AN ANALYTICAL ASSESSMENT OF THE ECONOMIC AND FINANCIAL INCLUSION STATUS OF UTTAR PRADESH.

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ABSTRACT

As per the census 2011, Uttar Pradesh accounts for 16.5 percent of the nation's population, equivalent to the seventh-largest country in the world. Geographically, Uttar Pradesh is the fourth largest state after Rajasthan, Madhya Pradesh, and Maharashtra and covers 7.4 percent of the country's total geographical area. Due to the highest population and large land area, the State's economics and development have an indispensable impact on the nation's overall development. It is the fastest developing State with a growth rate of 7.4 percent in 2017-2018 against the nation's growth rate of 8 percent. State provides various opportunities to investors to invest in the State, therefore, hold 17th place in the investment environment among the State of India. According to the Ph.D. Chamber report, Uttar Pradesh stands 9th in agriculture, 14th in infrastructure, 16th in the consumer market, and 19th in primary education on macroeconomic parameters. Despite development in many areas, the State is suffering from the issue of chronic poverty. States 593.19 lakh population, including both rural and urban, are lives below the poverty line. They are suffering from various socio and economic problems, though state government carrying out numerous efforts to improve the situation of the poor but failed to attain desired results. In this background, present study will analyze the progress of the state's economy on various indicators with the progress of the banking sector in rural Uttar Pradesh.

KEYWORDS: Economic Status, Financial Inclusion, Poverty, Rural India, Unemployment.

INTRODUCTION

1. AN OVERVIEW OF UTTAR PRADESH

Uttar Pradesh is considered the most dominated State of India due to its large population and vast geographical area convergence. It is located centrally in the Indo-Gangetic Plain, It is the most critical area for the State's economy, and it furnishes with the commending condition for agricultural and industrial development. It stretches across the entire State from east to west and the southeast of New Delhi. The State comprises four economic regions, nine Agro-Climatic Zones, and 75 districts, 340 Tehsils, 821 development blocks, and 97,814 villages. (State Focus Paper 2018-19, NABARD). In 2011 Chief Minister of Uttar Pradesh has proposed the idea of dividing U.P into four economic regions from a development perspective. The assembly passed

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the resolution, and Uttar Pradesh was divided into four economic regions as Eastern U.P (Poorvanchal), WesternU.P (Paschim Pradesh), Bundelkhand, and Central U.P (Awadh Pradesh). Moreover, in the same line of development and providing hassle-free services to their citizens, the Chief Minister has added three new districts besides 72 existing districts: Prabudh Nagar, Panchsheel Nagar, Bhim Nagar. Table 4.1 illustrates the distribution of the district in the economic region of Uttar Pradesh, and figure 1.1 depicts the State's geographical distribution. According to the census of India 2011, the total population of the State is 19,98,12,34, which incorporated 77.7 percent rural population and 22.3 percent urban population. It is also among India's most densely populated state, with 829 persons against 382 persons at all India levels inhabiting every square kilometer.

TABLE 1.1: DISTRIBUTION OF DISTRICT IN ECONOMIC REGIONS OF UTTAR PRADESH

Regions	Districts	Total Number of Districts
Western Region	Agra, Firozabad, Mainpuri, Mathura, Aligarh, Etah, Hathras, Kasganj, Badaun, Bareilly, Pilibhit, Shahjahanpur, Auraiya, Etawah, Farrukhabad, Kannauj, Baghpat, Bulandshahr, Gautam Buddha Nagar (GBN), Ghaziabad, Meerut, Hapur, Bijnor, Amroha, Muradabad, Rampur, Sambhal, Muzaffarnagar, Saharanpur, Shamli.	30
Central Region	Barabanki, Hardoi, Kanpur Nagar, Kanpur Dehat, Lakhimpur Khiri, Lucknow, Fatehpur, Raibareilly, Sitapur, Unnao,	10
Eastern Region	Allahabad, Bhadohi, Kaushambi, Pratapgarh, Azamgarh, Ballia, Mau, Basti, Sant Kabir Nagar, Siddharthnagar, Bahraich, Balrampur, Gonda, Shravasti, Deoria, Gorakhpur, Kushinagar, Maharajganj, Mirzapur, Sonbhadra, Chandauli, Ghazipur, Jaunpur, Varanasi, Sultanpur, Ambedkarnagar, Faizabad, Amethi	28
Bundelkhand Region	Jhansi, Jalaun, Hamirpur, Mahoba, Banda, Chitrakoot, Lalitpur.	7

The Eastern region of the State is the most populated region with 39.98 percent of the total population, followed by the western region 38.23 percent, and the least populated region is the Bundelkhand region with 5.24 percent of the total population. The most populated district of Uttar Pradesh in Allahabad, Moradabad, and Gazipur, while the least populated districts are Mohoba. The literacy rate of the State is 67.7 percent against the nation's literacy rate of 74.04 percent.

Uttar Pradesh is also known as a Hindu concentrated state with its 79.93percent of Hindu population. There is only 19.08 percent population belongs to the Muslim community and concentrated in Moradabad, Bijnor, and Mujjafarnagar district. Its 20.7 percent population belongs to scheduled caste from which 23.1 percent lives in a rural area, and 12 percent lives in an urban area.

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The rural workforce of Uttar Pradesh is majorly engaged in agriculture activities, whereas the urban workforce is in industries. The total number of workers in Uttar Pradesh is 65,814,715 people, and they work as a main worker and marginal worker and engaged in cultivation and agriculture activities. Therefore, the work participation rate of U.P is 32.9 percent, including both men and women, against India's work participation rate (WPR) of 39.79 percent. The WPR in rural Uttar Pradesh is 33.4 percent while 31.2 percent in urban.

