead Bank Scheme' is also perceived a failure in removing 'sickness in priority sector lending'.

The researcher would be entrusting himself with the responsibility of exploring alternative 'ways and means' to promote better financial inclusion and hence safeguarding the interest of weaker sections as well as public banking sector. For which he tend to incorporate marketing and business functionalities and principles in 'Priority Sector Lending' to enhance its viability and remove sickness. The researcher will endeavor to examine available data base, facts and figures available with State Bank of India in order to suggest some working module for 'Priority Sector Lending' to mitigate the risk of increasing 'Non-Performing Assets' in 'Priority Sector Lending'. It will be helpful for Public Sector Banks to overcome concurrent financial loss as well as it will serve to safeguard the agenda of financial inclusion in the best interest of the weaker section through lending support to prioritized major thrust areas of intervention.

The researcher opine that introduction to marketing functions in 'Priority Sector Lending' may help in reducing regional imbalances and prevent scopes for 'Bad loans' (NPAs) which, otherwise is perceived as major sickness in micro, small and medium scale industries, unorganized sector and advances to agricultural and allied (off farm activities like Dairy, Poultry, Sugar factories, Pisciculture, Mithila paintings, makhana production etc.) sector causing potential threat to public sector banking institutions. Further to this, the researcher will examine some past experiences of Public Sector Banks, their nature and intensity of association with weaker section individuals, risks and challenges realized by bankers and individual his/herself (seeking support from financial leverages) in adopting a particular business practice. The commodity chain of produces and their cost benefit analysis (business endeavors) thus was eventually / traditionally undertaken by individuals by virtue of financial assistance provided to them (working capital) under priority sector lending will be critically examined. For which the researcher will try to analyze 'success as well as failure stories' of engagement of public sector banks with such communities through case study tools and methods to supplement the gaps in data interpretations.

To be precise, the researcher will examine the above mentioned aspects of 'Priority Sector Lending' form an independent point of view at micro level. This will comprise of examining the experiences of District Lead Bank' on priority sector lending of the Madhubani district of Dharbhanga division of the state of Bihar which is entrusted to caters 636,302 rural households, primarily belonging to weaker sections having per capita income as low as Rs.1,557 (minimum against 38 districts of Bihar and national average of Rs.5,668) despite working population of 56.91 percent (non- working population of women and weaker section- marginal and landless farmers, comprising 74.79 percent). Again there is tremendous scope in the district for lead banks to strategically lend credit advances to weaker sections to tap the potential for credit growth, particularly in the agriculture and agro-based industrial sectors. Despite the district is blessed with abundant water resources (in form of tanks, ponds, mauns, chours and reservoirs covering large area) the fishery development potential has not been tapped even to the extent of 10 %.

Certain sub sectors like sugar production mills and off farm activities like Pisciculture, live-stock rearing and *makhana* have production potential to be tapped through priority sector lending. Still unfortunately the Credit Deposit (CD) ratio is merely 34% against the national average of 72% and accumulated NPAs is too high against agricultural advances where as Total Advances against Priority sector (TPS) is considerably high against the national average (65.11 percent against national benchmark of 40 percent) in the district. It remains a critical point of argument that despite of this much production potential in priority sectors why bankers achievement is poor and discouraging as the beneficiaries are not able to repay the bank loans (which is too minimal). It means there is a failure in either loan product design for viable business at strategy level (proposal furnished by financially illiterate or less aware beneficiaries are not well scrutinized /advised) or they are not able to market their products or there is poor knowledge about mitigating risks involved in agriculture or allied sectors. These interpretations are explicit from researcher's point of view but need to be examined and verified empirically though research.

