

Financial Inclusion

New Delhi
4-1-2018

“If Mahatma Gandhi worked to remove social untouchability, if we want to get rid of poverty, then we have to first get rid of financial untouchability. We have to connect every person with the financial system. When a bank account is opened, it is a step towards joining economic mainstream.”

Shri Narendra Modi

What is Financial Inclusion?

Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by-

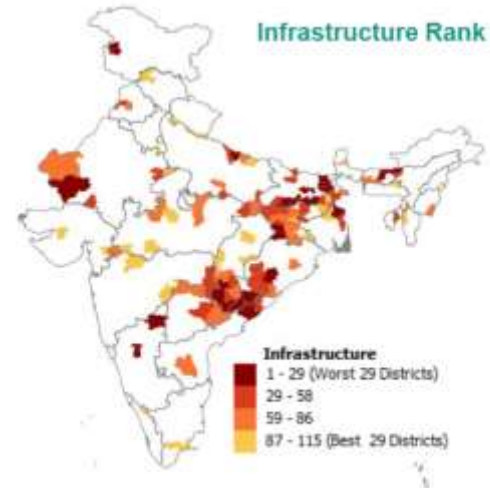
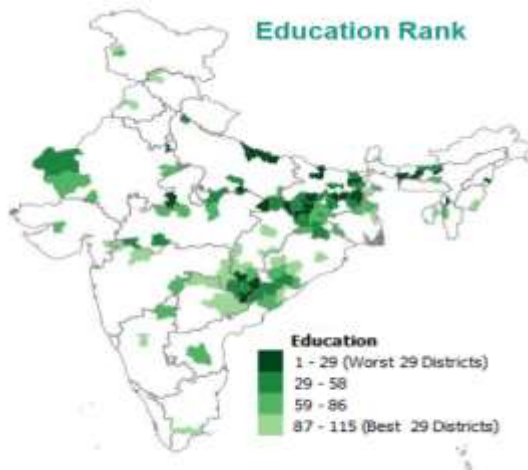
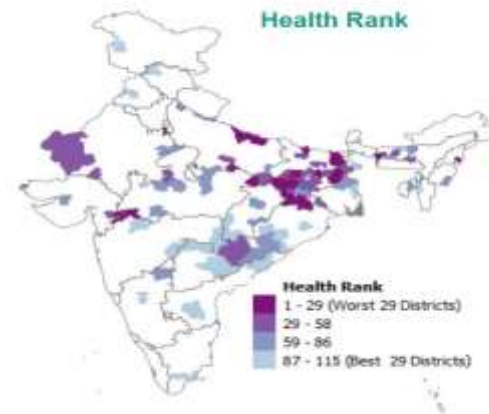
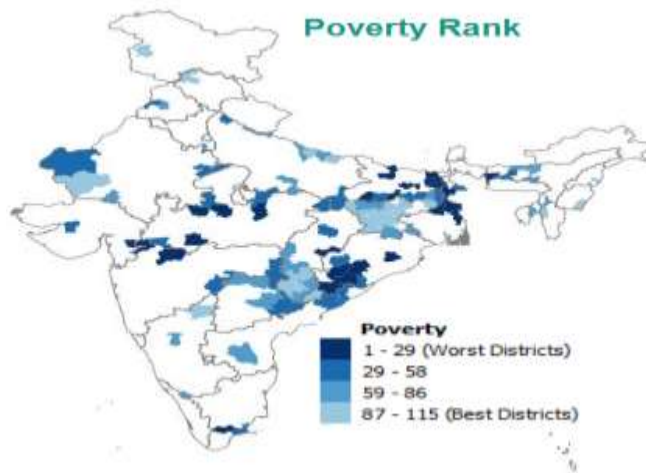
- *Vulnerable Groups,*
- *Weaker Sections,*
- *Low Income Groups,*

at an affordable cost by mainstream Institutional players.

