# Banking Outreach and Household level Access: Analyzing Financial Inclusion in India[1]

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***Abstract***

*Since the time of classical thinkers like Adam Smith the role of finance in the development of the economy has been realized. Equally important is access to finance by all segments of the society, i.e. inclusive nature of financial system. Some important dimensions of financial inclusion are that all sections of the society should have timely and adequate availability of financial services to ensure access at affordable cost. In India, there has been a lot of academic and public policy discourse in the recent times on financial inclusion. This study attempts to measure and understand financial inclusion by looking at supply of (banking outreach indicators such as number of deposit and credit accounts, number of bank branches, average deposit and credit amount per account and credit utilized) and demand for (indicators of household level access such as the proportion of households having saving, credit and insurance facilities) financial services. Separate composite Financial Inclusion Indices (FIIs) using both the data sets are calculated for the year 2002-03 (as the most recent household level data available is for this year) for all the States/Union Territories of India and used as complementary to each other to get a comprehensive picture. In both the cases, one observes a lot of variation across states, for rural and urban regions. Even within a state, differences are clearly evident between rural and urban areas for the different indicators considered. The presence of informal sector in providing financial services is significant, especially in rural areas. Thus, from a policy perspective, two things are relevant. One is to widen the ambit of policy initiatives under financial inclusion, which will reduce the dependency on informal source of financial services, particularly credit. Second, is to provide greater focus on vulnerable states/regions in providing access to financial services on which they are lagging.*

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# Banking Outreach and Household level Access: Analyzing Financial Inclusion in India

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## 1. Introduction: *Finance and Economy*

Finance has become an integral part of an economy. There is a two-way relationship between financial system development and real sector growth. Developed financial system drives real growth, while the growing economy's demand leads to advancing the financial sector. Banking system/institutions has a vital role in facilitating the development of financial system.

As early as eighteenth century Adam Smith ([1776] 1998: 390-91) had expressed the view about the significant and crucial contribution of high density of banks in Scotland for the invigorating/stimulating development of the Scottish economy. In the early twentieth century Joseph Schumpeter (1912) contends that technological innovation and their successful implementation is promoted and stimulated by well-functioning banks. More specifically Schumpeter argued that the creation of credit through the banking system is an essential source of entrepreneurs' capability to drive real growth by finding and employing new combinations of factor use.

On a similar line, Sir John Hicks (1969: 143–45) argues that the inadequate development of financial system led to the time lag between an innovation and its successful implementation. He authenticates this argument with the case of England's capital market development which mitigated liquidity risk and caused the industrial revolution.

Levine (1997) empirically tested the neo-classical view and finds that countries with larger banks and more active stock markets grow faster over subsequent decades even after controlling for many other factors underlying economic growth. Industries and firms that rely heavily on external financing grow disproportionately faster in countries with well-developed banks and securities markets than in countries with poorly developed financial systems and the relationship between the initial level of financial development and growth is large. This, however, does not mean that finance alone will be the harbinger of economic growth.

Equally important is access to finance by all segments of the society (Levine 1997, Pande and Burgess 2003)**.** Finance can also play a positive role in poverty reduction. A well developed financial system accessible to all reduces information and transaction costs, influence saving rates, investment decisions, technological innovation, and long-run growth rates (Beck *et al.* 2009).

Evidences from Binswanger and Khandker (1995) and Pande and Burgess (2003) suggest that Indian rural branch expansion program significantly lowered rural poverty, and increased non-agricultural employment. Eastwood and Kohli (1999) use firm level data and find that the branch expansion program and directed lending program enhanced small scale industrial output. Hence an indirect impact of availability and accessibility of finance on poverty reduction is confirmed through these studies.

A key objective in development economics is to work out ways to lift people out of poverty. Access to finance has been seen as a critical factor in enabling people to transform their production and employment activities and to exit poverty (Aghion and Bolton 1997, Banerjee 2001, Banerjee and Newman 1993, Pande and Burgess 2003, Yunus 1999). The chief mode of providing access to finance to poor strata of society that has emerged over the recent years is micro-finance, whose success is evidenced through the rich experiences of application of Yunus' model of 'micro-credit' across sixty countries both rich and poor countries like Malaysia, Philippines, South Africa, India, Nepal, China, Finland, Norway and United States. The idea behind the Grameen Bank in Bangladesh is to *"extend credit to poor people and they will help themselves."* Further, as Yunus (1999) says, *"Micro-credit is not a miracle cure that can eliminate poverty in one fell swoop. But it can end poverty for many and reduce its severity for other. Combined with other innovative programs that unleash people's potential, micro-credit is an essential tool in the search for poverty free world,"* The role of micro-finance extends beyond providing loans and becomes an important tool for providing financial support to masses.

The denial of financial services and the conditions that lead to depriving an individual or a group from the benefits of these services is called financial exclusion. It can be of any type like access-exclusion, condition-exclusion, price-exclusion, marketing exclusion or self-exclusion. It also depicts social deprivation or social standing. It can be due to many social and economic factors viz. low household incomes, expensive source of credit, no savings and no insurance coverage (Carbo *et al* 2007). This takes us to the issue of 'financial inclusion'.

In literature, there are different definitions of financial inclusion. *Report of the Committee on Financial Inclusion in India* (Government of India 2008: 33) defines financial inclusion *"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"*. Sarma (2008: 3) defines financial inclusion *"as a process that ensures* *the ease of access, availability and usage of the formal financial system for all members of an economy"*. The World Bank (2008: 2) considers financial inclusion as access to financial services. It *"implies an absence of obstacles to the use of these services, whether the obstacles are price or non-price barriers to finance"*.

In the absence of inclusive formal financial system, poor individuals and small entrepreneurs have to rely on informal sources to invest in better opportunities because of its timely availability and easy accessibility, but at a much greater interest burden. Financial inclusion can help in removing this impediment. It can help in reducing inequality and poverty through several channels. Credit, savings and insurance facilities will enable the poor to take advantage of financial resources beyond their own capabilities. It facilitates them to build up funds for potentially profitable investment opportunities or in smoothening their future consumption (ADB 2000, Gersovitz 1988, World Bank 2008). For instance, farmers can invest in improving productivity through investment in improvement of land, irrigation facilities, high-yield seeds and mineral fertilizers. Similarly non-farmer rural households can establish or expand family enterprises. Short-term borrowing or savings are often used to maintain necessary consumption when household incomes decline temporarily, say, after a bad harvest or between agricultural seasons. It assists people to invest in better nutrition, housing, health and education

In recent years, financial inclusion has assumed public policy relevance. Many countries like India (Government of India 2008) and the United Kingdom (UK) (2006) and International organizations like the United Nations (2006), World Bank (2008, 2009) have set up task force/committees to understand financial inclusion and to improve its scope. These studies throw light on various aspects of financial inclusion. However, the measurement aspect of financial inclusion has, so far, not extensively been covered by these reports. For India, being a very well diversified economy and society, it is imperative to give adequate attention to measurement of financial inclusion by policy makers and researchers. Measurement of financial inclusion implies to evaluate the extent of accessibility, availability and usage of financial services like saving, credit, insurance, remittance facilities among many other such services.

There are few scholars who have attempted to measure some aspects of financial inclusion. Honohan (2007) estimated the fraction of the adult population using formal financial intermediaries using the information on number of banking and MFI accounts for more than 160 countries, and then correlated with inequality (Gini Coefficient) and poverty. Sarma (2008) developed an Index for financial inclusion using aggregate banking variables like number of account, number of bank branches and total credit and deposit as proportion of GDP for 55 countries. Mehrotra *et al.* (2009) also built up an index for financial inclusion using similar kind of aggregate indicators like number of rural offices, number of rural deposit accounts, volume of rural deposit and credit from banking data for sixteen major states of India. Moreover, World Bank (2008) provides a composite measure of access to financial services, that is, the percentage of adult population that has an account with a financial intermediary for 51 countries. While World Bank (2009) in *Banking the Poor* analyzed the association between access to banking services, as measured by the number of bank accounts per thousand adults in each country, and several other factors like transactions offered at banks, or required by banks, and regulations adopted by country authorities that may affect banking access for 45 countries. Beck *et al.* (2009) discusses about the availability of copious amount of data on many aspects of the financial system, but systematic indicators of inclusiveness of financial sector are lacking.

Most of the studies discussed above used the financial depth measures (how much finance) rather than actual outreach or access measures (how many users). These studies cover availability and accessibility elements to a large extent and usage to a certain extent. They mainly use aggregate banking data, which provides information only for service provided by banks or other service providers. This set of information can be termed as supply side information, which is partial in nature. It has its own shortcomings; it does not distinguish between business and individual accounts, or between individual having multi-accounts, or on the adequacy and timeliness of loan amount, or information about informal service.

The information from service providers presents only one side of the overall picture. It is very important to look at the user's side of financial inclusion too. This paper attempts to fill this gap by analyzing both supply and demand side information and providing a comprehensive picture of financial inclusion in India. It attempts to measure and understand financial inclusion by looking at supply of (banking outreach indicators such as number of deposit and credit accounts, number of bank branches, average deposit and credit amount per account and credit utilized) and demand for (indicators of household level access such as the proportion of households having saving, credit and insurance facilities) financial services. Separate composite Financial Inclusion Indices (FIIs) using both the data sets for 2002-03 (the latest year for which demand side data are available) are calculated for all the States/Union Territories of India and used as complementary to each other to get a comprehensive picture. Using the household level data, it also analyzes the role of informal sector vis-à-vis formal sector, particularly, with regard to credit.

The structure of the paper is as follows: after the introduction, section 2 describes the measures of FIIs for banking outreach and household level access. Results and analysis based on the indices have been elaborated in section 3, followed by conclusion in section 4.

## 2 Indices for Financial Inclusion

In discussing, financial inclusion we are referring to the formal financial system. In the Indian context, the formal system comprises Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs), Co-operatives, Post Offices, Insurance companies and their associates. The proposed indices are for banking outreach and household level access.

### 2.1 FII based on Banking Outreach

For banking outreach indicators like the number of bank accounts per 100 adult persons (as banking penetration or as access), number of bank branches per million people (as availability of banking services or as coverage), number of ATMs per million people (as coverage), amount of bank credit and amount of bank deposit (as use/output of the banking system) have been used in recent studies to indicate the extent of financial inclusion. These indicators are largely from banking sector; they do not cover other institutional sources like post-offices, Micro-Finance Institutions (MFIs) and co-operatives. The present study proposes to use six indicators.[3] These are:

i) Number of deposit accounts per person (as access or penetration or outreach)
ii) Number of credit accounts per person (as access or penetration or outreach)
iii) Number of bank offices per person (as availability)
iv) Average saving amount per deposit account (as usage/depth of the financial system)
v) Average credit amount per credit account (as usage/depth of the financial system)
vi) Proportion of credit utilized to credit sanctioned in the state (as usage)[4]

The FII index for banking outreach uses distance-from-average method.[5] First, for each indicator, the actual value is divided by the overall average of that indicator,

[3] Due to unavailability of Insurance data of the State level in the public domain, this index does not include the insurance component.
[4] In the above six indicators, the first five have been used in literature in different forms. We normalized the first three indicators by population size, and the next two are normalized by the respective number of accounts. In addition, we add a sixth indicator, which will indicate the flow of credit in a particular state.

$I_q = X^t_{qs} / X^t_{qs*}$,

where

$X^t_{qs}$ is the value of indicator $q$ for the state $s$ at time $t$,

$X^t_{qs*}$ is the mean value of indicator $q$ for all the states at time $t$.

