Financial Inclusion in India:

A case study on State Bank of India

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Abstract

"Financial inclusion is a multi-faceted term with differing perspectives around the world. Because financial product requirements differ from person to person and country to country, (Kempson and Whyley, 1999; Regan and Paxton, 2003; Speak and Graham, 2000)." Financial inclusion is gaining traction as a new model of economic development that can help the country escape poverty. It tends to the development of new policy for banking services to the general public, both privileged and disadvantaged, on reasonable terms and circumstances. In the current context, it makes it possible to close the gap between the rich and the poor. Banking sectors are proved as one of the strongest supports for country's progress, economic development and growth. The purpose of this research is to look at the impact of financial inclusion on economic growth over a period of 10 years ranging from 2007 to 2016. Secondary data collected from RBI website and SBI's annual report has been evaluated using a multiple regression analysis as the major statistical technique. The present study has found that independent variables viz. number of SBI bank branches, SBI ATM growth rate and credit deposit ratio of SBI, overall have a significant impact on the dependent variable i.e. GDP growth of India. But individually, number of SBI bank branches have statistically significant impact on GDP growth, where as other two independent variables have no statistical significance on GDP growth.

Keywords: GDP, SBI, ATMs, Credit-Deposit Ratio, Bank Branches, Financial Inclusion

1.1 INTRODUCTION

India is a developing country having a population about 136.64crore, which rank India as the world's second largest. Majority of population of the India are residing in rural areas and semi urban areas where their main source of income is agriculture and other related activities. People of rural area generally earn their wages on daily way basis. When they go to work, they will earn money, otherwise they don't. People of rural area are mostly uneducated or illiterate and they are hardly aware about the financial services provided in India. People of rural area mostly suffer from poor infrastructural facilities and they often face risk and uncertainties in their life. Majority of the financial institutions are focusing their business operations in commercial areas where there is infrastructural development and there is maximum chance of earning more profit. Financial institutions mainly focus on key customers and business concern for growing their business rather than focusing on under privileged people. So, the Government of India introduced a new concept known as "financial inclusion" in the year 2005.

1.2 FINANCIAL INCLUSION: JOURNEY OF INDIA

For the people of India, financial inclusion is not a new notion. For the past 44 years, it has been in India. Commercial banks were nationalised in 1969 and 1980, Regional Rural Banks were established in 1975, and reforms in banking sector were implemented after 1991, resulting in an increase in the number of commercial banks in India. As per Economic Survey 2012-13 the number of commercial banks has risen to 8,262, in June 1969 to 1,02,342 in 2013 and the number of people per branch has decreased from 65,000 to 13,756.

In India, one of the major instruments for financial growth is financial inclusion. In comparison to other emerging countries, India has a low level of financial service coverage. In India financial inclusion got started in the year 2005 by K.C Chakraborty. He conducted a pilot study in Mangalam village in Pondicherry. That village went on to become India's first village to give banking services to all of its residents. Poor individuals were given General Credit Cards (GCC) to make it easier for them to get credit. As per the world Bank "Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker section and low-income group at an affordable cost."

1.3 FINANCIAL INCLUSION

"The Committee on Financial Inclusion of Government of India has defined financial inclusion as the process of ensuring timely access to financial services and adequate credit where needed by vulnerable groups such as weaker sections or low-income groups at an affordable cost."

"According to Reddy (2007) financial inclusion consist of ensuring bank accounts to each household and offering their inclusion in their banking system."

"Lcyshon & Thrift (1995) defined financial inclusion as the process that serve certain social group individual from gaining access to the formal financial system."

"According to Sinclair (2001) financial inclusion means the ability to access necessary financial products and services in an appropriate manner."