SURVEY FOR THE PROJECT WORK

In order to streamline the available resources in aliment of the project expectations the researcher plans to go through the great synthesis of the related subject matter done by Mr. Ashish Bose's paper (1996) entitled "*Demographic transition and demographic imbalances in India"*. In this paper the author has carefully discussed about growing demographic disparity in India. In all the southern state of the union of India, namely Kerala, Tamil Nadu, Andhra Pradesh and Karnataka are doing well in family planning and against other human development parameters, whereas the four large states in the north, Uttar Pradesh, Bihar, Madhya Pradesh and Rajasthan, are lagging far behind. The clamour for reservation of jobs for the Scheduled Cast, Scheduled Tribes, Other Backward Classes (OBCs) as well as for Muslims and other minority groups, increase in absence of adequate financial support through mainstream financial institutions in vast poverty-based unorganized sector may increase. This demographic disparity leading to economic imbalances may cause considerable social turbulence and may even pose a threat to socio-political stability and security. He urged that the economists and social thinkers must look far beyond the demographic statistics and must anticipate the worst consequences of economic imbalances among different regions and states as well as among different religious communities, minority groups, castes and tribes in India.

Working paper for the *'Helsinki process'*, a report of the track of *'Human Security'* entitled "*Empowering People at Risk*: Human Security Priorities for 21st Century" (2006), has given insight over the need of financial inclusion of weaker sections in order to mitigate threat over human security.

Previous research papers emphasizes more on the policies for directed credit that were introduced in the 1970s accorded significant priority to agriculture, exports and micro, small and medium enterprises. However, the present framework for directing and targeting credit under the priority sector lending policy has lost much of its original thrust because of the demand of the banking system to sustain its profitability and meet tighter prudential standards. According to researcher the current priority sector guidelines suffer from multiple and complex categorizations incorporating several objectives.

The impact of the credit policies and financial innovations implemented from time to time with reference to priority sectors is reflected in the decennial household surveys on debt and investment conducted by the *National Sample Survey Organization* and also the periodical surveys on small borrower accounts conducted by the RBI. This article highlights the salient features of these surveys which, inter alia, throw light on the comparative access and reliance of Self Help Groups in rural India on institutional and non-institutional sources of finance.

The negative policy on credit for agriculture and other priority sectors, which has been prevalent since the beginning of the post-reform era, has manifested itself in three broad areas: the enervation of the institutional architecture for rural credit, disincentivisation of credit flow to agriculture through the mechanical application of Basel norms and the squeeze on resources available for agricultural credit operations.

Enactments and statutory measures taken by the regulatory authorities (RBI, National Finance Commission and others as prescribed by legislatives) and their reports will be of great importance to investigate into current scenario in priority sector lending by financial institutions

ISSN NO.2395-0692

IJAHMS International Journal of Arts, Humanities and Management Studies

in India. Appropriating current trends against said parameters/guidelines, the researcher plans to go through the district lead bank data base on financial leverages to weaker sections to access the profile of such community, their business engagement, business viability, investment patterns of the leveraged amounts (credited by the public sector banking institutions under lead bank scheme). Again the researcher will tend to explore markets and their behaviors for petty business, unorganized sectors and agriculture and allied sector, strictly raised around the financial support (leveraged / advances as credits) by public bankers to individuals belonging to such communities.

AIM, OBJECTIVE AND RELEVANCE

The researcher carries an idea that in addition to the state driven intervention (under forced statutory enactments), public sector banking institutions are expected to evolve various strategies and innovations to bring within the ambit of the banking sector, a vast number of weaker sections of the society in their best spirit. On the basis of facts the researcher claims that "since the inception of 'financial Inclusion Policies' banking institutions only carried and obligation to maximize their outreach by merely serving for credit dispersal and saving bank accounts opening to exhibit their adherence with statutory norms". Public sector banking institution's Non-Performing Assets' is increasing, as bankers claim due to bad loans generally resulting out of sickness in unorganized , micro/small/medium scale industries, low profile rural entrepreneurs, and agriculture and allied sector mainly affecting huge portion of their prospective profitability. With reference to previous researches, beyond any doubt and invariably these sectors are generally owned by weaker sections and not the corporate giants and big market players.

To the researcher's point of view, these vibes (as voiced by public sector baking) sounds like these banking institutions are merely serving the weaker sections and marginalized communities to satisfy the statutory norms and not for the real cause of financial inclusion empowering them through targeted and well strategize intervention in 'priority sector lending'. It is perceived by the researcher that the baking sector has not been so concerned and keen to investigate why the entrepreneurs (engaged in micro/small/medium scale industries, unorganized sectors, agriculture and allied sectors) hailing from vulnerable communities are not able to tap the benefits of the financial services leveraged by bankers to help them in achieving self reliance through engaging in viable business practices? As per the researcher, since the bankers perceive the occupation adopted by weaker sections in rural areas as complex, unreliable and unviable and so forth, may be one possible reason (at their belief level). But he wants to revisit his notion rationally through this research. Another preconceived notion about the weaker section clients is their poor business (or agricultural investments) appraisal standards due to mass illiteracy in handling financial services to raise viable business in rural and sub-urban community invites reexamination at micro/ macro levels.