$q = 1,2,\ldots,6$

Subsequently, the average of all the indicators gives us the proposed supply side composite index – $FII^B$,[6]

$$FII^B = (\Sigma_q I_q)/6$$

## 2.2 FII based on Household Level Access

The discussion on supply side indicators has given us a picture of financial system outreach. To contextualize this with the demand for financial services, the current chapter proposes to measure financial inclusion at household level by using information on saving, credit and insurance. The informal financial markets have a substantial presence in developing economies (Besley 1995). Recent public policy discourses in India have also pointed out the large presence of non-institutional credit market (Government of India 2007, 2008, 2009). The penetration of informal sources is also discussed in this section. Measures of household level inclusion, as a proxy of demand for financial services, give us a comparative picture across states, separately for rural and urban India.

The following set of variables (value as on the date of survey of visit-1)[7] have been used for developing the indices for measurement of financial inclusion at the household level:

i) Formal Saving includes share and debentures owned by the household in co-operative societies & companies, government certificates viz. NSC, Indira vikas patra, kisan vikas patra, RBI bonds, deposit in post office including national

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[5] Sarma (2008) and Mehrotra (2009) used Min-Max method to calculate the Financial Inclusion Index. The results from Min-Max method would be highly dependent on the extreme values of each indicator. For more detailed discussion on indicator normalization and other methods, see Organization for Economic Co-operation and Development (2008).

[6] We consider that most of the indicators used here are largely outreach parameters of financial services, however, following the convention in the literature we refer to this as financial inclusion index.

[7] In the survey, there were two visits. The first visit was carried out during July 2002 to February 2003, and the second visit was during March 2003 to June 2003. For the first visit, credit level data are also provided for a specific date, June 30, 2002, which is a stock variable. It is this stock variable, which is largely used in literature on credit issue in India (see Government of India 2007, 2008 and Shetty 2008, 2009). However, this is not possible for saving and insurance data. Hence, the value on the date of survey is used as a common reference period for all the variables. This gives a higher incidence of credit for all the states except for urban Delhi and urban Uttranchal.

saving scheme deposits, deposit in co-operative society/bank, deposit in non-banking company and other financial assets.

ii) Formal Insurance includes insurance premium, annuity certificates and provident fund.

iii) Formal Credit includes cash loans payable by the households to institutional agencies (Government, co-operative society/bank, commercial bank including RRB, insurance, provident fund, financial corporation/institution, financial company and other institutional agencies).

iv) Informal Saving includes chit contribution made, deposit with individuals, cash in hand, promissory note, mortgage of real estate, pledge of bullion & ornaments/other moveable property, receivable unsecured loan, receivable professional dues, trade credit and kind loans and others.

v) Informal Credit includes cash loans payable by the households to non-institutional agencies (Landlord, agricultural money lender, professional money lender, trader, relatives and friends, doctors, lawyers and other professionals, and others).

vi) Informal Insurance (there is no variable which provides information on informal insurance).

As the indicators are all in percentages, they are already normalized with a minimum of zero and maximum of hundred. We use an equal weighted average of the indicators to calculate composite financial inclusion index for the demand side, separately for formal and informal sources. The index is the average of these three components (in case of formal sources) and average of two components – Saving and Credit only[8] (in case of informal sources), which indicates the status of availed financial services. It serves as a proxy of demand for these services.

$FII_F^H = (\Sigma_q X^t_{qs})/3$

where,

$X^t_{qs}$ is the value of indicator $q$ for the state $s$ at time $t$

$q$ = Formal saving, Formal credit and Formal insurance

$FII_I^H = (\Sigma_q X^t_{qs})/2$

where,

[8] At a household level, pledging/mortgaging of assets/property is a coping strategy to tide over some difficulties. Thus, investments in assets/property also have an insurance role. In any case, informal insurance have not been covered in AIDIS.

$X^t_{qs}$ is the value of indicator $q$ for the state $s$ at time $t$

$q$ = Informal saving and Informal credit

### 2.3 Data

This study has used the data from Reserve Bank of India's publication titled *Basic Statistical Returns of Schedule Commercial Banks in India* (earlier known as *Banking Statistics*) for the year 2002-03.[9] This report presents comprehensive data on deposits and credit of scheduled commercial banks and the information on number of employees of these banks, as on 31st March 2003. The data are collected through the annual statistical surveys, Basic Statistical Returns (BSR)-1 & 2, from the offices of scheduled commercial banks in India including Regional Rural Banks.

BSR defined the population groups as follows:[10]

i) 'Rural' group includes all centre with population of less than 10,000.

ii) 'Semi-urban' group includes centre with population of 10,000 and above but less than 1 lakh.

iii) 'Urban' group includes centre with population of 1 lakh and above but less than 10 lakh.

iv) 'Metropolitan' group includes centre with population of 10 lakh and more.

In the current chapter, rural group is the same whereas urban includes the latter three groups. For normalization of indicators like number of deposit accounts per person we have used census 2001.[11]

For household level information, this paper uses NSS unit level data from the 59th round, which is *All India Debt and Investment Survey* (AIDIS) for 2002-03. The survey gives basic quantitative information on assets, liabilities and capital expenditure in the household sector of the economy. It provides information on different aspects of borrowings and repayments by the households during July 1, 2002 to June 30, 2003. Information on various variables like credit agency, scheme of lending, purpose of borrowing among others are also available. For calculating an index, we used data on saving, credit and insurance.

## 3. Results and Analysis

### 3.1 Analysis of Supply Side Index/Status of Banking Outreach

The provision of the financial services to people requires institutional arrangements. Their existence is characterized by the demand for these services and the cost of these service

[9] As mentioned above, this is so to help us to contextualize with demand side analysis.
[10] The population group reference for BSR (2002-03) is based on Census 1991.
[11] The BSR classification for rural and urban based on census 1991 may underestimate the actual population of 2002-03, it is for this that census 2001 has been used.

providers. This by and large goes into the decision making process of selecting a location of an institution. The availability of institutions (bank branches) at the state level, even after normalizing for population, would not reveal the real penetration of these. To address this inherent limitation, efforts have been made in this part to analyze the outreach of the financial services at rural and urban level separately, apart from the overall state level analysis. Since the distance method has been used to build an index (Table 1), the average or all India value of the index will be unity, and hence, one has to use the actual value of indicators to give us a picture of the overall country (Tables 2, 3 and 4 for overall, rural and urban respectively).

The analysis reveals a fragmented development of financial system within India. This is evident from the fact that the supply side financial inclusion index of banking outreach ($FII^B$) value of the top state (Chandigarh) is more than six times that of the bottom state (Manipur). In rural areas the difference between the top (Delhi) and bottom (Manipur) is close to eight times and in urban areas the difference between the top (Chandigarh) and bottom (Manipur) is nearly four times.

While comparing the economic development of the state (in terms of per capita income) vis-à-vis the outreach of the banking services, it is observed that states like Goa, Delhi, Chandigarh, Pondicherry, Maharashtra, Kerala and Karnataka have performed better in both the parameters. This reflects a larger spread of services among people in the states which are better developed.

In outreach of financial services from banks, one observes wide disparity between rural and urban areas with the latter performing better in almost all the cases. Compared to other states Pondicherry is performing better in rural areas but not in urban areas, whereas Kerala performs better in urban and poorly in rural areas.

In some situations, it has been observed that the outreach of financial service is concentrated among a smaller segment of population. This is evident from the number of deposit and credit accounts being very low than the average, but the average deposit and credit amount per account being substantially higher than the average, for instance, Rajasthan for credit and Mizoram for deposit.

The above analysis does provide us an insight into the performances of the states with respect to outreach of the financial services from banks. These are capturing availability and to some extent accessibility and usage dimensions of financial inclusion. However, certain other dimensions like affordability and timeliness cannot be captured using the existing datasets. The supply side indicators of financial inclusion also fail to provide information about its users with regard to their social groups, wealth (asset size) and any other relevant aspects.

A weakness with this kind of data is its availability at aggregated form or with very less number of classifications[12]. In such kind of representations, it is difficult to have information about inequality in quantum of credit allocation within the borrowers, because it is more likely that some big corporations may consume a large share of the total amount of credit.

Another important drawback using supply side indicators is the unavailability of data or information pertaining to financial services provided by informal sector[13], which plays a very crucial role in the financial services market. In order to have a comprehensive measurement, it is imperative to look into the demand for financial services.

### 3.2 Household Level Access/Demand for financial services in India

The household level analysis gives an alternative picture. It is obvious that the incidences (as also indices) are indicative of access or usage of financial services. At the aggregate all India level, access to formal sources is about one out of every three households for savings, less than one out of five households with regard to credit, and one out of eight for insurance. Combining all the sector, the value of $FII_F^H$ is 0.208 (Table 5).

In case of rural India, access to saving and insurance facilities' from formal sources is relatively low. The proportion of population who do not have access to any kind of saving and insurance facility from formal institutions is three-fourth and four-fifth respectively. Credit access is relatively better in the rural areas. Whereas, a better position with regard to access for saving and insurance have been observed in urban India. Almost half of the total households have saving facility, and about one quarter of total households has availed the insurance in one or the other form, but credit services are not that much striking as savings and insurance are. Less than one household out of seven has credit access in urban India. Overall, financial inclusion index from formal sources for households, $FII_F^H$, is better for urban (with a value of 0.29) compared to rural (with a value of 0.18).

A state-wise analysis of demand for financial services from formal sources (Tables 6, 7 and 8) shows huge disparity across states with values ranging from 0.07 (Bihar) to 0.45 (Kerala). A careful examination of the regional disparity in the level of financial inclusion shows that southern states perform better than states of other region. The next best performers

[12] For example, in the case of BSR there are two categories of borrowers - small (less than Rs. 2 lakh) and others. With regard to saving accounts, there are no classifications as per amount.

[13] Informal sector is defined as all other non-institutional sources, like chit fund, money lender or friends and relatives.

are western and northern states, while the index value for eastern and northeastern states are below the all India average of 0.208. Some states/union territories with good ranking are Kerala, Andaman, Chandigarh, Himachal Pradesh, Pondicherry, Maharashtra, Lakshadweep, Tamil Nadu, Daman, Punjab, Gujarat, and Goa. Across the three better-off regions, saving and insurance coverage has been relatively higher for states of Punjab, Himachal Pradesh, Kerela, Tamil Nadu and Maharashtra as also in all the union territories.

All north-eastern and eastern states rank at the bottom heap, with Sikkim being an exception with its index value close to the all India average. Nagaland (with a relatively good insurance coverage) and Tripura are better covered by the formal sources as compared to their neighboring states but they are still much below the national average. Relatively poorer states like Bihar, Jharkhand, Chhattisgarh, Orissa, Rajasthan, Uttar Pradesh, and Madhya Pradesh are well below than the all India average. However, some states like Orissa, Chhattisgarh, and Madhya Pradesh have relatively better access to formal credit.

As discussed earlier, $FII_F^H$ constitutes the three components of savings, credit and insurance. However, a good access to one of these components does not imply good access to another component, nor does a better average value imply good access to each of these three components. Some states like Andaman, Chandigarh and Himachal Pradesh rank high on the composite index due to good saving and insurance coverage although they have very poor credit access, whereas Pondicherry has good credit and insurance but does not have a good saving coverage in the formal sector.

Surprisingly, some well performing states/union territories like Delhi, Chandigarh, Karnataka and Uttranchal are also not showing a fair level of access to financial services for their rural population. It is observed that states of Jharkhand, Meghalaya, Mizoram and Arunachal Pradesh have almost three-to-four times higher access to financial services in the urban areas as compared to their rural areas. The financial access in the urban sector in fourteen states is almost double the access in its rural counterparts. The relatively higher financial access in urban compared to rural areas in the states of Kerala, Goa, Punjab, Himachal Pradesh, Andaman, Tamil Nadu, Delhi and Maharashtra are less than one-fourth.