"According to World Bank, Financial inclusion is the process by which individuals and businesses can have timely access to financial products and services. Banking, equity, credit, insurance are the examples of financial products and services."
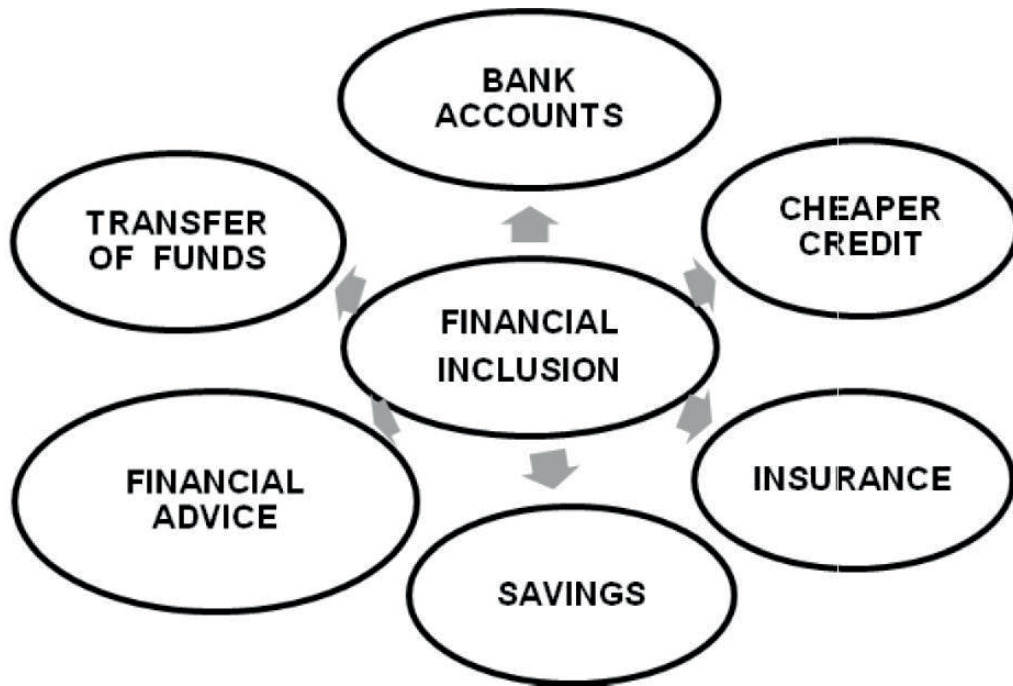
It is helpful in maintaining a balance between surplus and deficit units and also helps in bringing the poor and disadvantageous unit under the growth category. Crucial objectives of financial inclusion are:

Economic Objectives	Socio-Political Objectives
Equitable & Overall Growth	Poverty eradication
Savings' mobilisation	Achieve SDGs Goals
Large Markets for Financial System	Greater Social Inclusion
Effective directions of Government Programs	Effective directions of Government Programs

1.4 FIVE AREAS OF FINANCIAL INCLUSION

(1) Banking:

Financial inclusion appertains to the provision of financial services to low-income members of society. Banking services are mainly for the general public but it is mandatory that these services will be made available to the general public without any discrimination. The basic goal of financial inclusion is to provide financial services to the economically disadvantaged members of society at a reasonable cost. Financial inclusion was emerged keeping in mind to provide banking services to each and every people in India. To make financial inclusion successful mostly in the rural areas both main-stream (SBI & Others PSU) and non-main-stream (Rural & Cooperative banks) must work with cooperation for the betterment of the people.

(2) Providing credit:

Financial inclusion also provides cheap loans to the low-income groups for which they can easily access to these funds for live-hood. Providing credit is the main element of financial inclusion. The cost of credit is usually decided by the lender's risk assessment. Generally financial inclusion considers the income, home ownership, credit history, age and other factors before providing loan to any people.

(3) Insurance:

Insurance is a financial instrument that helps individuals to overcome shocks or loss that have occurred over the course of their lives. Insurance enables them to protect their life, health and other loss compensation products. Insurance helps lower income segment to transfer their risk they face and compensate their loss arising from any damages

(4) Savings:

Savings are necessary for economic individual wellbeing and also provide strength to national economy. Without adequate savings individuals face a lot when they are unemployed or when there is a need of money.

(5) Advice:

Advice can be extremely informal or general discussion on the basic financial questions.