According to researcher's perspective, the bankers should come out of their inhibited feeling that *"very aggressive competition policy and financial inclusion are mutually exclusive".* In other words the very presumption that 'priority sector lending' always remains unproductive and increases undesired 'non-performing assets' of the banks is not true. As demonstrated elsewhere, the mass banking with no frills can become a win-win situation for both. According to previous research works it is becoming increasingly apparent that addressing issue of financial exclusion will require a holistic approach.

ISSN NO.2395-0692
International Journal of Arts, Humanities and Management Studies

RESEARCH HYPOTHESIS

The following points I am taking as my research hypothesis and in this endeavor I will try to investigate, validate and testify my hypothesis and other fellows who believe in this hypothesis.

- Lending to Priority sector invariably increases the Non-Performing Assets, often considered as Bad Loans, of Public Sector Baking Institutions thus reducing their profitability.
- Sickness in Micro, Small, and Medium industry and Primary Sectors (e.g. agriculture and allied sector) affecting the profitability of banks, primarily serving as financial institutions, can no be reduced through proper marketing support and liaison.
- Introducing effective Marketing could not support ‘Financial Inclusion Policy’ which otherwise is intend to provide ‘social security’ to the weaker sections’ undertaken under Lead Bank Scheme by Public sector / development banks.
- Lead Banks could not be transformed into ‘transforming agents’ rather then acting as financial services institutions through introducing marketing functions and their application to ‘Lead Bank Scheme’.
- Public sector / Development Banks as micro finance and credit institutions could not be assisted by marketing to generate pool of entrepreneurs from weaker sections.
- There exists an ample difference between deployment of bank credit to priority sector and development of backward region.
- The priority sector advances have direct bearing on increasing quantum of non-performing assets of commercial banks.
- The PSL led to significant increase in the volume of overdue over the years.
- The mounting overdue has significantly restricted the bank’s lending capacity to priority sector.

CONTRIBUTION TO THE FIELD OF KNOWLEDGE

The researcher believes that banking services under ‘Lead Bank Scheme’ need to be strategize on regional / area specific approach to serve the best interest of the weaker sections. The banking institutions need to identify the major thrust areas of intervention by identifying scopes and potentials of viable business activities to encourage their weaker section’s client groups resident to their service areas. According to researcher “unfolding these dimensions will assist such communities and instrumentalize ‘Lead Banks’ to help them evolve as potential entrepreneurs”. The urge of researcher will possibly help ‘Lead Banking Services’ to investigate into the dire need of extending their services from mere accounts opening and credit dispersal to the extent where they promote the backward and forward linkages of products/ produces of micro/small/ medium scale industries or unorganized sectors and products from farm / off-farm sectors. In other words the research work will throw light upon potential lying in public sector baking services for marketing their services as well as helping her weaker section clients to tap potential lying in markets (and understanding of market functions) to justify their commitment towards attainment of financial inclusion. The researcher will rationally gather relevant information and facts about possibility of 'Lead Banks' engaging themselves in helping her clients to participate in effective marketing of their minor business commodity / products / produces (e.g. of small forest produce or small scale commodity like folk art e.t.c.) through liaison with potential stakeholders in locality and practical access.