Perspectives of Backwardness of 121 Districts of India

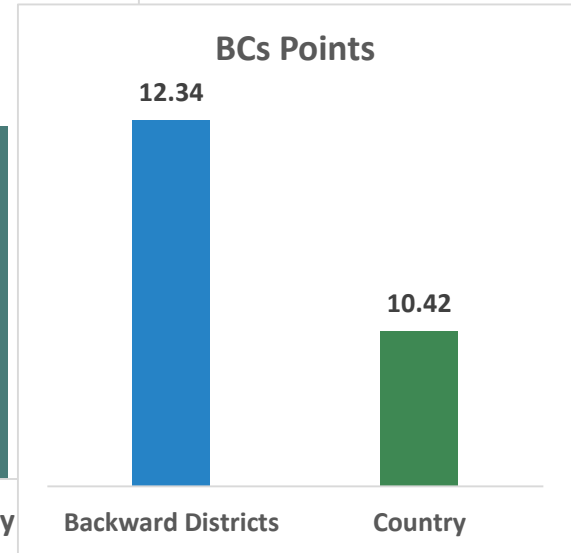
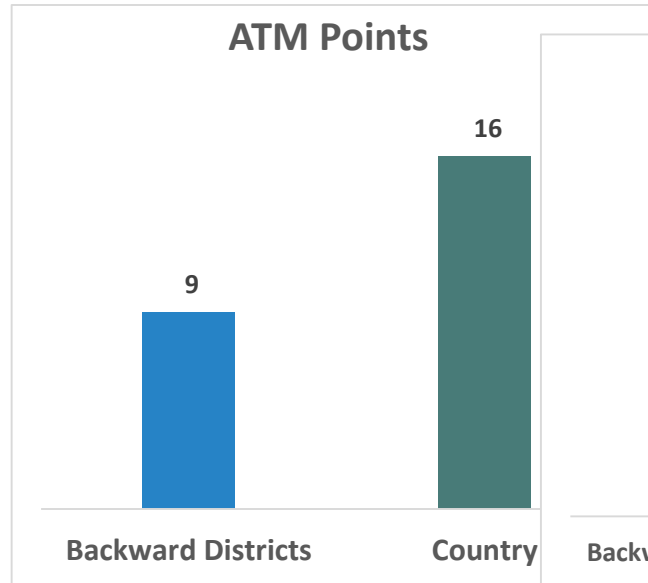
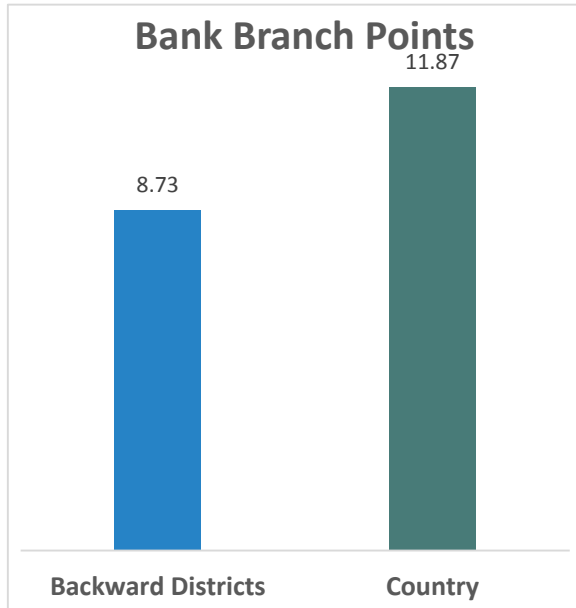
- Poverty.
- Health.
- Education.
- Infrastructure.
- Financial Inclusion.

District Wise Gap Distribution



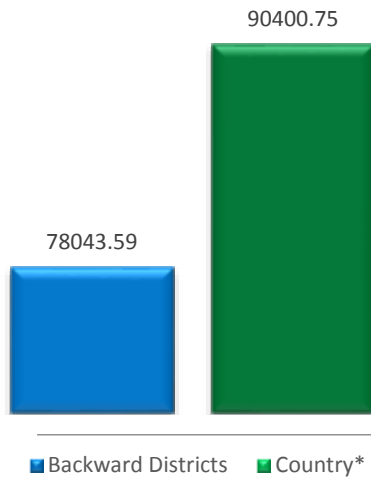
Any Linkages with Financial Inclusion ??

Financial Infrastructure availability (per lakh population)

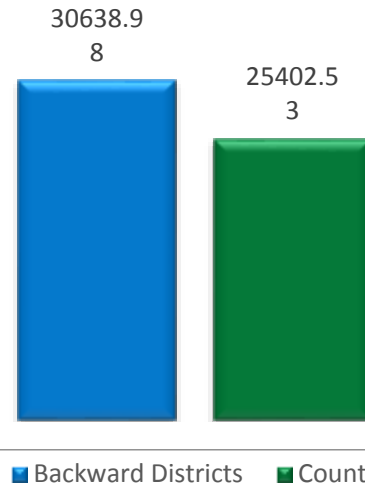


Access to Banking

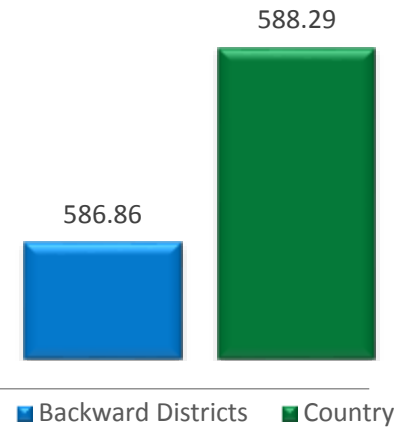
**Operative CASA accounts
(per lakh population)**