Population (2011)	19,98,12,34				
Density	829 person per sq/km				
Highly Populated Region	Eastern Region				
Least Populated Region	Bundelkhand Region				
Highly Populated District	Allahabaad, Moradabaad, Gazip	ur			
Least Populated District	Mahoba				
Hindu Population	79.9 percent				
SC Population	20.7 Percent				
	23.1 percent (Rural)	12 percent (Urban)			
Work Participation Rate	32.9 percent				
	33.4 percent (Rural)	31.2 (Urban)			
Literacy Rate	67.7				
	65.5 Percent (Rural)	75.1 (Urban)			

TABLE 1.2: AN OVERVIEW ON UTTAR PRADESH

Source: Census of India 2011

2. ECONOMIC STATUS OF UTTAR PRADESH

Uttar Pradesh has been rising as a speedily growing economy over recent years. Being geographically benefitted and overpopulated, most of the population depends on the agriculture sector for their livelihood. The State has adopted various development strategies to advance its industrial sector and provide new empowerment opportunities to their citizen. With these strategies, the State is also trying to reduce poverty and pace up the progress of the banking industry, information technology, agro-based, and food processes industry, etc. Despite this, the State has been achieving a sluggish but steady growth rate against the nation's growth rate.

2.1 Growth Experience

The State's real Gross State Domestic Product is continuously increasing from 724050 crores in 2011-2012 to 1042113 crores in 2017-2018 with the compound annual growth rate of 6 percent; however, this rate is meagre than the Nation's CAGR of 27%. The State's western region contributes a higher proportion in GSDP due to its strong agricultural and industrial base. Noida and Ghaziabad districts located in this region are evolving as the industrial hub of the State. In 2016-17 western regions contributed 55 percent in total GSDP, and a minuscule contribution by the Bundelkhand region that is 5.9 percent, has been reported.

Graph1.1 Real Gross Domestic Product of U.P and Gross Domestic Product of India (Amt. in Crore)

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0							
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Real GSDP	724050	758205	802070	834432	907700	974073	1042113
Real GDP	8736328.	9213016.	9801369.	10527674	11369493	12298327	13179857

Source: Ministry of Statistics and Programme Implementation (GoI)

Graph 1.2 illustrates the growth rate of real GSDP compared to the nation's real GDP growth rate. It shows that due to lack of public investment and the inefficiency to stimulate investment from outside, the growth rate of U.P was at its lowest as 4 percent in 2014-2015; however, after 2015, the growth rate increased to 8 percent due to the adoption of various initiatives taken by the state government to strengthen its industrial base and to attract investor. Implementing a public-private partnership policy and one district one product policy has a substantial impact on the State.

The share of the primary, secondary and tertiary sectors in real GSDP is illustrated in Graph 1.3. The tertiary sector contributes more than other sectors in the gross state domestic product. The Share of this sector has increased from 42.8 percent in 2011-12 to 46.4 percent in 2014-15 and then started to decrease till 2017-18.



Graph1.2 Real GSDP and GDP Growth Rate inPercentage

Source: Ministry of Statistics and Programme Implementation (GoI)

Despite an agriculture-based economy, the contribution of the primary sector is meager in total GSDP of the State due to the dependence on monsoon for agriculture productivity, fragmented and small size of landholdings, debility in public investment in agriculture, lack of commercialization of the agricultural sector. The share of the primary sector interruptedly declined from 26.2 percent in 2011-12 to 22.8 percent in 2017-18.with the up and down

vicissitude the secondary sector contributes lower than other sectors during 2011-2013 than it geared up its contribution in total GSDP.

50 40							10
30 20 10							
0	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Primary	26.2	26.1	24.6	23.4	22.7	22.6	22.8
Secondary	25.1	24.6	25.1	23.6	25	25.6	24.8
Tertiary	42.8	43.7	44.2	46.4	45.8	45.1	45.6

Graph1.3 Economic Activity vise Percentage Share in GSDP (at constant price 2011-2021)

Source: Ministry of Statistics and Programme Implementation (GoI)

2.2 Per Capita Income

Per capita income is the crucial determinant of the nation's inhabitants' economic well-being and social development. The per capita income of Uttar Pradesh is the lowest among the State of India, along with Bihar, Orissa, and Madhya Pradesh. The high population pressure in the State and the low growth rate of State Domestic products may affect the per capita income growth rate. Graph 1.4 shows the growth rate of the real PCI of Uttar Pradesh and shows the same behavior as the GSDP of the State (Graph 4.2). It is highest in 2015-2016, with a 7 percent growth rate.

However, Graph 1.5 shows that the State's real per capita income continuously increases from 2011 -12 to 2017-2018. It was 35916.83rs. in 2011-2012 which increased to 47189.5 rs in 2017-2018 against the nation's real PCI of 87623 rs.



Graph1.4 Growth Rate of Real Per Capita income of U.P from 2012 to 2018

Ministry of Statistics and Programme Implementation (GoI)

Graph1.5 Real Per Capita Income of Uttar Pradesh at Constant Price (2011-2018) (Amt. in Rs)



Source: Ministry of Statistics and Programme Implementation (GoI)

2.3 Poverty

A large number of poor live in Uttar Pradesh than in the other states of the Nation. Total 29.9 percent of the State's population lives below the poverty line against India's average of 21.92 percent. However, the poverty level is dropped over time. It fell from 57.7 percent in 1973-74 to 17 percent in 2011-12. It is also evident from Graph 4.6 that poverty incidence is higher in the Urban

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0	1973-74	1977-78	1983	1987-88	1993-94	2004-05	2009-10	2011-12
Rural	56.53	47.6	46.45	41.1	42.28	33.4	21.2	16.5
Urban 🛛	60.09	56.23	49.82	42.96	35.39	30.6	12.8	7.4
Combined	57.07	49.05	47.07	41.46	40.85	32.8	17.1	14

Graph1.6 Percentage of Population Below Poverty Line in Uttar Pradesh

Source: NITI Ayog (GOI), 2011

Note: Poverty estimates for the year 1973-74 to 2004-05 are as per the calculation of Lakdawala Committee and Estimates for the Year 2009-2010 to 2011-2012 as per the Tendulkar Committee area than in rural areas from 1973-74 to 1987-88. After 1988, urban poverty eventually declined than rural poverty and reached 7.4 percent in 2011-12 than poverty in rural areas of 16.5 percent.

Even with a significant fall in poverty ratio, the absolute number of poor has remained high till 2004-05. Due to the effective implementation of poverty alleviation schemes in the states, number declined from 590.03 lakh to 5.2 lakh in 2011-2012. (Graph 1.7)

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Due to the State's high regional disparities, the bundelkhand region is the home of the highest number of poor, followed by the eastern region. Kaushambi, Hardoi, and Bahraich having the highest number of poor in the states. In contrast, Bhagpat, Gaziabaad, and Meerut have the lowest poor (BPL Survey,2002).