SCOPES OF STUDY:

The researcher assumes that the research will serve to explore foremost concern areas and challenges in attaining financial inclusion of weaker sections being faced by the public sector banking institutions viz.

a) Reasons behind increasing Non-Performing Assets (NPAs) of Public Sector Banks and exploring mitigation measures.
b) Possibilities of eliminating the sickness in the 'Priority Sector Landing' through adoption of marketing approach and functions in lead bank scheme.
c) To understand perceived strength, weakness, opportunity and threat in attainment of financial inclusion by public sector banks though 'Priority Sector Lending'.
d) Ways and means to financially empower the weaker sections and the possible role of Public Sector Banks in doing so. Examining existing nature, scope and intensity of engagement of Public Sector Banks with weaker sections.
e) Possible role of 'Lead Bank Scheme' in forward / backward linkage of minor/small/medium industrial or agricultural produces to reduce regional and sectorial imbalances. Cost benefit analysis of the business endeavors eventually / traditionally/ promotionally undertaken by individuals by virtue of financial assistance provided to them under priority sector lending.
f) Can marketing play a role in increasing credibility (w.r.t. financial inclusion policy) of public Banking Sector among the weaker sections without affecting profit , thus providing more transactions and returns to the bankers?
g) Possible 'Stakeholder engagement profile' in a functional/ working module (would be proposed by the researcher) for 'Lead Bank Operations'.
h) Case Study: Compiling success as well as failure stories or case studies based on bankers and individual's (Beneficiary's) experiences to reflect upon current practices and way forward to mitigate gaps and challenges.

METHODOLOGY

Research limitations and Universe:

I. Public Sector Banking Institutions: Out of the other categories of banking institutions, as included in second schedule to the Reserve Bank of India Act 1934, the researcher will preferably choose the District Lead Bank, Madhubani and State Bank of India, Madhubani for the research purpose (whichever is possible to access data).
II. Banks in Priority Sector Lending: Priority Sector as defined on the basis of Micro / Small / Medium Enterprises Development Act, 2006 and Reserve Bank of India guidelines.

III. Banks under the jurisdiction of **'District Lead Bank Scheme'**: as conceived for improving (a) productivity (b) creating employment opportunities (c) providing credit facilities to weaker sections, and (d) removing regional and sectoral imbalances, to become catalyst of development of **Madhubani** district in the state of Bihar (not including mobilization of saving for Self Help Groups, Federations and Co-operatives as peoples institutions)

IV. **The weaker sections under priority sector** includes (1) Small and marginal farmers with land holding of 5 acres and less and landless labourers, tenant farmers and share croppers. (2) Artisans, village and cottage industries where individual credit limits do not exceed Rs. 50,000/- (3) Beneficiaries of Swarnjayanti Gram Swarojgar Yojana (SGSY) (4) Scheduled Castes and Scheduled Tribes (5) Beneficiaries of Differential Rate of Interest (DRI) scheme (6) Beneficiaries under Swarna Jayanti Shahari Rojgar Yojana (SJSRY) (7) Beneficiaries under the Scheme for Liberation and Rehabilitation of Scavengers (SLRS).

V. For the period since **Lead Bank Scheme** was conceived in the district to the **financial year 2009-10**.

VI. **Case Study**: Documentation and data collection technique as suggested in the field of social sciences to compare and analyze and interpret first hand information / data (based on individual or institutional experiences) through the lenses of numerous perspectives and point of views without carrying institutional biases.

Research variables:

- The researcher will take the following as a non-variant (fixed) variable viz. "Potential Role of Market Functions lies in Financial Inclusion of Weaker sections under Priority Sector Lending by State Bank of India and it will also reduce their NPAs".
- The scopes summarized earlier will be taken as variant variables.

Primary Investigation:

Reviewing and examining the scopes of this formulation (research questions and hypothesis- the idea contained in the research objective) within / around the purview of research topic.

Establishing relationship:

- Segregation of the key and subsidiary quarries (research objectives seeking answers to which) and establishing their relationship with the hypothesis.
- Establishing relationship between WHAT, WHY, and HOW.

Data Collection:

Secondary data source has been analyzed systematically and in chronological order against the hypothesis.

Case Study Methodology

Rewriting and examining the success and failure stories of Lead Banks and State Bank of India, Madhubani engagement with weaker sections through priority sector lending. Examining, validating and evaluating strength, weakness, opportunities and threats exhibited in elicit way in case studies (Based on Lead Bankers experiences and their beneficiaries).

Conclusive and rational evaluation

The researcher had ensured rational compilation and evaluation of facts, figures, events, processes and their systematic representation in research documentation process.

