

KARNATAKA STATE RANKS IIIRD IN INDEX OF FINANCIAL INCLUSION

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Abstract :

Karnataka have a branch for every 500 persons — the best distribution of banks in India. As of March 2002, Karnataka had 4767 branches of different banks with each branch. Karnataka ranks 3rd in index of financial inclusion

Key Words : Financial inclusion

Introduction :

Commercial banks in Karnataka have achieved 100 per cent financial inclusion ahead of the March 2012 deadline set by the Reserve Bank of India (RBI). The banks have set up banking outlets in all the identified 3,395 unbanked villages of over 2,000 populations.

The relevance of name of the state of Karnataka comes from two words karu and nadu meaning elevated land. During British Raj, the words Carnatic and Karnatak were used to describe this part of the region in general. Yet another etymological derivative of the name comes from lear and black – a reference to the black cotton soil of the region. Historically, the names Karnatak or Carnatic have been misapplied to refer to the regions below the Western Ghats (Coorg and Kerala) as well as regions in present day Andhra Pradesh (Telangana).

Again the word Karnata has been found in the Sabha Parva and the Bhishma Parva of the Mahabharata. In Bhagavata (a Hindu scripture) also Karnata is mentioned while describing the life of Rishabhadeva. Lord Rishabhadeva ended his avatara in the Kutakachala hill in Karnata province. This hill today stands near Kollur in the Western Ghats After independence, the Mysore state was given a separate status of a state and was renamed as Karnataka in 1973 on the basis of Language. (Refer 01)

Karnataka is a state in South West India. It was created on 1 November 1956, with the passing of the States Reorganization Act and this day is annually celebrated as Karnataka Rajyotsava (Formation Day). Originally known as the State of Mysore it was renamed *Karnataka* in 1973. It is the land of the Kannadigas, Tuluvas, Konkanis and Kodavas. Bangalore is the largest and capital of the state

Background :

The recorded history of Karnataka goes back more than two millennia. Several great empires and dynasties have ruled over Karnataka and have contributed greatly to the history, culture and development of Karnataka. It is the eighth largest Indian state by area. With over 61 million inhabitants (2011), Karnataka is the ninth largest state by population, comprising 30 districts. Kannada is the most widely spoken and official language of the state. Karnataka ranks 3rd in index of financial inclusion(.53 Rank 3rd)

Kannada is the official language of Karnataka and spoken as a native language by about 64.8 per cent of the people. Karnataka's private sector competes with the best in the world. Karnataka has also established a modicum of public health services having a better record of health care and child care than most other states of India. In spite of these advances, some parts of the state still leave much to be desired when it comes to primary health care.

Economy :

Nearly 56 per cent of the workforce in Karnataka is engaged in agriculture and related activities. Karnataka, which had an estimated GSDP (Gross State Domestic Product) of about US\$ 58.23 billion in 2008-09 fiscal year. Karnataka recorded the highest growth rates in terms of GDP and per capita GDP in the last decade compared to other states. Karnataka now has the sixth highest per-capita GDP of all states. Till September 2006 Karnataka received a Foreign Direct Investment of ₹78.097 billion (\$ 1.7255 billion) for the fiscal year 2006-07, placing it third among the states of India. At the end of 2004, the unemployment rate in Karnataka was 4.94% compared to the national rate of 5.99%. For the fiscal year 2006-07, the inflation rate in Karnataka was 4.4%, compared to the national average of 4.7 per cent. As of 2004-05, Karnataka had an estimated poverty ratio of 17 per cent, less than the national ratio of 27.5 per cent.

Since the 1980s, Karnataka has emerged as the pan-Indian leader in the field of IT (information technology). As of 2007, there were nearly 2,000 firms operating out of Karnataka. Many of them, including two of India's biggest software firms, Infosys and Wipro are also headquartered in the state. Exports from these firms exceeded ₹50,000 crores (\$12.5 billion) in 2006-07, accounting for nearly 38 per cent of all IT exports from India.

Karnataka also leads the nation in biotechnology. It is home to India's largest biocluster, with 158 of the country's 320 biotechnology firms being based here. The state also accounts for 75 per cent of India's floriculture, an upcoming industry which supplies flowers and ornamental plants worldwide (Refer 02)

Research :

Karnataka have a branch for every 500 persons—the best distribution of banks in India. As of March 2002, Karnataka had 4767 branches of different banks with each branch serving 11,000 persons, which is lower than the national average of 16,000.

The first phase of financial inclusion had been completed with the coverage of villages with a population of over 2,000 persons. As many as 6,024 villages with population below 2,000 have been identified as unbanked and allotted to banks for opening banking outlets.

In terms of GOI guidelines, the Lead District Manager's have submitted District Service Area Plans (DSAPs) under financial inclusion to district administration for hosting on the district website. All the districts have hosted the same, except Ramanagar, a newly carved-out district that does not have a website, and in Udupi where the infrastructure is yet to be ready on account of shifting of the DC's office to Manipal,

The RBI has identified Bidar, Chamarajanagar, Gulbarga, Bangalore Rural, Koppal and Raichur as underbanked districts. Some 24 villages with population of 5,000 and above (without brick and mortar) branches have been identified and communicated..

The governor of the RBI, during the review meeting with the top management of banks at Bangalore on January 30, had advised that a minimum of 15 per cent unbanked villages should be covered by brick and mortar branches and credit linkage be raised from the present level of around 45 per cent to 50 per cent.(Refer 03)

As part of its financial outreach / literacy programme in tune with national priority, Mangalore -

based private sector Karnataka Bank Limited has opened it's First Financial Inclusion Branch at Kairanagala village, Bantwal Taluk, Dakshina Kannada District, Karnataka State providing all banking services to the rural clientele at their village itself as a part of the Financial Inclusion initiatives of the bank.(Refer 04)

Findings :

Karnataka ranks 3rd in index of financial inclusion It has a branch for every 500 persons—the best distribution of banks in India. As of March 2002, Karnataka had 4767 branches of different banks with each branch serving 11,000 persons, which is lower than the national average of 16,000 Karnataka recorded the highest growth rates in terms of GDP and per capita GDP in the last decade compared to other states

Conclusion :

The RBI recently came up with a State-wise Index of Financial Inclusion and the results were rather surprising. While Kerala topped the index, followed closely by Maharashtra and Karnataka, on the other hand Gujarat is far behind.

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