Graph1.7 Number of Poor in Uttar Pradesh (In Lakh.)

Source: NITI Ayog (GOI), 2011

Note: Poverty estimates for the year 1973-74 to 2004-05 are as per the calculation of Lakdawala Committee and Estimates for the Year 2009-2010 to 2011-2012 as per the Tendulkar Committee

The major reason for high poverty incidence in Uttar Pradesh is the slow economic growth rate, the excessive burden on the agriculture sector, high-income inequality, asset, extensive landlessness, low level of investment, social deprivation, etc. and illiteracy. According to NAFIS Report 2016-17, 63% of the total households in the State are agriculture households. There are 2.33 crore farmers, of which 2.16 crore farmers are Small & Marginal Farmers (SF/MF), accounting for about 92% of the total farmers. 65% of the farmland is held by the SF/MF, whereas other farmers hold 35% farmland. The average size of the land is 0.80 hectares compared to all India's average size of 1.15 hectares. Correspondingly, the average monthly income of agriculture households is Rs.6668, about 34% lower than the national average monthly income of Rs.8931. Of this, the average monthly income for agriculture households having SF/MF is Rs.6769. As per the Socio-Economic and Caste Census 2011, 55.22% of the rural households are landholders, whereas only 40.24% of the total rural households are cultivators. About 72% of the total rural households had income less than Rs.5000.

3. PROGRESS AND STATUS OF FINANCIAL INCLUSION IN UTTAR PRADESH

According to the Census of India 2011, 72 percent of households avail themselves with banking facilities, including 73.5 and 66.1 percent in the rural and urban area of Uttar Pradesh as against the 58.6 percent of India. According to the Reserve Bank of India, 17,068 branches of scheduled commercial banks, including regional rural banks, are functioning in Uttar Pradesh as of March 2018, which is 11.4 percent of total bank branches in India. Out of which 7,66,4 branches are situated in 106,774 villages of the State and serve 155,317,278 rural populations. Therefore the population per branch in a rural area is 20,656 as against India's average of 16,371.population per branch (Table 1.3)

TABLE 1.3: NUMBER OF VILLAGES AND AVERAGE RURAL POPULATION PERBANK BRANCH IN UTTAR PRADESH (BY MARCH 2018).

Number of Villages as per Census of Uttar Pradesh 2011	106,774
Total Rural Population as Per Census of Uttar Pradesh 2011	155,317,278
Total Number of Bank Branches in Rural Area by March 2018	7,66,4
**Number of Population Per Branch	20,656

Source: Census of India, 2011, Office of the Registrar General & Census Commissioner, India Bank Branch Statistics, Database on Indian Economy Reserve Bank of India

** Calculated by Researcher

As of March 2018, the bank network in Uttar Pradesh includes 31 Commercial Banks (21 Public Sector Commercial Banks and 10 Private Sector Commercial Banks), 7 Regional Rural Banks, Uttar Pradesh Cooperative Bank (U.PCB) with 50 affiliated District Cooperative Banks (DCBs) having 1340 branches (7251 PACS) and Uttar Pradesh Sahakari Gram Vikas Bank Ltd (U.PSGVB) with 323 branches in Uttar Pradesh. To supervise and investigate the working of all banks, the Bank of Baroda was appointed as a convener bank of the State Level Bankers' Committee of Uttar Pradesh. Altogether 9 PSB act as a role of the lead bank in the group of districts of the State. Etah district Bank of Aryvrat and Prathama Bank in Jyotiba Phule Nagar plays a significant role in availing of banking services.

3.1 Branch Expansion of Scheduled Commercial Banks in Uttar Pradesh

A network delivers banking services in the State of 17,068 branches, of which 11,422 branches (about 70%) are rural/semi-urban. Table 1.4 indicates the population group-wise bank branch expansion in Uttar Pradesh with yearly percentage change and compound annual growth rate. It reveals that the rural branches have increased from 4,929 in 2010 to 7,664 in 2018, with a compound annual growth rate of 5 percent. At the same time, semi-urban branches have increased from 1,926 in 2010 to 3,752 in 2018, with a compound annual growth rate of 7 percent. On the other side, urban and metropolitan bank branches have jointly increased from 3,617 in 2010 to 5,652 in 2018, with a compound annual growth rate of 4 percent in urban and 5 percent in metropolitan areas. Altogether the total branch expansion in Uttar Pradesh is increased from 10,472 in 2010 to 17068 in 2018 with a CAGR of 5 percent over the nation's CAGR of 2.95 percent. The fluctuation in percentage change in all population groups is due to the applicability of new banking policies.

Year	Rural	% Change	Semi Urban	% Change	Urban	% Change	Metro- politan	% Change	Total
2010	4,929		1,926		1,936		1,681		10,472
2011	5,083	3%	2,143	11%	2,057	6%	1,757	5%	11,040
2012	5,783	14%	2,459	15%	2,259	10%	1,895	8%	12,396
2013	5,973	3%	2,696	10%	2,410	7%	2,011	6%	13,090
2014	6,993	17%	2,964	10%	2,594	8%	2,143	7%	14,694
2015	7,511	7%	3,186	7%	2,764	7%	2,312	8%	15,773
2016	7,742	3%	3,357	5%	2,829	2%	2,336	1%	16,264

TABLE 1.4: BRANCH EXPANSION OF SCHEDULED COMMERCIAL BANKS IN
UTTAR PRADESH (MARCH 2010- MARCH 2018)

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2017	7,526	-3%	3,686	10%	3,252	15%	2,408	3%	16,872
2018	7,664	2%	3,752	2%	2,874	-12%	2,778	15%	17,068
CAGR* *	5%		7%		4%		5%		5%

Source: Basic Statistical Returns of Scheduled Commercial Banks, RBI

*CAGR stands for Compound Annual Growth Rate. Calculated by researcher

% Change calculated by researcher

3.2 Growth of Scheduled Commercial Banks in Rural Uttar Pradesh

Financial inclusion is specially meant for financial deepening in remote areas so all segments of the nation can enjoy the benefit of Banking policies; therefore, Table 1.5 indicates the growth of SCBs in rural Uttar Pradesh concerning the number of offices deposits, credit outstanding, and CD ratio. It is clear from table 4.5 that the number of offices is hiked from 4,929 in 2010 to 7,664 in 2018. However, percent of the Bank branches declined from 47 in 2010 to 44.9 in 2018, and percent of deposits in rural bank branches also declined from 20.3 in 2010 to 19.5 in 2018. In addition, the percent of the credit to lend hiked up from 22.1 in 2010 to 22.9 in 2018. Henceforth, the CD ratio of the rural branches also improved from 46.9 percent in 2010 to 48.1 percent in 2018. The CD ratio is high in rural branches from 2010 to 2018 than the CD ratio of overall Bank branches in a state.