Informal sources in the financial market play a very crucial role in providing services like savings and credit, particularly in the credit market in India (Tables 9 and 10). Approximately a quarter of the total households in India take loans from the informal sources, while this proportion is less than one-fifth for formal sources. The proportion of rural households being dependent on informal sources for credit is higher (27.5 percent). Urban reliance on informal sources for credit (18.2 percent) is lower in comparison to rural areas, but it is still very high than formal sources (13.8 percent). Informal saving methods (like promissory notes, pledge of bullion & ornaments among some other alternatives) are not in fashion. This fraction varies from 3 percent in rural India to less than 6 percent in urban India.

The state-wise examination reveals that almost all the major states of India showed high dependence on informal sources for credit (Tables 11, 12 and 13). However, the states like Himachal Pradesh, Goa, Maharashtra and Chandigarh, where formal financial system is well penetrated, had low demand for informal sources. This argument can be validated when we look at the better formal sector ranking for these states, which perhaps points out that the formal sources have met the demand for financial services by households.

To have clear picture with regard to both sources of credit, the access to credit has been further evaluated at composite level of credit sources *viz.* formal, informal and both in a mutually exclusive manner[14]. The above categorization enables us to understand the dimensional aspects in financial inclusion. Access to formal sources of credit by household indicates availability and accessibility of credit, whereas dependence on informal sources points out that credit is either not available or not accessible, but at the same time being affordable. The combined category of access to credit from both sources reveals the possibility of either inadequate or untimely credit access from formal sources.

### 3.3 What is Overall Status of Financial Inclusion?

It is very difficult to measure the actual situation of financial inclusion either based only on banking outreach or only household level access. Both the data sources have their own limitations. In the former case, the information was limited because data from formal sources like co-operatives and post-offices could not be used. By design, it also excluded data from informal sources. The latter data source looked into household level information on

[14] In this section, the term formal and informal classify the section of households who have exclusively availed credit only from formal and informal sources respectively. The term both is intended to refer to the households who have availed credit both these sources.

access or usage for saving, credit and insurance from formal sources and saving and credit from informal sources.

Reliance on informal sources of credit also indirectly raises the questions of affordability, inadequacy and timeliness of the formal sources. In both the cases, one observes a lot of variation across states, between rural and urban regions within a region of a state for the different indicators considered. To get a comprehensive picture and a broader understanding, the attempt is to use both the data sets as complementary to each other. This is illustrated first by giving brief summary of overall status of financial inclusion across states/UTs from both supply and demand side in Table 1, followed by taking examples of some states.

Goa: Here the supply side indicators show average two deposit accounts per person whereas only 40 percent households of total population have access to saving facility in formal system. In terms of credit accounts, it shows similar kind of picture, even with highest density of bank branches available. Role of informal sector in credit services is not very noteworthy. There is a need to encourage extension of credit access. In case of rural-urban divide, urban has high disparity as evident from highest number of accounts per person but very lesser number of household coverage than the state average. It supports the proposition of holding multiple bank accounts by an individual or household.

Chandigarh: With respect to deposit accounts, the state performance is average two accounts per capita while only half of the households have saving facilities from institutional sources. A more contrasting situation is seen in case of access to credit, where the supply side indicators show that the state has the highest number of accounts per person but demand side disproves this with below average performance. While it uses highest amount of credit per account, which clearly indicates the high inequality within the area. Rural case is even worse.

Delhi: Delhi is the extreme case showing opposite results from both sides. As per supply side, it is the second best performer for the composite index with attractive performance at almost all the indicators. On the contrary, demand side results reveal a sorry state of affairs indicating one of the worst performers, thereby pushing it to the bottom in terms of credit coverage from formal sources, while below average performance for saving and insurance outreach. It also has the highest average deposit and credit amount per account, which apparently hints toward some big clients for their financial services, especially in the urban area. While relatively small consumers/customers rely heavily on informal sources for their credit requirements. These may be the possible reason for dependence of more than 80 percent household for credit access from non-institutional sources.

Kerala: Kerala depicts completely different and very interesting set-up. The supply side analysis shows 0.674 deposit accounts per person. Surprisingly, demand side analysis also confirms the same with more than 55 percent of households have saving facility that means either Kerala has fairly equally distributed services, or it has some other formal institutions other than banks for saving, like post-offices, cooperatives, MFIs, SHGs or some other formal sources. In case of credit accounts, demand side shows higher penetration than supply side, which also indicates the presence of other formal sources than the banks and RRBs. It seems more appealing when we analyze the rural sector of Kerala, where the supply side show poor performance and it stands at bottom in ranking for number of deposit and credit account, and availability of bank branches, whereas demand side shows it as one of the top performer. This might be possible due to the presence of other formal sources thereby reducing its dependence on informal sources of credit. Another two indicators (high average amount of deposit and credit per account) shows a skewed access to only a small set of rich people in the banking sector. More interestingly, Kerala also has high demand of financial services from informal sources.

Gujarat and Maharashtra: Gujarat and Maharashtra also depict similar picture as Kerala, with even more high average credit amount per account. The likely cause for this could be the presence of relatively high level of industry and corporations in both Maharashtra and Gujarat. Rural Punjab and Haryana are also in line with Maharashtra and Gujarat, but they also have high levels of informal infiltration as well.

Tamil Nadu, Pondicherry and Andhra Pradesh show high penetration of access to credit from demand side than supply side, and with low average amount of credit, similar to that of Kerala, especially in the rural areas. But the striking feature in these states is that they also have very high level of credit access from informal sources in contrast to Kerala and Maharashtra. It points out either inadequate or untimely provision of formal credit services or some other obstacles like requirement of collaterals for supply of credit.

Meghalaya: With very low number of deposit and credit accounts from both supply and demand sides, but with fairly good amount of average deposit and credit per account, it shows a small but rich section of people having access to both deposit and credit facilities. This inequality is more prominent in urban Meghalaya. That is why, most of the households avail credit from informal sources, despite reasonable presence of bank branches, especially in the rural areas. The north-eastern states also have a problem of accessibility due to its geographical terrain.

Sikkim: Sikkim is fairly better performer than its neighboring states in terms of some of the supply side indicators like higher density of bank branches and high average amount of deposit per account mainly due to relatively better performance in its urban areas. But, its large population still depends upon informal credit to a large extent, especially in rural areas.

In most of the cases, it is observed that although some states have good availability of banks, and high numbers of deposit and credit accounts, but these services are mostly confined to a smaller set of people, who use them more, while the rest of the population has to rely on informal sources. The situation is depressing in case of less developed states like Bihar, Chhattisgarh, Uttar Pradesh, Manipur, Rajasthan, and Madhya Pradesh among others, who have performed poorly on all the fronts both from banking outreach and household level access.

## 4. Concluding Remarks

This study attempts to measure and understand financial inclusion by looking at supply of (banking outreach indicators such as number of deposit and credit accounts, number of bank branches, average deposit and credit amount per account and credit utilized) and demand for (indicators of household level access such as the proportion of households having saving, credit and insurance facilities from formal as also informal sources) financial services. Separate composite Financial Inclusion Indices (FIIs) using both the data sets are calculated for the year 2002-03 (as the most recent household level data available is for this year) for all the States/Union Territories of India and used as complementary to each other to get a comprehensive picture. In both the cases, one observes a lot of variation across states, for rural and urban regions. Even within a state, differences are clearly evident between rural and urban areas for the different indicators considered. The presence of informal sector in providing financial services is significant, especially in rural areas.

Thus, from a policy perspective, two things are relevant. One is to widen the ambit of policy initiatives under financial inclusion, which will reduce the dependency on informal source of financial services, particularly credit. Second, is to provide greater focus on vulnerable states/regions in providing access to financial services on which they are lagging. From a research's point of view, data from multiple formal sources (public as well as private providers of saving, credit and insurance) should be made available in user-friendly compatible formats. Truly, there is need for *A Hundred Small Steps*, but without losing sight of the most vulnerable groups, regions or states.

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Table 1: FII across States (Overall, Rural and Urban) and their Ranks using Six Indicators of Banking Outreach

| States/Regions | Overall State | | Rural | | Urban | |
|---|---|---|---|---|---|---|
| | Index | Rank | Index | Rank | Index | Rank |
| Northern Region | 1.13 | | 1.28 | | 1.18 | |
| Haryana | 0.91 | 15 | 0.88 | 14 | 0.99 | 12 |
| Himachal Pradesh | 1.07 | 10 | 1.43 | 4 | 1.27 | 7 |
| Jammu & Kashmir | 0.87 | 17 | 1.02 | 9 | 0.86 | 17 |
| Punjab | 1.14 | 6 | 1.35 | 5 | 1.11 | 8 |
| Rajasthan | 0.69 | 25 | 0.66 | 25 | 0.79 | 23 |
| Chandigarh | 2.99 | 1 | 1.88 | 3 | 2.10 | 1 |
| Delhi | 2.35 | 2 | 3.32 | 1 | 1.67 | 3 |
| North-Eastern Region | 0.68 | | 0.98 | | 0.80 | |
| Arunachal Pradesh | 0.68 | 27 | 0.88 | 15 | 0.58 | 31 |
| Assam | 0.71 | 23 | 0.77 | 20 | 0.83 | 21 |
| Manipur | 0.48 | 32 | 0.43 | 32 | 0.53 | 32 |
| Meghalaya | 0.77 | 20 | 0.76 | 21 | 0.89 | 16 |
| Mizoram | 0.80 | 18 | 1.00 | 10 | 0.67 | 30 |
| Nagaland | 0.60 | 30 | 0.48 | 31 | 0.74 | 28 |
| Tripura | 0.76 | 21 | 0.85 | 16 | 0.85 | 19 |
| Eastern Region | 0.68 | | 0.84 | | 0.87 | |
| Bihar | 0.52 | 31 | 0.53 | 30 | 0.78 | 24 |
| Jharkhand | 0.69 | 24 | 0.74 | 22 | 0.73 | 29 |
| Orissa | 0.72 | 22 | 0.78 | 19 | 0.86 | 18 |
| Sikkim | 0.98 | 12 | 1.04 | 8 | 1.35 | 5 |
| West Bengal | 0.80 | 19 | 0.66 | 24 | 0.90 | 15 |
| Andaman & Nicobar Is | 1.05 | 11 | 1.29 | 6 | 0.85 | 20 |
| Central Region | 0.67 | | 0.85 | | 0.80 | |
| Chhattisgarh | 0.64 | 29 | 0.59 | 28 | 0.75 | 26 |
| Madhya Pradesh | 0.68 | 26 | 0.63 | 27 | 0.75 | 27 |
| Uttar Pradesh | 0.65 | 28 | 0.64 | 26 | 0.76 | 25 |
| Uttaranchal | 0.95 | 13 | 0.99 | 11 | 0.99 | 11 |
| Western Region | 1.23 | | 1.01 | | 1.21 | |
| Goa | 1.92 | 3 | 2.44 | 2 | 1.44 | 4 |
| Gujarat | 0.94 | 14 | 0.84 | 17 | 0.94 | 14 |
| Maharashtra | 1.36 | 4 | 0.70 | 23 | 1.31 | 6 |
| Southern Region | 1.03 | | 1.04 | | 1.14 | |
| Andhra Pradesh | 0.90 | 16 | 0.82 | 18 | 0.99 | 10 |
| Karnataka | 1.07 | 9 | 0.93 | 12 | 1.10 | 9 |
| Kerala | 1.15 | 5 | 0.55 | 29 | 1.82 | 2 |
| Tamil Nadu | 1.08 | 8 | 0.90 | 13 | 0.99 | 13 |
| Pondicherry | 1.10 | 7 | 1.24 | 7 | 0.83 | 22 |

Source: Calculated from *Basic Statistical Returns of Schedule Commercial Banks in India*, 2002-03