1.5 BANK BRANCHES AND ATM NETWORKS IN INDIA TILL 31ST MARCH 2017

Table No.1.1 Scheduled Commercial Bank Branches (Group Wise) as on 31st March, 2017

Bank Group	Rural	Semi-urban	Urban	Metropolitan	Total
Public Sector Banks	29047	25862	19751	21556	96216
Private Sector Banks	5778	8744	5726	7461	27709
Foreign Banks	9	9	40	243	301
Regional Rural Banks	14982	4768	1639	442	21831

Small Finance Banks	88	116	99	107	410
Payments Banks	-----	-----	1	2	3
Total	49914	39529	27276	29821	146546

(Source: Reserve Bank of India)

The number of branches added by each bank group until 31 March 2017 has been revealed in the above table 1.1. These banks comprise of public sector banks, private sector banks, foreign banks, regional rural banks, small finance banks, and payments banks.

Table No. 1.2 Scheduled Commercial Bank Branches from 2007-08 to 2016-17

Year	Rural	Semi-urban	Urban	Metropolitan	Total
2007-08	28740	18622	14756	16947	79065
2008-09	29255	19972	15871	18188	83286
2009-10	30145	21719	17453	19667	88984
2010-11	31450	24083	18495	20986	95014
2011-12	33813	26990	19970	22479	103252
2012-13	36782	29808	21171	23621	111382
2013-14	41953	32991	22829	25228	123001
2014-15	45209	35374	24376	26827	131786
2015-16	48336	38078	25971	28425	140810
2016-17	49904	39499	27256	29811	146470

(Source: Reserve Bank of India)

Table No. 1.2 shows the number of operating commercial bank branches from 2007-08 to 2016-17.

Table No. 1.3 No. of ATMs in India as on 31st March, 2017

	Rural	Semi-urban	Urban	Metropolitan	Total
Public Sector Banks	29033	25645	17890	18875	91443
Private Sector Banks	4822	7803	5158	6878	24661
Foreign Banks	9	9	39	231	288
Total	33864	33457	23087	25984	116392

(Source: Reserve Bank of India)

Table No. 1.3 displays the increase in the number of Automated Tailor Machines (ATMs) in the country till 31st March 2017. Total number of ATM is 116392 till March 2017.

The most significant change occurred in August 2014, when the Pradhan Mantri Jan Dhan Yojana (PMJDY) was implemented. PMJDY was created to establish faster access to a variety of financial products & services for excluded groups, such as basic savings bank accounts, inexpensive, remittances, need-based credit and insurance. Only by utilising technology effectively will such deep penetration be possible at a reasonable cost.

Table No. 1.4 Progress of PMJDY till March 2017

Bank Groups	New savings bank accounts opened	Deposit (in Rs. Million)	Debit Card issued (in million)
Public sector banks	254.9	652183	192.00
Regional rural banks	51.7	137171.30	35.90
Private sector banks	09.8	22682.30	08.21
Total	315.9	812036	235.9

In order to help bolster India's financial inclusion drive, all private & public sector banks have been recommended by the government to design a three-year financial inclusion plan (FIP), which will include data on branches opened through business correspondents (BCs), bank branches in rural areas the number of General Credit Cards (GCC), the status of Kisan Credit Cards (KCC) and other factors. Table 1.5 indicates how far India's financial inclusion plans have progressed.

Table No. 1.5 Advancement of Financial Inclusion Plan

S N	Particulars	March 2010	March 2011	March 2012	March 2013	March 2014	March 2016	March 2017
1.	Rural locations-Bank Branches	33378	34811	37471	40837	46126	51830	50860
2.	Rural locations-Banking Outlets (Branchless mode)	34316	81397	144282	227617	337678	534477	547233
3.	Rural locations-Banking outlets (Total)	67694	116208	181753	268454	383804	586307	598093