Year	Numbe Bank (er Of Offices	Deposit (In I	Lakh)	Credit Outstanding (In Lakh)		Credit I	Deposit Ratio
	Rural	**POT	Rural	**POT	Rural	**POT	Rural	U.P
2010	4,929	47.1	63623,11	20.3	29864,22	22.1	46.9	43.3
2011	5,083	46.0	7,49,919.22	20.1	3,48,184.93	21.3	46.4	43.9
2012	5,783	46.7	8,73,744.10	20.2	4,30,567.70	22.6	49.5	44
2013	5,973	45.6	10,04,691.23	19.6	4,97,297.34	22.1	49.5	44
2014	6,993	47.6	11,79,113.69	19.7	5,95,623.96	22.3	50.5	44.6
2015	7,511	47.6	13,40,586.76	19.9	7,05,894.71	23.4	52.6	45.4
2016	7,742	47.6	14,92,308.87	20.9	8,18,350.44	24.1	54.8	44.5
2017	7,526	44.6	16,95,395.05	19.5	8,39,045.51	23.7	49.8	39.9
2018	7,664	44.9	18,67,406.64	19.5	8,99,222.71	22.9	48.1	41.2

TABLE 1.5: GROWTH OF SCHEDULED COMMERCIAL BANKS IN RURAL UTTAR
PRADESH (MARCH 2010-MARCH 2018)

Source: Basic Statistical Returns of Scheduled Commercial Banks, RBI

** Percentage of Total calculated by researcher

3.3 Status of Small Borrower Accounts in Rural Uttar Pradesh

Uttar Pradesh is one of the poorest states of India. With this perspective, it is essential to look towards the contribution of any policy on the part of small borrowers. Table 1.6 illustrates the status of small borrower account in Uttar Pradesh and reveals that the number of the account in rural areas has been increased by 18.9 percent from March 2010 to March 2018 as against the states increment in these accounts 32.3 percent. It can also be noticed from the table that a total number of small borrows account in the rural area accounts for 54.2 percent of the total small

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borrower account in Uttar Pradesh in 2018. Moreover, the amount outstanding of these accounts has increased by 90 percent from 2010 to 2018 in a rural area over the 84 percent increment in the State. Amount outstanding in the rural area accounts for 56.9 percent of the total amount outstanding in Uttar Pradesh.

	No. of A/	С		Amt. Outs	tanding	
Year	2010	2018	% Increase*	2010	2018	% Increase*
Rural	5,267.00	6,220.18	18.09	19,91,991	37,95,680	90
U.P	8,706.00	11518.67	32.3	36,23,577	66,65,470.33	84

TABLE 1.6 STATUS OF SMALL BORROWERS ACCOUNT IN UTTAR PRADESH

Source: Basic Statistical Returns of Scheduled Commercial Banks, RBI

*Calculated by researcher

3.4 Regional Disparities in Rural Uttar Pradesh in Respect to Usage and Availability of Banking Services

Due to the high concentration of population and large geographical area, the consistent execution of any policy is problematic in Uttar Pradesh. This generates regional disparities among the region/district of Uttar Pradesh. Therefore, regional disparities affect the development of financial institutions' expansion and the State's developmental scenario. Table 1.7 illustrates the discrepancies in the availability and usage of banking services among the region and the states' district as of March 2018. The table indicates the number of bank branches, Deposit amount, amount outstanding, Credit Deposit Ratio, and Banking facility among the four regions of the State. Data reveals that the eastern region has the highest bank branches, 3372, followed by 2227 in the western region, 1370 in the central region, and 390 in the Bundelkhand region. The district having the highest bank branches are Jaunpur (230), Allahabad (216), And Azamgamgarh (216) in Eastern Region, whereas Raibareily (189), Sitapur (170), and barabanki (153) are in the central region. The district having the highest bank branches in Western Region are Moradabad (139), Bareily (135), and Shahjahanpur (121), followed by Banda (70), Jalaun(59), and Hamirpur (45) in Bundelkhand Region. The table also discloses that the State's western region contributes 58 percent deposit in total deposits of rural bank branches followed by eastern region 23 percent, central region 16 percent, and Bundelkhand region 3 percent. In addition, 42 percent of total credit is allocated through rural branches of the western region, followed by 34 percent of the eastern region, 17 percent of the central region, and 8 percent of the Bundelkhand region of the State. This deposit and credit amount indicate the credit deposit ratio of the State, and the Table shows that the western region has a good CD ratio of 89 percent, but still, some districts indicate that rural branches are highly dependent on their deposit to fulfill the requirement of credit. These districts are Kashganj, Rampur, Sharanpur, Badaun, Etah, Hathras, Jyotiba Phule Nagar, Mathura, Pilibhit, Shahjahanpur, Aligarh, Agra, Firozabaad, Farrukhabaad, Bulandsehar. These all-districts possess a CD ratio above 90 percent. At the same time, districts with a low CD ratio are Ghaziabad, Gautam Budha Nagar, Etawa, Auraiya. These all districts have a CD ratio of less than or near to 40 percent. In the same way, the eastern region has a 45 percent CD ratio. Except for Bahraichand Sravasti districts, the rest have less than a 45 percent CD ratio. The central region has a 51 percent CD ratio, and the Bundelkhand region has a 101.1 percent. Overall, Twenty-seven districts of the states have a CD ratio lower than 40

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percent. Table 1.7 also shows the statistics regarding the household using banking facilities in a rural area. 45 percent of the rural household out of the total households using banking facilities are in the eastern region, followed by 30.75 percent in the western region, 19 percent in the central region, and 5 percent in the Bundelkhand region. Though the share of Central and Bundelkhand regions is lower than the eastern and western regions, districts of these regions significantly use banking facilities with low discrepancies.