REFERENCE:

i. *Yojana,* vol.34, March, 2010, published by 'Ministry of Information & Broadcasting', New Delhi.

ii. National 13th Finance Commission Report published by Finance Ministry on 13th April' 2010.

iii. Working paper for the Helsinki Process report of the track of 'Human Security', 'Empowering People at Risk: Human Security Priorities for 21st century, 2006, U.S.

iv. NBER working paper, Economic Growth and the Demographic Transition",2001

v. Chawala (1979) examined the dimension of credit flow to the priority sector during seventies and observed that the purpose of PSL by banks is not available for which it is meant for.

vi. Angadi (1983) observed the concentration of PSL in general and agricultural advances in particular in some state because of rapid branch expansion, deposit mobilization, privileged cropped area, adoption of high yielding variety etc.

vii. Joshi (1986) in his study identified weak fund management capacity of banks due to statutory liquidity ratio (SLR), cash reserve ratio (CRR) and PSL.

viii. Anderloni, L., Carluccio, E.M. (2007): Access to Bank Accounts and Payment Services, in: Anderloni, L., Braga, M.D. and E.M. Carluccio (eds.), New Frontiers in Banking Services, Berlin et al.: Springer, 5-105.

ix. Ahuja, Ram,'*Research Methods'* (2nd edition), Prem Rawat Publication., Jaipur, India, 2003.

x. Adnan, S. 1993. "*Birds in a cage: Institutional change and women's position in Bangladesh"* in N. Federici, K.O.Mason, and S. Sogner (eds.), Women's Position and Demographic Change, Oxford: Clarendon Press, p. 285-318.

xi. Bloom, D.E. and D. Canning.2001.,"*Cumulative causality, economic growth and the demographic transition*", in N. Birdsall, A.C. Kelley, and S. Sinding (eds.), *Population Matters: Demographic Change, Economic Growth and Poverty in the Developing World*, Oxford: Oxford University Press.

xii. Baltagi, B.H. (1999): Econometrics, second (revised) edition, Berlin et al.: Springer, 189-201.

xiii. Basu, P. (2006). *Improving access to finance for India's rural poor.* Washington, DC: The World Bank.

xiv. Beck, T./Demirguc-Kunt, A./Martinez Peria, M.S. (2006): Reaching Out: Access and Use of Banking Services Across Countries, World Bank, Washington D.C., July 2006.

xv. Beck, T., Demirguc-Kunt, A., & Levine, R. (2007). Finance, inequality and the poor. *Journal of Economic Growth*, *12*, 27-49.

xvi. Beck, T., Demirguc-Kunt, A., Peria, M., & Soledad, M. (2006). *Banking services for everyone? Barriers to bank access and use around the world.* Working Paper Series No. 4079. World Bank Policy Research.

xvii. Chen, M. and J. Dreze., "*well-being in rural north India*", Department of Economics Research Programme Paper No.40, London: London School of Economics.

xviii. Claessens, S. (2006): Access to Financial Services: A Review of the Issues and Public Policy Objectives, The World Bank Research Observer 21 (2), 207-240.

xix. Dillion, Williams R., Teresa Domzal and Thomas J. Madden, *'Evaluating Product Position Strategies'*, Journal of Advertising Research, August –Septamber. 1986.

xx. Green, Paul E. and Donald S. Tull, *Research for Marketing Decisions*, Englewood Cliffs, New Jersey, Prentice Hall, Inc., 1970.

xxi. Honohan, P. (2004a). Financial Developoment, Growth and Poverty: How Close Are the Links? In Charles Goodhart, ed. Financial Development and Economic Growth: Explaining the Links. London: Palgrave.

xxii. Honohan, P. (2004b). Data on Microfinance and Access: Thinking About What Is Available and What is Needed. World Bank mimeo.

xxiii. Peachy, S./Roe, A. (2006): Access to finance – what does it mean and how do savings banks foster access, A Study for the World Savings Banks Institute, Perspectives No. 49, Oxford Policy Management.

xxiv. Miller, D.C., *Handbook of Research Design & Social Measurement* (3rd edition), David M.C.Kay Co., New York, 1991.

xxv. Rajan, R. and Zingales, L. (2003). Saving Capitalism from the Capitalists. Crown Business Division of Random House.

xxvi. Sharma, M (2008). Index of Financial Inclusion. Working Paper no. 215, ICRIE