4.	Urban locations (Through Business Corre-spondence)	447	3771	5891	27143	60730	102552	102865
5.	Total Kisan Credit Cards (No. in millions)	24.3	27	30	34	40	47.3	46
6.	Kisan Credit Cards -Total (Amount in Billion)	1,240	1,600	2,068	2,623	3684	5,131	5805
7.	Total General Credit Cards (No. in Million)	1.4	2	2	4	7	11.3	13
8.	GCC-Total (Amount in billion)	35	35	42	76	1097	1,493	2117

Source: RBI's Report on Trend and Progress of Banking in India of various years

Above table (1.5) shows journey of financial inclusion plan from march 2010 to March 2017. In March 2010, the banking outlets in rural locations with branches was 33378 and an increasing trend has been marked till March 2017 (50860). In the same manner the branchless mode of banking outlets in the rural area is also increasing from March 2010 (34316) to March 2017 (547233). It is evident from the table that the rural banking system is consisting of both branch outlets and branchless outlets with almost equal proportions. Total KCC distribution was 24.3 million in March 2010, while it has increased to 46 million in March 2017. In case of GCC it is also showing the same trend as KCC from March 2010 (1.4 million) to March 2017 (13 million).

Table No. 1.6 Population Group Wise Credit of Scheduled Commercial Banks

(Amount in Crores)

	Rural		Semi-urban		Urban		Metropolitan	
Year	No. of Ac-counts	Amount Out-stand-ing	No. of Ac-counts	Amount Out-standing	No. of Ac-counts	Amount Out-standing	No. of Ac-counts	Amount Out-standing

2007	31029	2357.04	22099	2127.53	13254	3501.94	28060	11484.5
2008	33546	3231.32	24021	2559.98	14194	4305.92	35230	14072.8
2009	33823	3096.26	24793	3110.89	14750	4985.66	36690	17284.3
2010	37074	3851.5	27047	3678.59	16242	5936.15	38285	19985.5
2011	40018	3924.49	28772	4519.87	16896	7795.16	35038	24516.9
2012	41749	4422.12	31292	5282.89	17740	8548.68	40099	29779.0
2013	45703	5239.71	34621	6756.53	20924	9877.61	27038	33379.3
2014	48343	5667.05	39094	7177.64	25379	10614.7	25934	39361.4
2015	52777	6553.61	39526	7966.09	23777	11790.9	28160	42474.1
2016	57297	7357.83	44832	9363.28	28014	12965.8	32231	45539.6

(Source: RBI, Handbook on Indian statistics)

The above table indicates that, in 2007 the number of accounts in rural areas was 31029, having an outstanding credit of Rs.2357.04crores. While in case of semi urban, urban and metropolitan areas, the number of accounts was 22099, 13254 and 28060 respectively and their outstanding credit was 2127.53, 3501.94 and 11484.5crores respectively. It means though the rural area has highest number of accounts still the credit is only 1/5th of metropolitan areas. It indicates inefficient mobilization of rural resources. The same trend continues till 2016. Hence the banking sector should provide more credit access to the rural areas otherwise even after the implementation of different policies, those areas will lag behind in different aspects.

Table No. 1.7 Population Group-wise Deposit of Scheduled Commercial Banks

Year	Rural		Semi-urban		Urban		Metropolitan	
	No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding	No. of Accounts	Amount Outstanding
2007	149663	2530.14	132808	3573.95	113422	5325.92	123306	14540.43
2008	168034	3034.23	148361	4302.80	128021	6576.99	137241	18585.44
2009	199695	3639.1	169725	5297.58	142272	8229.14	150611	22053.99
2010	224155	4203.38	189457	6140.47	152323	9449.92	168934	25816.52
2011	250254	4932.66	212043	7168.31	168037	11105.13	179796	30689.41

2012	283072	5731.86	239951	8425.45	180626	12725.92	199551	33899.21
2013	335347	6698.89	283990	9791.94	203091	14970.13	222677	38665.25
2014	406624	7871.51	340522	11410.77	231521	17140.10	248043	43134.83
2015	493970	9156.76	404661	13172.51	266228	19649.01	275033	47242.83
2016	576171	10089.4	470711	14772.12	297715	21505.76	301519	49628.02

(Source: RBI, Handbook on Indian statistics)

As compare to the credit outstanding of scheduled commercial banks the deposit side is showing a very surprising result. As evident from the above table an inference can be drawn that though rural areas having more accounts but the amount of deposit is negligible as compared to the urban and metropolitan areas. This condition is still prevailing. By analyzing these facts even, a layman can say that such kind of situation is there only because the people of rural India are not confident enough when it comes to banking habits. Therefore, in order to eradicate this kind of problems, more financial literacy programs, overall education facilities, technical knowledge and investment awareness program etc. can be proved as a panacea for these problems.