3.5 Status of Financial Inclusion Initiatives in the Uttar Pradesh

- 1. The number of households per branch has improved from 1799 as of 31 March 2017 to 1700 as of 31 March 2018.
- 2. Lead Banks have set U.P FLCCs and R-SETI in all 75 districts. In addition, 224
- **3.** Financial Literacy Centres (FLCs), viz. Sixty-four by RRB at the district level and 160 by District Central Cooperative Banks (DCCBs) at the block level have been established with NABARD assistance.
- **4.** Under the 'Going Digital' initiative, 6328 Financial Literacy camps have been sanctioned to 6 RRBs and 14 DCCBs in 2018-19. Financial support has been sanctioned for capital expenditure to 69 RSETIs.

			Ta	ble No 4.7	⁷ Regional	l Disparities in Rural	Uttar Prad	esh in Re	spect to U	sage and	Availabili	ty of Banking S	ervices				
Western	No.of Bank Branches	Deposit Amount(In Lakh)	Amount Oustandin g(in	CD ratio	Banking Facility	Eastern	No.of Bank Branche	Deposit Amount(In	Amount Oustandi ng(in	CD ratio	Bankin g (Central Region	No.of Bank Branches	Deposit Amount(In Takh)	Amount Oustanding(in	CD ratio	Banking Facility
	514	1101/ TTE	Lakh.)	1002	CEN	4 Ustated	S	Lakh.)	Lakh.)	, arc	1002	Dombould	101	00/01 520	20005 120	AAP	7076
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Auraiya	51	22728.437	5746.618	25%	65%	Azamgarh	311	162109.5	28054.1	17%	81%	Hardoi	240	76187.916	35370.145	46%	68%
Badaun	164	48512.255	32402.191	67%	47%	Bahraich	195	57077.6	29397.77	52%	65%	Kanpur Dehat	161	44146.687	16126.233	37%	67%
Bareily	562	176563.138	78190.258	44%	969%	Ballia	213	100275.9	18093.74	18%	%LL	Kanpur Nagar	86	25123.973	15121.666	960%	57%
Bhagpat	129	42819.989	19754.945	46%	71%	Balrampur	143	40224.57	15102.95	38%	82% L	akhimpur Khiri	254	70559.098	49538.54	360L	80%
Bijnor	278	107035.807	67389.621	63%	74%	Basti	161	66347.81	18146.6	27%	88%	Lucknow	926	1373462.606	402925.208	29%	75%
B ulands e har	235	111766.876	59952.462	54%	63%	Chandauli	159	55132.03	16945.29	31%	%LL	Raibareili	296	87253.298	37106.655	43%	78%
Etah	121	40447.246	24864.04	61%	63%	Deorio	211	97065.47	21505.69	22%	82%	Sitapur	284	78269.463	33703.859	43%	%6L
Etawa	117	62538.372	17336.161	28%	62%	Faizabad	185	93307.66	25437.04	27%	82%	Unnao	207	88948.681	24077.702	27%	68%
Farrukhabaad	129	50249.474	21483.419	43%	63%	Ghazipur	267	133601.8	27005.13	20%	77%	Total	2974	1999415.902	677160.944	34%	
Electrond	5	CON CLARK	36012 700	5.402	5102	Condo	νιι	A TOPT	31506.75	4100	OD02	Bundelkhand	No.of	De posit	Amount Orestanding/in	Cl	Banking
F II V ZADAAU	701	764-74010	70/101600	0,+0	0/10	CUINA	H 77	+10011	17.02010	0/ T +	0/00	Region	Branches	Lakh.)	Uus tairumg(III Lakh.)	CD 14U0	Facility
Gautam Budha Nagar	479	770948.51	390515.25	51%	75%	Gorakhpur	403	259491.4	82129.19	32%	79%	Banda	138	48056.998	23992.175	50%	64%
Ghaziabaad	459	481847.45	213109.4	44%	%69	Jaunpur	329	144515.4	32221.38	22%	82%	Chitrkoot	78	21575.117	11557.278	54%	68%
Hathras	133	42714.796	29235.032	68%	65%	Kaushambi	120	30401.59	8366.922	28%	67%	Hamirpur	100	28260.558	15735.505	56%	73%
Jyotiba Phule Nagae	194	47435.967	30523.91	64%	73%	Kushi Nagar	189	69050.12	21535.35	31%	85%	Jalaun	130	46766.446	24614.981	53%	74%
Kamauj	122	37879.288	19729.149	52%	67%	Maharajganj	147	42981.49	16401.26	38%	82%	Jhansi	203	127993.253	52263.387	41%	71%
Kashganj	86	25123.973	15121.666	60%	57%	Mau	158	82465.89	14561.5	18%	74%	Lalitpur	87	28698.494	21496.609	75%	68%
Mainpuri	110	44764.215	21171.047	47%	67%	Mirzapur	184	73131.13	24296.89	33%	75%	Mahoba	61	23945.457	15608.463	65%	73%
Mathura	271	125948.387	69211.283	55%	71%	Pratapgarh	243	89337.12	18923.67	21%	83%	Total	797	325296.323	165268.398	51%	
Meerut	447	286451.62	138330.85	48%	68%	Sant Kabir Nagar	119	36836.17	10547.52	29%	81%						
Muradabad	331	156633.518	92665.912	59%	66%	Sant Ravidas Nagar	124	47411.33	17114.42	36%	74%						
Muzzafarnagar	263	107448.425	80525.242	75%	65%	Sharvas ti	71	15569.22	8088.151	52%	72%						
Pilibhit	146	40231.447	29857.517	74%	72%	Sidharth nagar	138	42595.87	11607.78	27%	78%						
Rampur	198	49270.606	32325.285	66%	66%	Sonbhadra	152	72676.73	22790.7	31%	82%						
Shahjahanpur	274	117096.335	77736.127	66%	63%	Sultanpur	171	75737.52	18845.26	25%	79%						
Sharanpur	224	68728.904	43596.95	63%	67%	Varanasi	491	384188.3	139371.1	36%	75%						
Total	6484	3642354.57	1944540.6	53.38691		Total	5819	2803867	789785.8	28%							
Source:Source: Source: B.	asic Statistic	al Returns of	Scheduled C	ommercial	Banks, RB	11											
Census of India 2011																	

5. RBI has started the pilot project in 80 blocks of 9 states to inquire about the advanced and participatory financial literacy methods, including Uttar Pradesh. In the State, this project operates NGOs in cooperation with the sponsor banks to instruct the households to prepare a budget, maintain a booklet for financial transactions, motivate them to save in.Saving accounts, inspire them to borrow from formal financial institutions, etc. NABARD has prolonged support for establishing two Financial Literacy Centres at Lakhimpur Kheri by Allahabad bank and at Faizabad by Bank of Baroda in Uttar Pradesh.