Table 2: Indicators of Banking Outreach and their Ranks across States (Overall)

| States/UTs/Regions | Deposit a/c per person | Rank | Credit a/c per person | Rank | Branches per person | Rank | Avg Rs per Deposits a/c | Rank | Avg Rs per Credit a/c | Rank | Credit Utilized | Rank |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Northern Region | 0.587 | - | 0.051 | - | 0.083 | - | 376.5 | - | 990.9 | - | 0.99 | - |
| Haryana | 0.535 | 9 | 0.048 | 16 | 0.076 | 16 | 240.6 | 21 | 1324.7 | 7 | 1.32 | 5 |
| Himachal Pradesh | 0.688 | 6 | 0.057 | 12 | 0.131 | 3 | 239.9 | 23 | 1522.7 | 19 | 1.52 | 3 |
| Jammu and Kashmir | 0.489 | 13 | 0.041 | 17 | 0.083 | 13 | 262.7 | 16 | 1066.4 | 8 | 1.07 | 21 |
| Punjab | 0.825 | 4 | 0.059 | 11 | 0.109 | 5 | 283.0 | 13 | 1046.6 | 5 | 1.05 | 22 |
| Rajasthan | 0.308 | 22 | 0.039 | 19 | 0.060 | 22 | 200.9 | 28 | 1087.2 | 15 | 1.09 | 20 |
| Chandigarh | 1.950 | 1 | 0.115 | 3 | 0.235 | 2 | 525.8 | 3 | 980.5 | 1 | 0.98 | 29 |
| Delhi | 1.324 | 3 | 0.088 | 9 | 0.112 | 4 | 776.8 | 1 | 899.1 | 2 | 0.90 | 31 |
| North-Eastern Region | 0.267 | - | 0.031 | - | 0.050 | - | 198.8 | - | 1756.6 | - | 1.76 | - |
| Arunachal Pradesh | 0.308 | 21 | 0.028 | 27 | 0.063 | 20 | 248.2 | 19 | 1333.0 | 29 | 1.33 | 4 |
| Assam | 0.284 | 25 | 0.026 | 30 | 0.047 | 29 | 169.9 | 32 | 2104.7 | 25 | 2.10 | 2 |
| Manipur | 0.116 | 32 | 0.015 | 31 | 0.034 | 32 | 231.8 | 24 | 1006.4 | 26 | 1.01 | 27 |
| Meghalaya | 0.285 | 24 | 0.031 | 25 | 0.078 | 15 | 323.8 | 9 | 1096.9 | 13 | 1.10 | 19 |
| Mizoram | 0.153 | 30 | 0.031 | 26 | 0.089 | 9 | 474.8 | 5 | 1110.3 | 22 | 1.11 | 17 |
| Nagaland | 0.139 | 31 | 0.014 | 32 | 0.036 | 31 | 439.1 | 6 | 1002.6 | 24 | 1.00 | 28 |
| Tripura | 0.320 | 19 | 0.097 | 5 | 0.057 | 24 | 204.9 | 27 | 908.5 | 32 | 0.91 | 30 |
| Eastern Region | 0.323 | - | 0.042 | - | 0.053 | - | 220.3 | - | 1081.1 | - | 1.08 | - |
| Bihar | 0.227 | 29 | 0.028 | 28 | 0.043 | 30 | 174.6 | 30 | 1025.8 | 31 | 1.03 | 25 |
| Jharkhand | 0.317 | 20 | 0.039 | 20 | 0.055 | 26 | 251.8 | 18 | 1231.1 | 27 | 1.23 | 9 |
| Orissa | 0.282 | 27 | 0.064 | 10 | 0.061 | 21 | 192.6 | 29 | 1180.9 | 30 | 1.18 | 10 |
| Sikkim | 0.294 | 23 | 0.036 | 23 | 0.089 | 10 | 635.3 | 2 | 1132.5 | 12 | 1.13 | 14 |
| West Bengal | 0.442 | 17 | 0.048 | 15 | 0.057 | 25 | 242.7 | 20 | 1044.4 | 9 | 1.04 | 23 |
| Andaman & Nicobar Islands | 0.476 | 14 | 0.034 | 24 | 0.087 | 12 | 330.2 | 8 | 2449.0 | 11 | 2.45 | 1 |
| Central Region | 0.351 | - | 0.038 | - | 0.054 | - | 193.5 | - | 1157.7 | - | 1.16 | - |
| Chhattisgarh | 0.235 | 28 | 0.027 | 29 | 0.050 | 27 | 240.0 | 22 | 1246.3 | 18 | 1.25 | 7 |
| Madhya Pradesh | 0.282 | 26 | 0.037 | 22 | 0.058 | 23 | 220.8 | 25 | 1111.3 | 16 | 1.11 | 16 |
| Uttar Pradesh | 0.377 | 18 | 0.039 | 21 | 0.050 | 28 | 173.7 | 31 | 1176.1 | 28 | 1.18 | 11 |
| Uttaranchal | 0.621 | 8 | 0.054 | 14 | 0.102 | 7 | 297.6 | 11 | 1103.4 | 20 | 1.10 | 18 |
| Western Region | 0.524 | - | 0.051 | - | 0.071 | - | 424.2 | - | 880.0 | - | 0.88 | - |
| Goa | 1.887 | 2 | 0.095 | 7 | 0.251 | 1 | 356.5 | 7 | 1150.5 | 4 | 1.15 | 12 |
| Gujarat | 0.475 | 15 | 0.040 | 18 | 0.074 | 17 | 299.6 | 10 | 1249.3 | 6 | 1.25 | 6 |
| Maharashtra | 0.530 | 10 | 0.055 | 13 | 0.067 | 19 | 485.8 | 4 | 826.4 | 3 | 0.83 | 32 |
| Southern Region | 0.518 | - | 0.110 | - | 0.084 | - | 253.3 | - | 1073.7 | - | 1.07 | - |
| Andhra Pradesh | 0.445 | 16 | 0.096 | 6 | 0.070 | 18 | 215.2 | 26 | 1111.8 | 23 | 1.11 | 15 |
| Karnataka | 0.523 | 11 | 0.110 | 4 | 0.093 | 8 | 272.5 | 15 | 1140.9 | 14 | 1.14 | 13 |
| Kerala | 0.674 | 7 | 0.122 | 2 | 0.109 | 6 | 277.3 | 14 | 1018.8 | 21 | 1.02 | 26 |
| Tamil Nadu | 0.520 | 12 | 0.123 | 1 | 0.079 | 14 | 260.2 | 17 | 1026.6 | 10 | 1.03 | 24 |
| Pondicherry | 0.757 | 5 | 0.091 | 8 | 0.087 | 11 | 290.2 | 12 | 1239.8 | 17 | 1.24 | 8 |
| All India | 0.434 | - | 0.058 | - | 0.066 | - | 286.1 | - | 1000.0 | | 1.00 | |

Note: a/c denotes accounts, Avg denotes average, Rs denotes Rupees. Credit utilized is as a ratio of credit sanctioned

Source: As in Table 1

Table 3: Indicators of Banking Outreach and their Ranks across States (Rural)

| States/UTs/Regions | Deposit a/c per person | Rank | Credit a/c per person | Rank | Branches per person | Rank | Avg Rs per Deposits a/c | Rank | Avg Rs per Credit a/c | Rank | Credit Utilized | Rank |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Northern Region | 0.024 | -- | 0.029 | -- | 0.056 | -- | 181.36 | -- | 621.4 | -- | 1.667 | -- |
| Haryana | 0.020 | 14 | 0.027 | 17 | 0.047 | 19 | 159.89 | 14 | 570.9 | 5 | 1.799 | 6 |
| Himachal Pradesh | 0.060 | 3 | 0.050 | 8 | 0.120 | 3 | 187.63 | 9 | 556.0 | 7 | 1.381 | 14 |
| Jammu and Kashmir | 0.034 | 8 | 0.029 | 15 | 0.076 | 6 | 205.46 | 6 | 464.7 | 10 | 1.224 | 17 |
| Punjab | 0.039 | 6 | 0.036 | 11 | 0.070 | 9 | 216.50 | 5 | 1193.4 | 2 | 1.083 | 27 |
| Rajasthan | 0.013 | 24 | 0.025 | 18 | 0.043 | 22 | 126.45 | 21 | 365.0 | 13 | 1.054 | 28 |
| Chandigarh | 0.055 | 5 | 0.022 | 24 | 0.098 | 4 | 308.41 | 1 | 1017.5 | 3 | 7.129 | 2 |
| Delhi | 0.064 | 2 | 0.018 | 29 | 0.062 | 14 | 288.95 | 3 | 1669.2 | 1 | 26.268 | 1 |
| North-Eastern Region | 0.015 | - | 0.021 | - | 0.038 | - | 103.49 | - | 225.9 | - | 3.564 | - |
| Arunachal Pradesh | 0.024 | 10 | 0.024 | 21 | 0.064 | 12 | 193.02 | 7 | 335.4 | 16 | 1.698 | 7 |
| Assam | 0.016 | 23 | 0.016 | 30 | 0.034 | 28 | 87.02 | 32 | 282.0 | 21 | 4.705 | 4 |
| Manipur | 0.004 | 31 | 0.009 | 31 | 0.026 | 30 | 109.26 | 29 | 292.3 | 19 | 1.020 | 30 |
| Meghalaya | 0.017 | 21 | 0.025 | 20 | 0.070 | 10 | 156.37 | 16 | 243.7 | 23 | 1.482 | 11 |
| Mizoram | 0.012 | 28 | 0.031 | 13 | 0.134 | 2 | 189.87 | 8 | 362.4 | 14 | 1.181 | 22 |
| Nagaland | 0.003 | 32 | 0.005 | 32 | 0.022 | 31 | 170.51 | 12 | 292.1 | 20 | 1.249 | 16 |
| Tripura | 0.017 | 22 | 0.081 | 2 | 0.045 | 20 | 137.11 | 18 | 98.6 | 32 | 1.004 | 31 |
| Eastern Region | 0.017 | - | 0.033 | - | 0.040 | - | 120.44 | - | 186.0 | - | 1.223 | - |
| Bihar | 0.013 | 27 | 0.020 | 26 | 0.034 | 29 | 117.29 | 23 | 188.9 | 29 | 1.051 | 29 |
| Jharkhand | 0.018 | 19 | 0.033 | 12 | 0.047 | 18 | 159.47 | 15 | 175.1 | 30 | 1.829 | 5 |
| Orissa | 0.019 | 16 | 0.052 | 7 | 0.051 | 15 | 113.00 | 25 | 211.0 | 28 | 1.184 | 21 |
| Sikkim | 0.017 | 20 | 0.025 | 19 | 0.075 | 7 | 293.69 | 2 | 559.1 | 6 | 1.455 | 12 |
| West Bengal | 0.020 | 15 | 0.038 | 9 | 0.039 | 26 | 112.72 | 26 | 166.1 | 31 | 1.148 | 23 |
| Andaman & Nicobar Islands | 0.027 | 9 | 0.021 | 25 | 0.071 | 8 | 175.65 | 11 | 534.6 | 9 | 6.734 | 3 |
| Central Region | 0.019 | - | 0.027 | - | 0.040 | - | 109.45 | - | 258.0 | - | 1.144 | - |
| Chhattisgarh | 0.013 | 26 | 0.020 | 27 | 0.042 | 24 | 126.30 | 22 | 257.8 | 22 | 1.210 | 19 |
| Madhya Pradesh | 0.011 | 29 | 0.022 | 23 | 0.043 | 23 | 132.38 | 19 | 333.8 | 17 | 1.116 | 25 |
| Uttar Pradesh | 0.022 | 12 | 0.030 | 14 | 0.037 | 27 | 100.70 | 31 | 234.8 | 25 | 1.143 | 24 |
| Uttaranchal | 0.037 | 7 | 0.038 | 10 | 0.083 | 5 | 151.49 | 17 | 320.2 | 18 | 1.210 | 18 |
| Western Region | 0.016 | - | 0.026 | - | 0.045 | - | 154.31 | - | 511.1 | - | 1.259 | - |
| Goa | 0.144 | 1 | 0.069 | 3 | 0.227 | 1 | 266.31 | 4 | 661.4 | 4 | 1.484 | 10 |
| Gujarat | 0.018 | 17 | 0.027 | 16 | 0.048 | 17 | 186.29 | 10 | 446.9 | 11 | 1.530 | 9 |
| Maharashtra | 0.013 | 25 | 0.024 | 22 | 0.041 | 25 | 113.62 | 24 | 547.6 | 8 | 1.105 | 26 |
| Southern Region | 0.019 | - | 0.057 | - | 0.045 | - | 116.26 | - | 265.7 | - | 1.308 | - |
| Andhra Pradesh | 0.018 | 18 | 0.067 | 5 | 0.044 | 21 | 100.96 | 30 | 229.3 | 26 | 1.254 | 15 |
| Karnataka | 0.024 | 11 | 0.056 | 6 | 0.063 | 13 | 110.78 | 28 | 337.1 | 15 | 1.555 | 8 |
| Kerala | 0.008 | 30 | 0.019 | 28 | 0.015 | 32 | 163.27 | 13 | 379.8 | 12 | 0.950 | 32 |
| Tamil Nadu | 0.021 | 13 | 0.069 | 4 | 0.050 | 16 | 131.05 | 20 | 243.2 | 24 | 1.208 | 20 |
| Pondicherry | 0.057 | 4 | 0.089 | 1 | 0.064 | 11 | 111.87 | 27 | 216.6 | 27 | 1.399 | 13 |
| All India | 0.018 | - | 0.034 | - | 0.043 | - | 129.09 | - | 302.2 | - | 1.380 | - |