2. LITERATURE REVIEW

Beck et al. (2000) attempted to empirically assess the link between financial intermediary development and economic growth. They discovered that the development of financial intermediaries has a beneficial influence on productivity growth, which leads to economic development institutional agencies. Treasury (2004) stated that low-income persons, in particular, were unable to obtain financial goods, imposing significant costs on vulnerable group of people. "Financial inclusion may be described as the process of ensuring access to financial services and timely and enough credit where needed for vulnerable groups such as weaker sections and low-income groups at an affordable cost," according to the Rangarajan Committee on Financial Inclusion (2008). Financial services cover everything from savings to loans, insurance, credit, and payment. At a lecture on "financial inclusion for inclusive growth," Vijay Kelker, chairman of the thirteenth finance commission of the Government of India, stated that "financial inclusion is a quasi-public good because finance performs the important function of mobilizing savings, allocating capital, and transforming risk by pooling and repackaging it". Faster and more equal growth is facilitated by a well-functioning financial system. According to S. Vighneswar's (2011) "Financial inclusion: An evaluation of trend and progress," In India, there is a large gap

in the number of bank accounts between rural and urban areas, as well as in terms of population coverage per bank location, there is an uneven distribution of banking services. In order to increase financial inclusion, the government needs to adopt more policies and program. According to Bharadwaj (2013), "Financial inclusion for inclusive growth," people are becoming more integrated with banks as a result of the launch of various initiatives, and no-frill accounts are on the rise. Several institutions should hold financial literacy programs in order to improve people's basic knowledge of the country. In their work "Financial Inclusion for Inclusive Growth in India," Dixit and Ghosh (2013) discovered that states with low GDP per capita have poor financial inclusion, with the exception of Gujarat. He also came to the conclusion that there is no link between financial inclusion and unemployment. Sahu (2013) attempts to determine the link between socio-economic determinants and financial inclusion in India in her study "commercial banks, financial inclusion, and economic growth in India." She compared India's financial inclusion to the index of financial inclusion (IFI) by looking at three dimensions: banking penetration, banking services availability, and banking system utilisation. According to the report, no state in India falls into the high IFI category. Sharma, D. (2015) *"Nexus between financial inclusion and economic growth"* indicates that economic growth and many aspects of financial inclusion have a beneficial relationship. According to Iqbal & Sami (2017), in India, there is a strong link between economic development and the financial inclusion indicator. GDP is a crucial metric for determining a country's progress. In their study "Role of Banks in Financial Inclusion in India," they discovered that number of bank branches and the credit deposit ratio have statistically significant impact on a country group's GDP. Dahiya, S., and Kumar, M. (2020) in their study attempted to link financial inclusion parameters such as credit deposit ratio, ATM growth rate, and bank branch count with the Indian economy in terms of GDP. The data support the existence of a positive and significant link between financial services usage and GDP per capita growth. Raichoudhury, A. (2020) in his paper *"Major determinants of financial inclusion"* revealed that the net state domestic product (NSDP), road length and presence of factories have a considerable impact on financial inclusion in India.

3. RESEARCH METHODOLOGY

3.1 Relevance of the Study

In the 1950s, the All-India Rural Credit Survey was completed, then the concept of analyzing financial access became prominent. The survey's findings revealed that rural residents rely substantially on money lenders, a tendency that has persisted to this day.

As a result, robust financial institutions and an effective regulatory body are required for the nation's balanced regional growth. So that not only the residents of the city but also the people of the countryside can benefit.