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- **6.** NABARD is implementing a pilot project viz. Comprehensive Financial Inclusion in 3 different villages of Fatehpur district in collaboration with Baroda U.P Gramin Bank to intensify and deepen technology-based financial inclusion in the Sub Service Area.
- **7.** The State of Uttar Pradesh has been divided into 37424 SSA and allocated to the Banks for coverage under PMJDY. As of 01st August 2018, a total of 4.90 crore a/c have been opened with deposits to the tune of Rs.13754.71 crore.
- **8.** RU.Pay Debit cards have been issued to 3.87 crore accounts (79%), whereas 3.65 crore accounts have been Aadhaar seeded (74%). However, the number of zero balance accounts in the State declined to 14% of the total a/c compared to 22% in 2017-18.

4. INDEX OF FINANCIAL INCLUSION

Index of financial Inclusion is important to track the progress of financial inclusion in the country. *If you cannot measure it, you cannot manage it.* Sharma (2008) has proposed the methodology to calculate the IFI for any country. The methodology is the same as used by UNDP for the calculation of some renowned development indexes such as the HDI, the HPI, and the GDI. The index she made has incorporated the information of the dimension of financial inclusion. She has introduced the three dimensions as 1) Banking penetration with the indicator of total deposit accounts per lakhs of the 2) Availability of banking services with the indicator of a number of bank branches per 1000 populations, and 3) Usage of banking services with an indicator of the ratio of credit and deposit to the GDP. However, these dimensions can also be increased according to their importance. The IFI calculated in the present study is used to compare levels of financial inclusion throughout UttarPradesh districts at a particular time.

4.1 The Present Index

In the present IFI, the researcher has taken four basic dimensions of an inclusive financial system: *Banking Penetration* (BP), Availability *of the Banking Services* (BS), *Usage of Banking Services 1* (BU 1), and *Usage of Financial Services 2* (BU 2). The indicators that have been used are 1.) Total deposit accounts per lakhs population. 2.) Number of bank branches per 1000 population 3.) Deposit to the ratio of GDP and 4. Credit to the Ratio of GDP, respectively.

Hence the IFI formula for computing the present index is

IFI =1-
$$\sqrt{(1-d1)^2 + (1-d2)^2 + (1-d3)^2 + (1-d4)^2}$$

$\sqrt{4}$

4.2 Results and Discussion

IFI values were computed using data of all four dimensions for all the 71 districts of Uttar Pradesh and the State's rural area for the year 2017-2018. Initially, all the districts were

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classified/grouped in four categories: up to 0.30, more than 0.30 and U.P to 0.50, more than .55, and up to .66 and more than 0.66 according to their IFI values. However, one district falls in the HFI group regarding rural Uttar Pradesh and none in Uttar Pradesh. Therefore, depending on the value of IFI, all the seventy-one districts are characterized into categories, viz.:

- $0.66 < IFI \le 1.00 Very High Financial Inclusion (VHFI)$
- $0.50 \le IFI < 0.66 High Financial Inclusion (HFI)$
- $0.30 \le IFI < 0.50 Medium Financial Inclusion (MFI)$
- $0 \le IFI < 0.30 Low$ Financial Inclusion (LFI)

4.3 INDEX OF FINANCIAL INCLUSION FOR UTTAR PRADESH

The calculated values of the 4-dimensional Index of Financial Inclusion (4d-IFI) across all the 71 districts of Uttar Pradesh are presented in Table 1.8. It is evident from the table that Gautam Budh Nagar has a 1 index value for penetration dimension index followed by Kanpur Nagar (.41), Varanasi (.41), Agra (.31), Gorakhpur (.31), Jhansi (.31), and Ballia (.30) and so on. This implies that these districts have a sufficient number of offices of SCB's s to give service to the people who reside in the districts. The penetration index value of Gautam Budh Nagar (1) is higher than the State's penetration index value of (.25). Similarly, the availability dimension index shows that again Gautam Budha Nagar has a very high index value (1), followed by Lucknow (.71), Kanpur Nagar (.41), Varanasi (.41), Bareily (.38), Agra (.35), and Jyotibaphule Nagar (.31). The overall availability dimension index value for Uttar Pradesh is .21, which shows the low availability of banking services in the State.

It is clear from table 1.8; the district leading in penetration dimension index is legged in the availability dimension index. Hence we can say that the districts significantly penetrated with banks are not capable of providing services in the area.

In addition, an Index value of usage dimensions 1 and 2 reveals that, Except for Jaunpur (.97) and Faizabad (.79), no other district of Uttar Pradesh falls in either medium or medium the U.Pper range of the index. The overall usage dimension index value 1 and is .11 and .17, respectively. This implies that the amount deposited and credit lending amount is higher than the SGDP of the state.

Furthermore, based on the four dimension indices, an index of Financial Inclusion has been calculated. The results suggest, Jaunpur (.59), followed by GautamBudh Nagar (.54), fall in the range of high financial inclusion, whereas Lucknow (.36), Kanpur Nagar (.32), and Varanasi (.32) fall in the range of medium financial inclusion and remaining districts fall in the low range of financial inclusion. Hence, the IFI value for Uttar Pradesh is .17, which indicates the low level of financial inclusion in the state.