Note: a/c denotes accounts, Avg denotes average, Rs denotes Rupees. Credit utilized is as a ratio of credit sanctioned
Source: As in Table 1

Table 4: Indicators of Banking Outreach and their Ranks across States (Urban)

| States/UTs/Regions | Deposit a/c per person | Rank | Credit a/c per person | Rank | Branches per person | Rank | Avg Rs per Deposits a/c | Rank | Avg Rs per Credit a/c | Rank | Credit Utilized | Rank |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Northern Region | 0.127 | - | 0.093 | - | 0.137 | - | 450.6 | - | 3585.9 | - | 0.92 | - |
| Haryana | 0.135 | 7 | 0.098 | 15 | 0.148 | 10 | 270.1 | 29 | 1611.3 | 11 | 1.21 | 5 |
| Himachal Pradesh | 0.148 | 5 | 0.118 | 11 | 0.228 | 4 | 435.0 | 9 | 1358.5 | 13 | 1.75 | 1 |
| Jammu and Kashmir | 0.093 | 22 | 0.077 | 24 | 0.105 | 25 | 327.1 | 18 | 1930.9 | 10 | 1.02 | 25 |
| Punjab | 0.168 | 4 | 0.102 | 12 | 0.185 | 6 | 312.9 | 20 | 1967.0 | 8 | 1.03 | 23 |
| Rajasthan | 0.089 | 27 | 0.086 | 21 | 0.116 | 18 | 236.6 | 35 | 1218.9 | 18 | 1.10 | 12 |
| Chandigarh | 0.211 | 3 | 0.126 | 9 | 0.251 | 3 | 532.3 | 5 | 9911.2 | 1 | 0.97 | 30 |
| Delhi | 0.137 | 6 | 0.093 | 17 | 0.116 | 19 | 793.5 | 2 | 7809.7 | 2 | 0.82 | 36 |
| North-Eastern Region | 0.091 | - | 0.082 | - | 0.112 | - | 280.8 | - | 814.8 | - | 1.06 | - |
| Arunachal Pradesh | 0.056 | 35 | 0.039 | 35 | 0.057 | 36 | 339.5 | 15 | 768.1 | 32 | 0.96 | 31 |
| Assam | 0.115 | 12 | 0.090 | 19 | 0.132 | 12 | 245.2 | 34 | 872.6 | 29 | 1.10 | 11 |
| Manipur | 0.034 | 36 | 0.036 | 36 | 0.066 | 35 | 275.9 | 28 | 680.6 | 35 | 1.00 | 29 |
| Meghalaya | 0.076 | 31 | 0.057 | 33 | 0.115 | 21 | 475.7 | 8 | 1960.3 | 9 | 1.01 | 26 |
| Mizoram | 0.019 | 37 | 0.032 | 37 | 0.043 | 37 | 660.3 | 3 | 905.9 | 28 | 1.08 | 14 |
| Nagaland | 0.065 | 34 | 0.055 | 34 | 0.099 | 31 | 503.2 | 6 | 706.7 | 33 | 0.95 | 32 |
| Tripura | 0.106 | 17 | 0.172 | 6 | 0.117 | 17 | 257.1 | 32 | 358.3 | 37 | 0.85 | 35 |
| Eastern Region | 0.100 | - | 0.083 | - | 0.107 | - | 291.7 | - | 1492.4 | - | 1.05 | - |
| Bihar | 0.108 | 13 | 0.094 | 16 | 0.128 | 13 | 232.5 | 37 | 591.0 | 36 | 1.01 | 28 |
| Jharkhand | 0.081 | 29 | 0.061 | 30 | 0.084 | 34 | 322.0 | 19 | 1154.8 | 20 | 1.06 | 18 |
| Orissa | 0.081 | 30 | 0.130 | 8 | 0.120 | 15 | 297.9 | 23 | 860.6 | 30 | 1.18 | 7 |
| Sikkim | 0.125 | 9 | 0.134 | 7 | 0.200 | 5 | 1016.8 | 1 | 1313.5 | 16 | 0.93 | 33 |
| West Bengal | 0.107 | 16 | 0.073 | 28 | 0.101 | 28 | 304.8 | 21 | 2293.7 | 7 | 1.03 | 22 |
| Andaman & Nicobar Islands | 0.090 | 26 | 0.060 | 31 | 0.120 | 14 | 424.4 | 10 | 1239.6 | 17 | 1.13 | 9 |
| Central Region | 0.091 | - | 0.075 | - | 0.101 | - | 255.6 | - | 1027.6 | - | 1.16 | - |
| Chhattisgarh | 0.066 | 33 | 0.058 | 32 | 0.085 | 33 | 329.1 | 17 | 1355.4 | 14 | 1.26 | 2 |
| Madhya Pradesh | 0.075 | 32 | 0.076 | 25 | 0.102 | 27 | 257.9 | 31 | 1165.4 | 19 | 1.11 | 10 |
| Uttar Pradesh | 0.098 | 20 | 0.075 | 27 | 0.100 | 30 | 235.2 | 36 | 931.1 | 27 | 1.19 | 6 |
| Uttaranchal | 0.134 | 8 | 0.101 | 13 | 0.156 | 8 | 415.0 | 11 | 1039.5 | 23 | 1.07 | 17 |
| Western Region | 0.105 | - | 0.087 | - | 0.110 | - | 483.3 | - | 4874.7 | - | 0.86 | - |
| Goa | 0.234 | 2 | 0.122 | 10 | 0.274 | 2 | 412.5 | 12 | 2296.8 | 6 | 1.10 | 13 |
| Gujarat | 0.096 | 21 | 0.062 | 29 | 0.118 | 16 | 335.6 | 16 | 2434.9 | 5 | 1.21 | 4 |
| Maharashtra | 0.107 | 15 | 0.098 | 14 | 0.103 | 26 | 546.9 | 4 | 5636.0 | 3 | 0.82 | 37 |
| Southern Region | 0.118 | - | 0.216 | - | 0.160 | - | 296.0 | - | 1063.2 | - | 1.04 | - |
| Andhra Pradesh | 0.116 | 11 | 0.173 | 5 | 0.141 | 11 | 261.7 | 30 | 1030.4 | 25 | 1.08 | 15 |
| Karnataka | 0.107 | 14 | 0.215 | 3 | 0.153 | 9 | 342.4 | 14 | 1043.2 | 22 | 1.07 | 16 |
| Kerala | 0.237 | 1 | 0.416 | 1 | 0.377 | 1 | 288.0 | 26 | 691.4 | 34 | 1.02 | 24 |
| Tamil Nadu | 0.091 | 24 | 0.192 | 4 | 0.115 | 20 | 298.5 | 22 | 1343.3 | 15 | 1.01 | 27 |
| Pondicherry | 0.085 | 28 | 0.093 | 18 | 0.099 | 32 | 350.5 | 13 | 1034.5 | 24 | 1.22 | 3 |
| All India | 0.108 | - | 0.119 | - | 0.125 | - | 355.5 | - | 1998.9 | - | 0.96 | - |

Note: a/c denotes accounts, Avg denotes average, Rs denotes Rupees. Credit utilized is as a ratio of credit sanctioned
Source: As in Table 1

Table 5: FII of Demand for Financial Services at All India using Household Level Access for Saving, Credit and Insurance by Source

| Sources | Total/Rural/Urban | Saving | Credit | Insurance | Index† |
|---|---|---|---|---|---|
| Formal | All India (Total) | 0.312 | 0.184 | 0.128 | 0.208 |
| | All India (Rural) | 0.251 | 0.202 | 0.081 | 0.178 |
| | All India (Urban) | 0.475 | 0.138 | 0.252 | 0.288 |
| Informal | All India (Total) | 0.037 | 0.250 | - | 0.143 |
| | All India (Rural) | 0.029 | 0.275 | - | 0.152 |
| | All India (Urban) | 0.058 | 0.182 | - | 0.120 |
| Combined (Formal and Informal)# | All India (Total) | 0.328 | 0.391 | 0.128 | 0.282 |
| | All India (Rural) | 0.265 | 0.427 | 0.081 | 0.257 |
| | All India (Urban) | 0.496 | 0.296 | 0.252 | 0.348 |

Note: FII denotes Financial Inclusion Index; it lies between zero (no inclusion) and unity (full inclusion). Saving, Credit and Insurance are incidences that also lie between zero and unity.

† The calculation of the Index (FII) is a simple average of the incidences given for Saving, Credit and Insurance. For Informal sources, the Index has been calculated by taking the average of Saving and Credit.

# Formal and informal do not add up to combined, as they are not mutually exclusive.

Source: Calculated from unit-level data of National Sample Survey's Schedule no. 18.2, 59th Round (July 1, 2002 – June 30, 2003), *All India Debt and Investment Survey*.