3.2 Research Gap

Many researches are being conducted on financial inclusion initiatives from a theoretical standpoint, while other works on state-by-state magnification of financial inclusion have been discovered. The overall influence on Indian economic growth by financial inclusion, has been studied in a few research, with conflicting results. With these considerations in mind, the purpose of this research is to determine the current state of financial inclusion in India, as well as to assess the impact of financial inclusion on the country's economic growth, with an emphasis on the India's largest public sector bank, i.e. State Bank of India.

3.3 Objective of the Study

To look at the current state of financial inclusion in India with a focus on the banking industry.

To investigate the impact of financial inclusion indicators on GDP growth in relation to SBI.

3.4 Research Methodology

This section will outline the methodological techniques used to achieve the current research objectives. The current study used Gross Domestic Product (GDP) as a dependent variable and the number of SBI branches, SBI's Automated Teller Machines (ATM) growth rate, and SBI's credit deposit ratio as independent variables.

$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$

Y = Gross Domestic Product

X1 = Number of SBI Bank Branches

X2 = ATMs Growth rate of SBI

X3 = Credit Deposit Ratio of SBI

On the basis of research objectives, following hypothesis has been developed:

H_0 The number of SBI branches, ATM growth, and credit-deposit ratio of SBI have no significant impact on GDP.

H_A The number of SBI branches, ATM growth, and credit-deposit ratio of SBI have significant impact on GDP.

In order to prove the above hypothesis, following sub-hypothesis has been formulated:

$H_0$2 The number of SBI branches has no substantial bearing on the Indian GDP.

H_A2 The number of SBI branches has a substantial bearing on the Indian GDP.

$H_0$3 SBI ATM growth has no substantial impact on India's GDP.

H_A3 SBI ATM growth has substantial impact on India's GDP

$H_0$4 SBI's credit deposit ratio has no substantial impact on GDP.

H_A4 SBI's credit deposit ratio has substantial impact on GDP.

3.5 Data Collection

This research is developed on secondary data gathered from SBI's annual reports and the India's Handbook of Statistics released by RBI, as well as newspapers, research journals and magazines. Number of websites, such as the RBI and the IMF, were also used. The study's time frame is ten years, from 2007-08 to 2016-17.

3.6 Tools of Data Analysis

To achieve the study aims, the data is analysed using a variety of tools and methods. Correlation, multiple regression analysis, percentages, and ratios are examples of these. The application of these methodologies in various locations has been based on the nature and suitability of data provided, as well as the analysis requirements. SPSS was used to carry out these statistical analyses (version 16).

3.7 Scope of the Study

As SBI is the largest commercial bank in India, the dissertation is about the journey of India's financial inclusion, with a focal point on the banking industry and giving emphasis on SBI and making comparison of SBI with reference to, ATM growth rate, number of bank branches and Credit Deposit ratio along with its impact on GDP growth.

The previous literatures taken ten years data are the minimum benchmark to analyze a time series data. With these supporting arguments the present study considers the time period from 2007-08 to 2016-17.

4. Data Analysis and Interpretation

According to empirical research, specific metrics must be defined in order to formulate effective policies on financial inclusion. "Experts from the World Bank, the International Monetary Fund, and a variety of other international organisations have identified some key markers of financial inclusion in a country's economy. The number of bank branches, ATMs installed, bank deposits, and bank credit are some of these broad indicators."

Table No. 4.1: Number of SBI Branches during 2007-08 to 2016-17

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Number of SBI Branches	12475	12986	13333	14504	15146	15871	16918	17375	17836	18232

(Source: Annual Reports of SBI from 2007-08 to 2016-17)

Table No. 4.1 depicts the trend in the number of functioning SBI banks in India. The graph clearly shows that SBI branches have been rising in number over the last ten years.