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TABLE 1.8 INDEX OF FINANCIAL INCLUSION FOR UTTAR PRADESH

Districts	Penetration Dimension	Availability Dimension	Usage Dimension 1	Usage Dimension 2	IFI
	Value	Value	Value	Value	Value
Agra	0.33	0.35	0.20	0.06	0.25
Aligarh	0.24	0.21	0.13	0.05	0.17
Allahabad	0.30	0.25	0.07	0.08	0.18
Ambedkar Nagar	0.25	0.17	0.06	0.05	0.14
Auraiya	0.05	0.05	0.00	0.01	0.03
Azamgarh	0.26	0.16	0.04	0.08	0.14
Baghpat	0.20	0.28	0.06	0.02	0.16
Bahraich	0.17	0.12	0.08	0.03	0.11
Ballia	0.30	0.16	0.04	0.07	0.15
Balrampur	0.16	0.16	0.07	0.04	0.11
Banda	0.22	0.20	0.12	0.05	0.15
Bara Banki	0.25	0.23	0.07	0.03	0.16
Bareilly	0.43	0.38	0.06	0.03	0.25
Basti	0.25	0.15	0.04	0.04	0.13
Bijnor	0.23	0.20	0.10	0.02	0.15
Budaun	0.12	0.08	0.05	0.01	0.07
Bulandshahr	0.22	0.16	0.07	0.02	0.13
Chandauli	0.27	0.21	0.07	0.06	0.16
Chitrakoot	0.07	0.07	0.11	0.04	0.08
Deoria	0.29	0.16	0.06	0.07	0.16
Etah	0.22	0.17	0.06	0.01	0.13
Etawah	0.25	0.19	0.04	0.04	0.14
Faizabad	0.24	0.19	0.97	0.79	0.55
Farrukhabad	0.22	0.17	0.06	0.03	0.13
Fatehpur	0.20	0.18	0.05	0.03	0.12
Firozabad	0.21	0.14	0.09	0.03	0.12
Gautam Buddha Nagar	1.00	1.00	0.17	0.07	0.54
Ghaziabad	0.25	0.28	0.28	0.14	0.24
Ghazipur	0.28	0.19	0.06	0.08	0.16
Gonda	0.22	0.15	0.07	0.04	0.13
Gorakhpur	0.31	0.25	0.14	0.10	0.21
Hamirpur	0.26	0.25	0.07	0.02	0.17
Hardoi	0.20	0.13	0.07	0.03	0.11
Hathras	0.24	0.23	0.10	0.02	0.16
Jalaun	0.25	0.20	0.07	0.02	0.15
Jaunpur	0.29	0.18	1.00	1.00	0.59
Jhansi	0.31	0.29	0.11	0.06	0.20
Jyotiba Phule Nagar	0.26	0.31	0.05	0.01	0.17

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Districts	Penetration Dimension	Availability Dimension	Usage Dimension 1	Usage Dimension 2	IFI
Kanauj	0.23	0.19	0.04	0.01	0.13
Kanpur Dehat	0.26	0.25	0.04	0.02	0.16
Kanpur Nagar	0.41	0.44	0.26	0.14	0.32
Kanshiram Nagar	0.00	0.00	0.02	0.00	0.01
Kaushambi	0.19	0.19	0.02	0.03	0.12
Kheri	0.21	0.15	0.07	0.01	0.12
Kushi Nagar	0.22	0.11	0.04	0.03	0.11
Lalitpur	0.23	0.18	0.09	0.01	0.14
Lucknow	0.59	0.71	0.00	0.01	0.36
Maharajganj	0.19	0.11	0.04	0.02	0.10
Mahoba	0.27	0.17	0.05	0.01	0.14
Mainpuri	0.22	0.13	0.07	0.03	0.12
Mathura	0.26	0.31	0.15	0.05	0.20
Mau	0.29	0.18	0.03	0.07	0.15
Meerut	0.37	0.40	0.13	0.05	0.25
Mirzapur	0.26	0.19	0.06	0.04	0.15
Moradabad	0.15	0.17	0.18	0.06	0.15
Muzaffarnagar	0.12	0.15	0.15	0.03	0.12
Pilibhit	0.20	0.18	0.07	0.01	0.12
Pratapgarh	0.25	0.19	0.05	0.07	0.15
Rai Bareli	0.18	0.24	0.10	0.05	0.15
Rampur	0.20	0.23	0.05	0.01	0.13
Saharanpur	0.26	0.21	0.12	0.03	0.16
Sant Kabir Nagar	0.25	0.17	0.06	0.05	0.14
Sant Ravidas Nagar	0.26	0.20	0.09	0.06	0.16
Shahjahanpur	0.21	0.19	0.08	0.02	0.13
Shravasti	0.22	0.15	0.07	0.02	0.13
Siddharthanagar	0.17	0.11	0.03	0.03	0.09
Sitapur	0.18	0.15	0.04	0.02	0.11
Sonbhadra	0.26	0.22	0.05	0.04	0.16
Sultanpur	0.11	0.08	0.04	0.05	0.07
Unnao	0.23	0.16	0.03	0.04	0.13
Varanasi	0.41	0.41	0.27	0.16	0.32
U.P	0.25	0.21	0.11	0.07	0.17

Source: Calculated by the Researcher

4.4 Index of Financial Inclusion for Rural Uttar Pradesh

A similar methodology has been used to calculate the IFI for rural Uttar Pradesh. Table 1.10 presents the results which shows that Kanpur Nagar (1) followed by Mirzapur (.65), Faizabad (.64), Sultanpur (.63), Sant Ravidasnagar (.63), Shahjahanpur (.62), and Ballia (.62) fall in the

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rage of VHFI in penetration dimension index. The overall penetration dimension index value is .48 shows the medium level of penetration in rural Uttar Pradesh. Similarly, The availability dimension index values indicate that Ghaziabad (.60), Jyotibaphule Nagar (.58), Meerut (.54), Moradabad (.55), Rai Bareily (.63), and Rampur (.58) fall in the range of HFI. In addition, Allahabad (.24), Ambedkar Nagar (.14), Auraiya (.15), Azamgarh (.11),Bahraich (.13), Ballia (.18), BaraBanki (.27), Shahranpur (.21), Sant Ravidas Nagar (.27), Shrawasti (.09), Sidharthnagar (.08), Sonbhadra (.06) Unnao (.14), and Varanasi (.27) fall in the range of LFI. The availability dimension index value for rural U.P is .30. Furthermore, index values for Usage dimensions 1 and 2 indicate that all 75 districts of Rural Uttar Pradesh fall in the range of LFI, and the sum up value for Rural Uttar Pradesh for Usage dimension index is .09 and .05, respectively. The overall IFI value for rural U.P is .34, showing the MFI in the rural area.