Table 6: FII of Demand for Financial Services across States (Overall) and Its Ranks using Household Level Access for Saving, Credit and Insurance from Formal Sources

| States/UTs/Regions | Saving | Rank | Credit | Rank | Insurance | Rank | Index | Rank |
|---|---|---|---|---|---|---|---|---|
| Northern Region | 0.324 | - | 0.142 | - | 0.138 | - | 0.201 | - |
| Haryana | 0.320 | 17 | 0.203 | 10 | 0.179 | 12 | 0.234 | 13 |
| Himachal | 0.646 | 2 | 0.151 | 16 | 0.220 | 9 | 0.339 | 4 |
| Jammu and Kashmir | 0.388 | 14 | 0.032 | 29 | 0.153 | 17 | 0.191 | 20 |
| Punjab | 0.500 | 7 | 0.185 | 11 | 0.136 | 23 | 0.274 | 10 |
| Rajasthan | 0.178 | 29 | 0.150 | 17 | 0.103 | 29 | 0.144 | 24 |
| Chandigarh | 0.551 | 5 | 0.067 | 22 | 0.419 | 1 | 0.346 | 3 |
| Delhi | 0.306 | 18 | 0.007 | 35 | 0.115 | 25 | 0.143 | 26 |
| North-Eastern Region | 0.207 | - | 0.041 | - | 0.153 | - | 0.134 | - |
| Arunachal Pradesh | 0.205 | 26 | 0.012 | 33 | 0.068 | 33 | 0.095 | 34 |
| Assam | 0.224 | 24 | 0.028 | 30 | 0.158 | 16 | 0.137 | 28 |
| Manipur | 0.221 | 25 | 0.014 | 32 | 0.166 | 15 | 0.134 | 30 |
| Meghalaya | 0.184 | 28 | 0.010 | 34 | 0.111 | 27 | 0.102 | 33 |
| Mizoram | 0.164 | 30 | 0.043 | 28 | 0.126 | 24 | 0.111 | 32 |
| Nagaland | 0.126 | 32 | 0.056 | 25 | 0.266 | 6 | 0.149 | 23 |
| Tripura | 0.121 | 34 | 0.164 | 13 | 0.147 | 19 | 0.144 | 25 |
| Eastern Region | 0.194 | - | 0.131 | - | 0.093 | - | 0.139 | - |
| Bihar | 0.132 | 31 | 0.065 | 23 | 0.031 | 35 | 0.076 | 35 |
| Jharkhand | 0.186 | 27 | 0.081 | 21 | 0.107 | 28 | 0.125 | 31 |
| Orissa | 0.123 | 33 | 0.221 | 6 | 0.076 | 32 | 0.140 | 27 |
| Sikkim | 0.387 | 15 | 0.058 | 24 | 0.198 | 10 | 0.214 | 15 |
| West Bengal | 0.276 | 21 | 0.157 | 15 | 0.145 | 20 | 0.193 | 19 |
| Andaman | 0.652 | 1 | 0.120 | 19 | 0.370 | 3 | 0.381 | 2 |
| Central Region | 0.257 | - | 0.158 | - | 0.075 | - | 0.164 | - |
| Chhattisgarh | 0.114 | 35 | 0.207 | 9 | 0.087 | 31 | 0.136 | 29 |
| Madhya Pradesh | 0.228 | 23 | 0.209 | 8 | 0.098 | 30 | 0.178 | 21 |
| Uttar Pradesh | 0.283 | 19 | 0.135 | 18 | 0.059 | 34 | 0.159 | 22 |
| Uttaranchal | 0.421 | 11 | 0.055 | 26 | 0.145 | 21 | 0.207 | 16 |
| Western Region | 0.475 | - | 0.228 | - | 0.181 | - | 0.295 | - |
| Goa | 0.392 | 13 | 0.094 | 20 | 0.265 | 7 | 0.250 | 12 |
| Gujarat | 0.421 | 12 | 0.178 | 12 | 0.179 | 13 | 0.259 | 11 |
| Maharashtra | 0.502 | 6 | 0.255 | 3 | 0.180 | 11 | 0.312 | 6 |
| Dadra & Nagra | 0.456 | 10 | 0.053 | 27 | 0.149 | 18 | 0.220 | 14 |
| Daman & Diu | 0.597 | 3 | 0.026 | 31 | 0.259 | 8 | 0.294 | 9 |
| Southern Region | 0.366 | - | 0.261 | - | 0.162 | - | 0.263 | - |
| Andhra Pradesh | 0.247 | 22 | 0.226 | 5 | 0.136 | 22 | 0.203 | 17 |
| Karnataka | 0.278 | 20 | 0.209 | 7 | 0.112 | 26 | 0.200 | 18 |
| Kerala | 0.568 | 4 | 0.496 | 1 | 0.273 | 5 | 0.446 | 1 |
| TamilNadu | 0.477 | 9 | 0.237 | 4 | 0.174 | 14 | 0.296 | 8 |
| Lakshadweep | 0.487 | 8 | 0.163 | 14 | 0.283 | 4 | 0.311 | 7 |
| Pondicherry | 0.361 | 16 | 0.257 | 2 | 0.394 | 2 | 0.337 | 5 |
| All India | 0.312 | - | 0.184 | - | 0.128 | - | 0.208 | - |

Note and Source: As given in Table 5

Table 7: FII of Demand for Financial Services across States (Rural) and Its Ranks using Household Level Access for Saving, Credit and Insurance from Formal Sources

| States/UTs/Regions | Saving | Rank | Credit | Rank | Insurance | Rank | Index | Rank |
|---|---|---|---|---|---|---|---|---|
| Northern Region | 0.263 | - | 0.18 | - | 0.095 | - | 0.1793 | - |
| Haryana | 0.236 | 18 | 0.238 | 5 | 0.145 | 12 | 0.2063 | 12 |
| Himachal | 0.640 | 1 | 0.151 | 16 | 0.208 | 8 | 0.3327 | 3 |
| Jammu and Kashmir | 0.325 | 14 | 0.026 | 33 | 0.116 | 15 | 0.156 | 19 |
| Punjab | 0.462 | 4 | 0.238 | 7 | 0.078 | 25 | 0.259 | 8 |
| Rajasthan | 0.119 | 26 | 0.168 | 14 | 0.056 | 25 | 0.114 | 26 |
| Chandigarh | 0.200 | 22 | 0.045 | 29 | 0.217 | 7 | 0.154 | 20 |
| Delhi | 0.238 | 16 | 0.001 | 33 | 0.109 | 15 | 0.116 | 24 |
| North-Eastern Region | 0.167 | - | 0.041 | - | 0.133 | - | 0.114 | - |
| Arunachal Pradesh | 0.179 | 22 | 0.012 | 30 | 0.031 | 32 | 0.074 | 30 |
| Assam | 0.183 | 21 | 0.027 | 27 | 0.146 | 10 | 0.119 | 23 |
| Manipur | 0.170 | 26 | 0.010 | 36 | 0.123 | 14 | 0.101 | 33 |
| Meghalaya | 0.139 | 30 | 0.009 | 37 | 0.064 | 26 | 0.071 | 36 |
| Mizoram | 0.080 | 37 | 0.034 | 31 | 0.054 | 30 | 0.056 | 38 |
| Nagaland | 0.104 | 34 | 0.063 | 25 | 0.178 | 8 | 0.115 | 28 |
| Tripura | 0.094 | 36 | 0.174 | 15 | 0.114 | 16 | 0.127 | 24 |
| Eastern Region | 0.143 | - | 0.138 | - | 0.057 | - | 0.112 | - |
| Bihar | 0.113 | 33 | 0.067 | 24 | 0.018 | 38 | 0.066 | 37 |
| Jharkhand | 0.113 | 32 | 0.082 | 22 | 0.033 | 36 | 0.076 | 34 |
| Orissa | 0.094 | 35 | 0.228 | 10 | 0.041 | 31 | 0.121 | 25 |
| Sikkim | 0.342 | 13 | 0.052 | 27 | 0.168 | 9 | 0.187 | 14 |
| West Bengal | 0.205 | 21 | 0.174 | 16 | 0.107 | 18 | 0.162 | 18 |
| Andaman | 0.633 | 1 | 0.125 | 20 | 0.296 | 2 | 0.352 | 2 |
| Central Region | 0.208 | - | 0.179 | - | 0.037 | - | 0.141 | - |
| Chhattisgarh | 0.080 | 38 | 0.220 | 12 | 0.041 | 32 | 0.114 | 31 |
| Madhya Pradesh | 0.140 | 29 | 0.233 | 9 | 0.033 | 35 | 0.135 | 23 |
| Uttar Pradesh | 0.247 | 16 | 0.155 | 18 | 0.036 | 34 | 0.146 | 21 |
| Uttaranchal | 0.406 | 9 | 0.057 | 26 | 0.084 | 24 | 0.182 | 15 |
| Western Region | 0.408 | - | 0.274 | - | 0.097 | - | 0.260 | - |
| Goa | 0.378 | 10 | 0.077 | 23 | 0.271 | 4 | 0.242 | 11 |
| Gujarat | 0.372 | 11 | 0.202 | 13 | 0.099 | 20 | 0.224 | 12 |
| Maharashtra | 0.428 | 6 | 0.317 | 2 | 0.093 | 23 | 0.279 | 3 |
| Dadra & Nagra | 0.414 | 7 | 0.051 | 28 | 0.097 | 22 | 0.187 | 13 |
| Daman & Diu | 0.523 | 3 | 0.023 | 34 | 0.233 | 6 | 0.260 | 7 |
| Southern Region | 0.322 | - | 0.281 | - | 0.124 | - | 0.242 | - |
| Andhra Pradesh | 0.189 | 23 | 0.247 | 6 | 0.100 | 19 | 0.179 | 17 |
| Karnataka | 0.246 | 17 | 0.235 | 8 | 0.063 | 27 | 0.181 | 16 |
| Kerala | 0.555 | 2 | 0.509 | 1 | 0.251 | 5 | 0.438 | 1 |
| TamilNadu | 0.437 | 5 | 0.251 | 5 | 0.133 | 11 | 0.274 | 5 |
| Lakshadweep | 0.365 | 12 | 0.119 | 21 | 0.271 | 3 | 0.251 | 9 |
| Pondicherry | 0.212 | 19 | 0.222 | 11 | 0.396 | 1 | 0.277 | 4 |
| All India | 0.251 | - | 0.202 | - | 0.081 | - | 0.178 | - |

Note and Source: As given in Table 5

Table 8: FII of Demand for Financial Services across States (Urban) and Its Ranks using Household Level Access for Saving, Credit and Insurance from Formal Sources

| States/UTs/Regions | Saving | Rank | Credit | Rank | Insurance | Rank | Index | Rank |
|---|---|---|---|---|---|---|---|---|
| Northern Region | 0.442 | - | 0.069 | - | 0.222 | - | 0.244 | - |
| Haryana | 0.539 | 15 | 0.111 | 16 | 0.266 | 25 | 0.305 | 17 |
| Himachal | 0.687 | 4 | 0.158 | 10 | 0.319 | 13 | 0.388 | 4 |
| Jammu and Kashmir | 0.590 | 7 | 0.052 | 28 | 0.272 | 23 | 0.305 | 16 |
| Punjab | 0.570 | 11 | 0.089 | 21 | 0.242 | 32 | 0.300 | 18 |
| Rajasthan | 0.370 | 28 | 0.094 | 20 | 0.253 | 28 | 0.239 | 30 |
| Chandigarh | 0.586 | 8 | 0.070 | 25 | 0.440 | 3 | 0.365 | 6 |
| Delhi | 0.318 | 32 | 0.008 | 38 | 0.116 | 38 | 0.147 | 38 |
| North-Eastern Region | 0.452 | - | 0.039 | - | 0.282 | - | 0.257 | - |
| Arunachal Pradesh | 0.368 | 29 | 0.012 | 36 | 0.301 | 16 | 0.227 | 32 |
| Assam | 0.555 | 13 | 0.033 | 34 | 0.248 | 30 | 0.278 | 20 |
| Manipur | 0.356 | 30 | 0.023 | 35 | 0.277 | 22 | 0.219 | 33 |
| Meghalaya | 0.429 | 23 | 0.011 | 37 | 0.369 | 9 | 0.270 | 22 |
| Mizoram | 0.300 | 34 | 0.057 | 27 | 0.242 | 31 | 0.200 | 36 |
| Nagaland | 0.166 | 38 | 0.042 | 31 | 0.423 | 4 | 0.210 | 34 |
| Tripura | 0.290 | 36 | 0.102 | 17 | 0.351 | 10 | 0.248 | 28 |
| Eastern Region | 0.423 | - | 0.101 | - | 0.258 | - | 0.261 | - |
| Bihar | 0.289 | 37 | 0.049 | 29 | 0.138 | 37 | 0.159 | 37 |
| Jharkhand | 0.472 | 18 | 0.075 | 23 | 0.397 | 5 | 0.315 | 13 |
| Orissa | 0.306 | 33 | 0.176 | 6 | 0.297 | 18 | 0.260 | 25 |
| Sikkim | 0.666 | 4 | 0.094 | 19 | 0.384 | 7 | 0.381 | 4 |
| West Bengal | 0.486 | 16 | 0.106 | 16 | 0.257 | 26 | 0.283 | 19 |
| Andaman | 0.688 | 3 | 0.109 | 15 | 0.508 | 2 | 0.435 | 3 |
| Central Region | 0.433 | - | 0.087 | - | 0.209 | - | 0.242 | - |
| Chhattisgarh | 0.297 | 35 | 0.134 | 12 | 0.340 | 11 | 0.257 | 27 |
| Madhya Pradesh | 0.502 | 15 | 0.133 | 13 | 0.299 | 17 | 0.311 | 14 |
| Uttar Pradesh | 0.412 | 25 | 0.062 | 26 | 0.144 | 36 | 0.206 | 35 |
| Uttaranchal | 0.482 | 17 | 0.049 | 30 | 0.380 | 8 | 0.304 | 17 |
| Western Region | 0.571 | - | 0.161 | - | 0.301 | - | 0.344 | - |
| Goa | 0.410 | 27 | 0.113 | 14 | 0.257 | 25 | 0.260 | 24 |
| Gujarat | 0.507 | 14 | 0.135 | 11 | 0.319 | 13 | 0.320 | 12 |
| Maharashtra | 0.599 | 6 | 0.173 | 7 | 0.295 | 19 | 0.356 | 9 |
| Dadra & Nagra | 0.849 | 1 | 0.071 | 24 | 0.636 | 1 | 0.519 | 1 |
| Daman & Diu | 0.747 | 2 | 0.033 | 33 | 0.311 | 14 | 0.364 | 7 |
| Southern Region | 0.468 | - | 0.212 | - | 0.251 | - | 0.310 | - |
| Andhra Pradesh | 0.410 | 26 | 0.166 | 8 | 0.239 | 33 | 0.272 | 21 |
| Karnataka | 0.343 | 31 | 0.158 | 10 | 0.211 | 34 | 0.238 | 31 |
| Kerala | 0.607 | 5 | 0.461 | 1 | 0.338 | 12 | 0.469 | 2 |
| TamilNadu | 0.557 | 12 | 0.209 | 4 | 0.256 | 27 | 0.341 | 11 |
| Lakshadweep | 0.586 | 9 | 0.199 | 5 | 0.293 | 20 | 0.359 | 8 |
| Pondicherry | 0.447 | 21 | 0.276 | 2 | 0.393 | 6 | 0.372 | 5 |
| All India | 0.475 | - | 0.138 | - | 0.252 | - | 0.288 | - |