Table No. 4.2: ATMs Growth of SBI during 2007-08 to 2016-17

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
ATMs Growth	4.55	2.34	4.82	4.77	10.25	22.74	50	4.14	0.67	-1.21

(Source: Annual Reports of SBI from 2007-08 to 2016-17)

The growth rate of ATMs across the country is depicted in Table 4.2. The SBI Automated Teller Machines in India are revealed as a measure of financial inclusion.

Table No. 4.3: Credit Deposit (CD) Ratio of SBI during 2007-08 to 2016-17

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
CD Ratio	70.25	73.11	78.58	81	83.13	86.94	86.76	82.45	84.57	76.83

(Source: Annual Reports of SBI from 2007-08 to 2016-17 and RBI's Handbook of Statistics)

Table No. 4.3 depicts the credit deposit ratio throughout a ten-year period, beginning in 2007-08 and ending in 2016-17. The year 2012-13 saw a stunning increase of 86.94 percent, followed by a fall in 2016-17. (76.83 percent). In 2013-14 and 2014-15, the credit deposit ratio fell marginally.

Table No. 4.4: GDP of India during 2007-08 to 2016-17	
Year	GDP (In million)
2007-08	65928231
2008-09	68493429
2009-10	74301571
2010-11	81924894
2011-12	87363300
2012-13	92130200
2013-14	98013700
2014-15	105276700
2015-16	113861500
2016-17	121960100
Source: IMF, World Economic Outlook Database, October 2018	

The Gross Domestic Product (GDP) is a widely used economic metric to determine a country's growth (Chithraand Selvam, 2013; Kamboj, 2014). Table 4.4 shows India's GDP during a ten-year period, from 2007-2008 to 2016-17. During these financial years, the GDP has been steadily increasing.

Table No. 4.5: GDP of India and Different Indicators of Financial Inclusion during 2007-08 to 2016-17				
Year	GDP (in million)	SBI Bank Branches	Growth of ATMs	Credit Deposit Ratio

2007-08	65928231	12475	4.55	70.25
2008-09	68493429	12986	2.34	73.11
2009-10	74301571	13333	4.82	78.58
2010-11	81924894	14504	4.77	81
2011-12	87363300	15146	10.25	83.13
2012-13	92130200	15871	22.74	86.94
2013-14	98013700	16918	50	86.76
2014-15	105276700	17375	4.14	82.45
2015-16	113861500	17836	0.67	84.57
2016-17	121960100	18232	-1.21	76.83

(Source: Compiled by authors)

Table No. 4.6: Correlations among GDP, SBI Branches, SBI ATMs and SBI CD Ratio		Gross Domestic Product of India	Total Number of SBI Branches in India	ATM growth rate of SBI	Credit Deposit Ratio of SBI
Pearson Correlation	Gross Domestic Product of India	1.000	.985	.070	.569
	Total Number of SBI Branches in India	.985	1.000	.205	.654
	ATM growth rate of SBI	.070	.205	1.000	.569
	Credit Deposit Ratio of SBI	.569	.654	.569	1.000

Source: Compiled by authors

Table No.4.6 indicates that correlation between GDP and number of SBI branches is .985, which indicates very strong relationships between two. Correlation between ATM growth of SBI and GDP is 0.070, which indicates that both the variables are no way correlated. Correlation between credit deposit ratio and GDP is .569, it indicates a moderate relationship between two.

Table No. 4.7 Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.994[a]	.988	.982	.01223	2.136
a. Predictors: (Constant), Credit Deposit Ratio of SBI, ATM growth rate of SBI, Total Number of SBI Branches in India					
b. Dependent Variable: Gross Domestic Product of India					

Source: Self-Compiled

The model summary of multiple regression analysis performed using SPSS 16 is shown in Table No. 4.7. The result shows the value of R to be 0.994, which means the dependent variable Gross Domestic Product (GDP) is having positive relationship with the three independent variables, viz. number of SBI bank branches, credit deposit ratio of SBI, ATM growth rate of SBI.

The value of R square is 0.988 or 98%.

value of more than 1 and less than 3 is free from autocorrelation problem. So, in the present study dependent variable (GDP) and its relationship with

It means that the model explains 98 percent of the variability in response data that is close to the mean. The R square indicates how well the model fits the data. Here, Adjusted R square is 0.982 or 98.2%. It indicates that, the independent variable improves the model fit more than expected by chance alone.