The penetration dimension index value is higher than the availability and usage dimensions index value, which indicates that due to the government efforts, the banking services reach the rural area significantly, but banks are failing to provide the banking services to the beneficiaries; therefore, the level of usage is also affecting.

Districts	Penetration Dimension Value	Availability Dimension Value	Usage Dimension 1 Value	Usage Dimension 2 Value	IFI Value
Agra	0.30	0.35	0.05	0.01	0.29
Aligarh	0.51	0.32	0.08	0.02	0.35
Allahabad	0.52	0.24	0.03	0.03	0.31
Ambedkar Nagar	0.49	0.14	0.08	0.06	0.30
Auraiya	0.47	0.15	0.04	0.03	0.29
Azamgarh	0.57	0.11	0.07	0.11	0.33
Baghpat	0.47	1.00	0.05	0.02	0.44
Bahraich	0.46	0.13	0.12	0.04	0.30
Ballia	0.62	0.18	0.05	0.06	0.34
Balrampur	0.58	0.44	0.11	0.06	0.40
Banda	0.50	0.35	0.14	0.03	0.37
Bara Banki	0.52	0.27	0.10	0.03	0.34
Bareilly	0.44	0.46	0.03	0.01	0.35
Basti	0.44	0.04	0.07	0.06	0.27
Bijnor	0.43	0.40	0.07	0.02	0.34
Budaun	0.28	0.20	0.06	0.01	0.25
Bulandshahr	0.50	0.24	0.07	0.02	0.32
Chandauli	0.65	0.28	0.09	0.07	0.38
Chitrakoot	0.61	0.37	0.14	0.04	0.40
Deoria	0.55	0.07	0.06	0.06	0.29
Etah	0.53	0.35	0.07	0.01	0.35
Etawah	0.38	0.21	0.04	0.03	0.28
Faizabad	0.64	0.19	0.64	0.48	0.58
Farrukhabad	0.50	0.23	0.06	0.01	0.31

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	Penetration	Availability	Usage	Usage	
Districts	Dimension	Dimension	Dimension 1	Dimension 2	IFI
	Value	Value	Value	Value	Value
Fatehpur	0.41	0.29	0.06	0.03	0.32
Firozabad	0.38	0.24	0.04	0.01	0.28
Gautam Buddha Nagar	0.29	0.71	0.01	0.01	0.35
Ghaziabad	0.35	0.60	0.01	0.01	0.35
Ghazipur	0.61	0.24	0.08	0.09	0.36
Gonda	0.51	0.17	0.11	0.05	0.33
Gorakhpur	0.54	0.14	0.05	0.06	0.31
Hamirpur	0.42	0.47	0.08	0.01	0.36
Hardoi	0.46	0.17	0.08	0.03	0.30
Hathras	0.48	0.46	0.08	0.02	0.37
Jalaun	0.59	0.35	0.07	0.02	0.36
Jaunpur	0.57	0.14	1.00	1.00	0.67
Jhansi	0.43	0.33	0.04	0.01	0.32
Jyotiba Phule Nagar	0.41	0.58	0.08	0.02	0.38
Kanauj	0.61	0.36	0.05	0.01	0.36
Kanpur Dehat	0.13	0.18	0.09	0.05	0.22
Kanpur Nagar	1.00	0.81	0.01	0.01	0.49
Kanshiram Nagar	0.34	0.46	0.03	0.00	0.32
Kaushambi	0.48	0.36	0.06	0.05	0.35
Kheri	0.60	0.22	0.09	0.02	0.34
Kushi Nagar	0.40	0.00	0.07	0.05	0.24
Lalitpur	0.56	0.23	0.13	0.02	0.35
Lucknow	0.29	0.48	0.00	0.00	0.30
Maharajganj	0.35	0.02	0.06	0.04	0.22
Mahoba	0.63	0.12	0.06	0.01	0.31
Mainpuri	0.05	0.09	0.05	0.01	0.14
Mathura	0.00	0.17	0.09	0.02	0.16
Mau	0.65	0.19	0.06	0.07	0.35
Meerut	0.44	0.54	0.04	0.01	0.36
Mirzapur	0.65	0.20	0.09	0.05	0.36
Moradabad	0.55	0.59	0.05	0.01	0.40
Muzaffarnagar	0.22	0.53	0.05	0.01	0.31
Pilibhit	0.42	0.35	0.06	0.01	0.33
Pratapgarh	0.53	0.23	0.09	0.10	0.35
Rai Bareli	0.50	0.63	0.08	0.05	0.41
Rampur	0.49	0.58	0.06	0.01	0.39
Saharanpur	0.35	0.21	0.09	0.02	0.28
Sant Kabir Nagar	0.53	0.11	0.08	0.07	0.31
Sant Ravidas Nagar	0.63	0.27	0.07	0.06	0.36
Shahjahanpur	0.62	0.38	0.08	0.02	0.38

Districts	Penetration Dimension Value	Availability Dimension Value	Usage Dimension 1 Value	Usage Dimension Value	2 IFI Value
Shravasti	0.46	0.09	0.14	0.05	0.30
Siddharthanagar	0.48	0.08	0.07	0.06	0.28
Sitapur	0.64	0.37	0.06	0.02	0.37
Sonbhadra	0.37	0.06	0.06	0.04	0.24
Sultanpur	0.63	0.20	0.07	0.07	0.35
Unnao	0.48	0.14	0.06	0.04	0.29
Varanasi	0.44	0.27	0.04	0.04	0.31
Rural U.P	0.48	0.30	0.09	0.05	0.34

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Source : Calculated by the Researcher

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CONCLUSION

Concerning the above analysis of Uttar Pradesh, including economic status and banking status, we can say that Uttar Pradesh is a developing but rich state of India. Its culture and geographical situation make it prosperous. On the one hand, its high population creates poverty and inequalities among the region, but on the other hand states, geographical situation enlightened the way to enlarge its industrial and business area. As far as we are concerned about its financial sector, it is continuously growing since 2011, but due to regional imbalances, we can also see some disparities in the development of the financial sector among the districts/region of the state. Furthermore, as part of financial inclusion, the IFI value also shows improvement from the IFI value of .09 for U.P (Pandey. A, 2009). Hence, being an overpopulated state of the nation, the path of development is long but achievable.

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