Note and Source: As given in Table 5

Table 9: FII of Demand for Financial Services across States (Rural) and Its Ranks using Household Level Access for Saving and Credit from Informal Sources

| States/UTs/Regions | Saving | Rank | Credit | Rank | Index | Rank |
|---|---|---|---|---|---|---|
| Northern Region | 0.027 | - | 0.275 | - | 0.151 | - |
| Haryana | 0.050 | 7 | 0.245 | 10 | 0.147 | 10 |
| Himachal | 0.022 | 20 | 0.126 | 23 | 0.074 | 23 |
| Jammu and Kashmir | 0.012 | 28 | 0.030 | 35 | 0.021 | 35 |
| Punjab | 0.030 | 16 | 0.350 | 5 | 0.190 | 6 |
| Rajasthan | 0.020 | 20 | 0.334 | 5 | 0.177 | 6 |
| Chandigarh | 0.000 | 38 | 0.038 | 33 | 0.019 | 36 |
| Delhi | 0.030 | 15 | 0.036 | 29 | 0.033 | 27 |
| North-Eastern Region | 0.033 | - | 0.161 | - | 0.097 | - |
| Arunachal Pradesh | 0.011 | 26 | 0.018 | 32 | 0.014 | 33 |
| Assam | 0.036 | 10 | 0.168 | 18 | 0.102 | 18 |
| Manipur | 0.078 | 3 | 0.307 | 8 | 0.192 | 5 |
| Meghalaya | 0.003 | 37 | 0.029 | 36 | 0.016 | 37 |
| Mizoram | 0.004 | 36 | 0.058 | 31 | 0.031 | 33 |
| Nagaland | 0.035 | 12 | 0.144 | 26 | 0.089 | 25 |
| Tripura | 0.016 | 27 | 0.178 | 20 | 0.097 | 22 |
| Eastern Region | 0.025 | - | 0.231 | - | 0.128 | - |
| Bihar | 0.023 | 22 | 0.291 | 9 | 0.157 | 10 |
| Jharkhand | 0.023 | 23 | 0.099 | 28 | 0.061 | 29 |
| Orissa | 0.008 | 33 | 0.196 | 18 | 0.102 | 20 |
| Sikkim | 0.032 | 15 | 0.064 | 30 | 0.048 | 30 |
| West Bengal | 0.037 | 10 | 0.233 | 15 | 0.135 | 12 |
| Andaman | 0.038 | 9 | 0.085 | 29 | 0.061 | 28 |
| Central Region | 0.011 | - | 0.238 | - | 0.124 | - |
| Chhattisgarh | 0.006 | 35 | 0.150 | 25 | 0.078 | 27 |
| Madhya Pradesh | 0.010 | 32 | 0.245 | 11 | 0.128 | 16 |
| Uttar Pradesh | 0.012 | 29 | 0.259 | 10 | 0.136 | 11 |
| Uttaranchal | 0.006 | 34 | 0.049 | 32 | 0.028 | 34 |
| Western Region | 0.028 | - | 0.163 | - | 0.096 | - |
| Goa | 0.063 | 5 | 0.017 | 38 | 0.040 | 31 |
| Gujarat | 0.019 | 25 | 0.236 | 14 | 0.128 | 15 |
| Maharashtra | 0.032 | 14 | 0.127 | 27 | 0.080 | 26 |
| Dadra & Nagra | 0.072 | 4 | 0.159 | 24 | 0.116 | 19 |
| Daman & Diu | 0.026 | 19 | 0.206 | 17 | 0.116 | 18 |
| Southern Region | 0.049 | - | 0.426 | - | 0.237 | - |
| Andhra Pradesh | 0.042 | 8 | 0.513 | 2 | 0.278 | 2 |
| Karnataka | 0.025 | 20 | 0.312 | 7 | 0.169 | 8 |
| Kerala | 0.081 | 1 | 0.244 | 12 | 0.162 | 9 |
| TamilNadu | 0.059 | 6 | 0.465 | 3 | 0.262 | 3 |
| Lakshadweep | 0.079 | 2 | 0.179 | 19 | 0.129 | 13 |
| Pondicherry | 0.017 | 26 | 0.602 | 1 | 0.309 | 1 |
| All India | 0.029 | - | 0.275 | - | 0.152 | - |

Note and Source: As given in Table 5

Table 10: FII of Demand for Financial Services across States (Urban) and Its Ranks using Household Level Access for Saving and Credit from Informal Sources

| States/UTs/Regions | Saving | Rank | Credit | Rank | Index | Rank |
|---|---|---|---|---|---|---|
| Northern Region | 0.034 | - | 0.113 | - | 0.073 | - |
| Haryana | 0.050 | 15 | 0.197 | 8 | 0.123 | 10 |
| Himachal | 0.048 | 17 | 0.037 | 33 | 0.043 | 30 |
| Jammu and Kashmir | 0.030 | 27 | 0.013 | 35 | 0.022 | 35 |
| Punjab | 0.030 | 28 | 0.132 | 16 | 0.081 | 18 |
| Rajasthan | 0.036 | 20 | 0.177 | 9 | 0.106 | 13 |
| Chandigarh | 0.049 | 15 | 0.031 | 32 | 0.040 | 29 |
| Delhi | 0.023 | 31 | 0.027 | 33 | 0.025 | 34 |
| North-Eastern Region | 0.030 | - | 0.095 | - | 0.063 | - |
| Arunachal Pradesh | 0.034 | 23 | 0.038 | 31 | 0.036 | 30 |
| Assam | 0.023 | 32 | 0.092 | 24 | 0.058 | 25 |
| Manipur | 0.117 | 5 | 0.228 | 6 | 0.172 | 6 |
| Meghalaya | 0.001 | 38 | 0.012 | 37 | 0.007 | 38 |
| Mizoram | 0.006 | 36 | 0.059 | 27 | 0.033 | 31 |
| Nagaland | 0.025 | 30 | 0.112 | 20 | 0.069 | 22 |
| Tripura | 0.009 | 35 | 0.053 | 29 | 0.031 | 33 |
| Eastern Region | 0.038 | - | 0.160 | - | 0.099 | - |
| Bihar | 0.032 | 25 | 0.129 | 17 | 0.080 | 19 |
| Jharkhand | 0.035 | 21 | 0.051 | 30 | 0.043 | 28 |
| Orissa | 0.015 | 34 | 0.138 | 14 | 0.076 | 21 |
| Sikkim | 0.019 | 33 | 0.008 | 38 | 0.014 | 36 |
| West Bengal | 0.047 | 16 | 0.203 | 7 | 0.125 | 9 |
| Andaman | 0.056 | 11 | 0.055 | 28 | 0.056 | 27 |
| Central Region | 0.039 | - | 0.136 | - | 0.087 | - |
| Chhattisgarh | 0.026 | 29 | 0.087 | 25 | 0.057 | 26 |
| Madhya Pradesh | 0.055 | 13 | 0.120 | 19 | 0.087 | 16 |
| Uttar Pradesh | 0.034 | 22 | 0.154 | 12 | 0.094 | 15 |
| Uttaranchal | 0.006 | 37 | 0.019 | 34 | 0.012 | 37 |
| Western Region | 0.055 | - | 0.099 | - | 0.077 | - |
| Goa | 0.051 | 14 | 0.013 | 36 | 0.032 | 32 |
| Gujarat | 0.040 | 17 | 0.174 | 10 | 0.107 | 12 |
| Maharashtra | 0.061 | 10 | 0.070 | 26 | 0.066 | 23 |
| Dadra & Nagra | 0.142 | 1 | 0.104 | 21 | 0.123 | 10 |
| Daman & Diu | 0.137 | 2 | 0.125 | 18 | 0.131 | 7 |
| Southern Region | 0.096 | - | 0.329 | - | 0.213 | - |
| Andhra Pradesh | 0.069 | 8 | 0.402 | 2 | 0.236 | 3 |
| Karnataka | 0.063 | 9 | 0.193 | 8 | 0.128 | 8 |
| Kerala | 0.120 | 4 | 0.247 | 5 | 0.184 | 5 |
| TamilNadu | 0.135 | 3 | 0.372 | 3 | 0.253 | 2 |
| Lakshadweep | 0.085 | 7 | 0.143 | 13 | 0.114 | 11 |
| Pondicherry | 0.032 | 24 | 0.488 | 1 | 0.260 | 1 |
| All India | 0.058 | - | 0.182 | - | 0.120 | - |