The value of Durbin-Watson test comes 2.136. As per the rule of thumb, the

independent variables (number of SBI branches, ATM growth rate of SBI and credit deposit ratio of SBI) is free from autocorrelation problem.

Table No. 4.8 Result Summery

Model		Unstandardized Coefficients		Standardize and Coefficient	t	sig	Collineanity	H0 Accepted/ Rejected
		B	Std. Error	Beta			VIF	

1	(Constant)	-1.551	.332		-4.671	.003		Rejected
	Total Number of SBI Branches in India	1.567	.093	1.035	16.936	.000	1.880	Rejected
	ATM growth rate of SBI	.001	.000	-.120	-2.139	.076	1.591	Accepted
	Credit Deposit Ratio of SBI	.002	.001	-.039	-.532	.614	2.662	Accepted

a. Dependent Variable: Gross Domestic Product of India
Source: Compiled by authors

The above Table No. 4.8 indicates the p value of independent factors taken together to be 0.003 which is less than level of significance 0.05. This shows the independent factors all together have significant impact on GDP growth of the country. By analysing the independent variables individually, it is found that branches have a significant impact on Indian GDP growth and ATM growth rate and credit deposit ratio, individually have no statistically significant on GDP growth.

4.2 Testing of Hypothesis

By analysing table No. 1.15, it is found that out of four hypothesis two hypothesis are accepted. The first hypothesis mainly (Alternative hypothesis H_A) is accepted and the p value is less than 0.05. The second hypothesis mainly (Alternative hypothesis H_A) is accepted

the p value of total number of SBI branches in India to be 0.001, (which is less than 0.05), ATM growth rate of SBI to be 0.076 (which is greater than 0.05) and credit deposit ratio of SBI to be 0.614 (which is quite greater than 0.05) at 5% level of significance respectively. This indicates that number of SBI bank and the p value is less than 0.05. The other two hypothesis are rejected means H_0 accepted and H_A rejected.

As a general rule, VIF values more than 5 are not optimal and indicate multi-collinearity. As the VIF value of all impartial variables are less than 5, this regression model is free from multicollinearity.

We came up with the following regression equation:

Y = -1.551 + 1.567X1 + .001X2 + .002X3 + e

The regression model reveals that the number of SBI bank branches have significant impact on GDP growth. Since my null hypothesis is accepted, basing on my hypothesis I try to find out the rural coverage of SBI to prove the financial inclusion carried out by SBI.

4.3 Conclusions

Financial education is especially important for persons in vulnerable groups in a country like India, which has a broad social and economic character. As a result, banks should realise financial inclusion as a commercial opportunity than a need. It must touch every part of society. Banks serve as a means of mobilising savings and allocating credit for production and investment in emerging economies like India. Banks, as a financial mediator, which contribute to the country's economic development by identifying and lending to entrepreneurs who have the best chance of launching new commercial operations. For this reason, the RBI and the government play a critical role in promoting financial inclusion in order to boost economic growth through increasing banking penetration, installing new ATMs, and implementing various initiatives around the country. The Financial Inclusion Program (FIP) has been utilised by the RBI to assess the performance of banks participating in financial inclusion efforts. The new Financial Inclusion Plan is now more focused on transaction volume, which is critical for India's growth and development. The strongest link is seen between financial inclusion and the country's economic growth. The number of SBI branches has a positive considerable impact on the country's GDP, according to the current study, while two financial inclusion metrics, SBI's ATM growth and credit deposit ratio, have had a statistically insignificant influence.

4.4 Scope for Further Study

The data analyzed only for ten years from 2007-08 to 2016-17. The present study excludes the 2017-18 fiscal year data considering it as an abnormal year. During this period Indian banks are saddled with bad loans and government has made it a priority to lift banks out of non-performing assets crisis. These conditions may affect the performance of SBI. Further study can be made by considering 2017-18 financial year.

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