Note and Source: As given in Table 5

Table 11: Incidence of Household Access to Credit across States (Overall) and Its Share by Source (Percent)

| States/UTs/Regions | Share | | | Household Access |
|---|---|---|---|---|
| | Formal Only | Informal Only | Both (Formal & Informal) | |
| Northern Region | 32.59 | 56.53 | 10.88 | 0.33 |
| Haryana | 36.94 | 44.94 | 18.12 | 0.37 |
| Himachal | 52.53 | 38.15 | 9.32 | 0.24 |
| Jammu and Kashmir | 53.56 | 42.48 | 3.95 | 0.06 |
| Punjab | 33.49 | 54.92 | 11.59 | 0.41 |
| Rajasthan | 28.23 | 63.73 | 8.04 | 0.41 |
| Chandigarh | 66.88 | 29.05 | 4.07 | 0.09 |
| Delhi | 18.97 | 78.93 | 2.10 | 0.04 |
| North-Eastern Region | 20.58 | 78.64 | 0.78 | 0.19 |
| Arunachal Pradesh | 33.75 | 60.10 | 6.15 | 0.03 |
| Assam | 14.07 | 84.96 | 0.97 | 0.19 |
| Manipur | 3.96 | 95.36 | 0.68 | 0.30 |
| Meghalaya | 26.34 | 73.66 | 0.00 | 0.04 |
| Mizoram | 42.06 | 57.43 | 0.50 | 0.10 |
| Nagaland | 29.48 | 70.40 | 0.11 | 0.19 |
| Tripura | 50.50 | 49.38 | 0.12 | 0.32 |
| Eastern Region | 34.03 | 60.32 | 5.65 | 0.33 |
| Bihar | 17.24 | 80.34 | 2.42 | 0.33 |
| Jharkhand | 46.62 | 51.87 | 1.50 | 0.17 |
| Orissa | 49.94 | 41.34 | 8.72 | 0.38 |
| Sikkim | 49.15 | 47.52 | 3.33 | 0.11 |
| West Bengal | 36.88 | 56.02 | 7.10 | 0.36 |
| Andaman | 59.23 | 34.67 | 6.09 | 0.18 |
| Central Region | 36.44 | 53.21 | 10.35 | 0.34 |
| Chhattisgarh | 54.52 | 33.00 | 12.48 | 0.31 |
| Madhya Pradesh | 41.00 | 42.64 | 16.36 | 0.36 |
| Uttar Pradesh | 31.64 | 60.98 | 7.38 | 0.35 |
| Uttaranchal | 54.36 | 40.81 | 4.82 | 0.09 |
| Western Region | 59.17 | 31.94 | 8.89 | 0.34 |
| Goa | 85.89 | 11.25 | 2.86 | 0.11 |
| Gujarat | 41.52 | 51.33 | 7.15 | 0.37 |
| Maharashtra | 68.48 | 21.66 | 9.85 | 0.33 |
| Dadra & Nagra | 24.09 | 73.89 | 2.02 | 0.20 |
| Daman & Diu | 12.13 | 87.09 | 0.78 | 0.20 |
| Southern Region | 30.61 | 54.46 | 14.93 | 0.57 |
| Andhra Pradesh | 21.41 | 63.30 | 15.28 | 0.62 |
| Karnataka | 38.21 | 52.56 | 9.22 | 0.44 |
| Kerala | 59.35 | 17.49 | 23.16 | 0.60 |
| TamilNadu | 26.36 | 59.80 | 13.84 | 0.59 |
| Lakshadweep | 48.85 | 47.66 | 3.49 | 0.31 |
| Pondicherry | 24.95 | 63.65 | 11.40 | 0.71 |
| All India | 36.12 | 52.88 | 11.00 | 0.39 |

Note: Shares are in percentages and the three mutually exclusive groups add up to 100 percent. Incidences are in the scale of zero to unity.
Source: As given in Table 5

Table 12: Incidence of Household Access to Credit across States (Rural) and Its Share by Source (Percent)

| States/UTs/Regions | Share | | | Household Access |
|---|---|---|---|---|
| | Formal Only | Informal Only | Both (Formal & Informal) | |
| Northern Region | 32.29 | 55.85 | 11.85 | 0.41 |
| Haryana | 39.18 | 41.04 | 19.78 | 0.40 |
| Himachal | 49.93 | 40.34 | 9.72 | 0.25 |
| Jammu and Kashmir | 43.63 | 51.17 | 5.21 | 0.05 |
| Punjab | 32.90 | 54.40 | 12.70 | 0.52 |
| Rajasthan | 27.59 | 63.70 | 8.72 | 0.46 |
| Chandigarh | 53.81 | 45.60 | 0.59 | 0.08 |
| Delhi | 3.64 | 96.36 | 0.00 | 0.04 |
| North-Eastern Region | 19.77 | 79.48 | 0.75 | 0.20 |
| Arunachal Pradesh | 36.25 | 55.89 | 7.86 | 0.03 |
| Assam | 13.22 | 85.87 | 0.91 | 0.19 |
| Manipur | 2.52 | 96.75 | 0.73 | 0.31 |
| Meghalaya | 24.01 | 75.99 | 0.00 | 0.04 |
| Mizoram | 36.77 | 62.33 | 0.90 | 0.09 |
| Nagaland | 30.51 | 69.49 | 0.00 | 0.21 |
| Tripura | 49.40 | 50.49 | 0.11 | 0.35 |
| Eastern Region | 33.74 | 60.45 | 5.81 | 0.35 |
| Bihar | 16.75 | 80.89 | 2.36 | 0.35 |
| Jharkhand | 44.66 | 54.23 | 1.11 | 0.18 |
| Orissa | 49.46 | 41.38 | 9.16 | 0.39 |
| Sikkim | 42.85 | 53.32 | 3.83 | 0.11 |
| West Bengal | 38.40 | 53.92 | 7.68 | 0.38 |
| Andaman | 57.01 | 36.71 | 6.28 | 0.20 |
| Central Region | 36.45 | 52.22 | 11.33 | 0.37 |
| Chhattisgarh | 54.20 | 32.80 | 13.00 | 0.33 |
| Madhya Pradesh | 39.31 | 42.26 | 18.44 | 0.40 |
| Uttar Pradesh | 32.48 | 59.52 | 8.00 | 0.38 |
| Uttaranchal | 51.45 | 43.37 | 5.18 | 0.10 |
| Western Region | 58.80 | 30.77 | 10.43 | 0.40 |
| Goa | 81.84 | 15.23 | 2.93 | 0.09 |
| Gujarat | 42.02 | 50.44 | 7.54 | 0.41 |
| Maharashtra | 67.99 | 19.95 | 12.06 | 0.40 |
| Dadra & Nagra | 23.16 | 75.41 | 1.42 | 0.21 |
| Daman & Diu | 9.91 | 89.89 | 0.20 | 0.23 |
| Southern Region | 30.14 | 53.88 | 15.98 | 0.61 |
| Andhra Pradesh | 21.33 | 62.10 | 16.56 | 0.65 |
| Karnataka | 36.95 | 52.59 | 10.46 | 0.50 |
| Kerala | 60.12 | 16.74 | 23.14 | 0.61 |
| Tamil Nadu | 25.42 | 59.75 | 14.83 | 0.62 |
| Lakshadweep | 39.03 | 59.44 | 1.53 | 0.29 |
| Pondicherry | 17.78 | 69.61 | 12.61 | 0.73 |
| All India | 35.51 | 52.77 | 11.72 | 0.43 |

Note: As in Table 11.
Source: As given in Table 5

Table 13: Incidence of Household Access to Credit across States (Urban) and Its Share by Source (Percent)

| States/UTs/Regions | Share | | | Household Access |
|---|---|---|---|---|
| | Formal Only | Informal Only | Both (Formal & Informal) | |
| Northern Region | 33.94 | 59.64 | 6.43 | 0.17 |
| Haryana | 28.42 | 59.77 | 11.81 | 0.28 |
| Himachal | 79.90 | 14.97 | 5.12 | 0.19 |
| Jammu and Kashmir | 79.64 | 19.70 | 0.66 | 0.06 |
| Punjab | 36.22 | 57.30 | 6.48 | 0.21 |
| Rajasthan | 31.88 | 63.94 | 4.18 | 0.26 |
| Chandigarh | 67.99 | 27.64 | 4.37 | 0.10 |
| Delhi | 21.80 | 75.72 | 2.48 | 0.03 |
| North-Eastern Region | 28.18 | 70.68 | 1.14 | 0.13 |
| Arunachal Pradesh | 24.76 | 75.24 | 0.00 | 0.05 |
| Assam | 24.76 | 73.38 | 1.86 | 0.12 |
| Manipur | 8.69 | 90.81 | 0.50 | 0.25 |
| Meghalaya | 47.76 | 52.24 | 0.00 | 0.02 |
| Mizoram | 48.84 | 51.16 | 0.00 | 0.12 |
| Nagaland | 27.04 | 72.58 | 0.38 | 0.15 |
| Tripura | 65.88 | 33.78 | 0.34 | 0.15 |
| Eastern Region | 35.85 | 59.49 | 4.66 | 0.25 |
| Bihar | 25.26 | 71.43 | 3.31 | 0.17 |
| Jharkhand | 57.96 | 38.28 | 3.76 | 0.12 |
| Orissa | 53.91 | 41.00 | 5.08 | 0.30 |
| Sikkim | 91.74 | 8.26 | 0.00 | 0.10 |
| West Bengal | 31.17 | 63.92 | 4.91 | 0.29 |
| Andaman | 64.57 | 29.79 | 5.64 | 0.16 |
| Central Region | 36.38 | 59.32 | 4.30 | 0.21 |
| Chhattisgarh | 57.27 | 34.71 | 8.01 | 0.20 |
| Madhya Pradesh | 49.89 | 44.65 | 5.47 | 0.24 |
| Uttar Pradesh | 26.20 | 70.50 | 3.30 | 0.21 |
| Uttaranchal | 71.53 | 25.74 | 2.73 | 0.07 |
| Western Region | 60.02 | 34.68 | 5.30 | 0.25 |
| Goa | 89.41 | 7.78 | 2.81 | 0.12 |
| Gujarat | 40.28 | 53.53 | 6.19 | 0.29 |
| Maharashtra | 69.60 | 25.53 | 4.88 | 0.23 |
| Dadra & Nagra | 35.19 | 55.73 | 9.08 | 0.16 |
| Daman & Diu | 18.77 | 78.71 | 2.52 | 0.15 |
| Southern Region | 32.01 | 56.16 | 11.82 | 0.48 |
| Andhra Pradesh | 21.71 | 67.59 | 10.70 | 0.51 |
| Karnataka | 42.00 | 52.47 | 5.53 | 0.33 |
| Kerala | 57.01 | 19.78 | 23.21 | 0.57 |
| Tamil Nadu | 28.64 | 59.93 | 11.43 | 0.52 |
| Lakshadweep | 56.03 | 39.05 | 4.92 | 0.33 |
| Pondicherry | 29.32 | 60.01 | 10.67 | 0.69 |
| All India | 38.49 | 53.29 | 8.21 | 0.30 |

Note: As in Table 11.
Source: As given in Table 5

Table 14: Overall Comparative status of Financial Inclusion across States/UTs from both Supply and Demand sides

| | | Supply Side | | |
|---|---|---|---|---|
| Demand Side | | High | Medium | Low |
| | High | CN, KE, MA and HP | - | AN and PO |
| | Medium | GO, SI and PU | KA, AP, UT, HR, TN and GU | - |
| | Low | DE | WB | ME, JK, OR, TR, AS, RA, BI, UP, CH, NG, JH, MI, AR and MN |

Note: 1. High stands for >1.1 (supply side) and > 0.3 (demand side)
Medium is >0.9 but < 1.1 (supply side) and between 0.2 to 0.3 (demand side)
Low is less than 0.9 (supply side) and less than 0.2 (demand side)
All India average is 1 (supply side) and 0.208 (demand side)

2. AN=Andaman & Nicobar Islands, AP=Andhra Pradesh, AR=Arunachal Pradesh, AS=Assam, BI=Bihar, CH=Chhattisgarh, CN=Chandigarh, DD=Daman & Diu, DE=Delhi, DN=Dadra & Nagra Haveli, GO=Goa, GU=Gujarat, HR=Haryana, HP=Himachal Pradesh, JH=Jharkhand, JK=Jammu & Kashmir, KA=Karnataka, KE=Kerala, LK=Lakshadweep, MA=Maharashtra, ME=Meghalaya, MI=Mizoram, MN=Manipur, MP=Madhya Pradesh, NG=Nagaland, OR=Orissa, PO=Pondicherry, PU=Punjab, RA=Rajasthan, SI=Sikkim, TN=Tamil Nadu, TR=Tripura, UP=Uttar Pradesh, UT=Uttranchal, WB=West Bengal

Source: Tables 1 and 5.