**PMJDY Accounts (per
Lakh population)**





**Deposits in Rs. Lakh
under PMJDY (per lakh
population)**



Gap is multi-dimensional

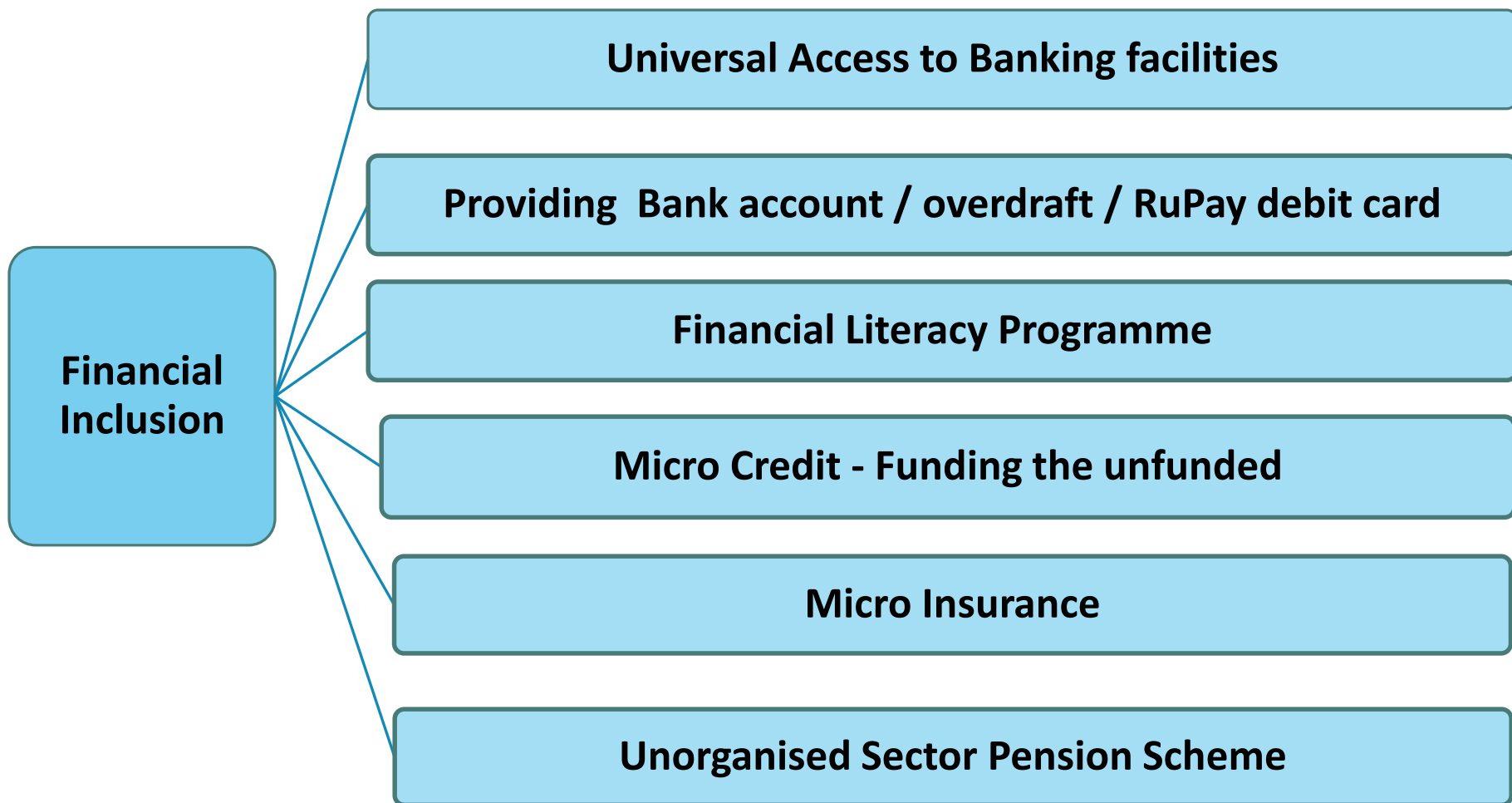
Policy and Strategic Choice-

- * Adopt one after another- sequential approach?
 - -Improve infrastructure (Physical, Financial) 
 - -Improvement in Human Development Index (HDI) 
 - -Financial Inclusion

Or

- * Adopt multi-pronged simultaneous approach

Pillars of National Mission on Financial Inclusion: Pradhan Mantri Jan Dhan Yojana (PMJDY)



Universal Access to Banking facilities

- ❖ Expansion of banking network to reach out to the financial excluded segments of population
- ❖ Apart for branch and ATM expansion, Sub-Service Area approach followed
- ❖ All 6 lakh villages mapped into 1.59 lakh sub-service area to have at least one fixed point banking outlet to cater 1000 to 1500 households
- ❖ 1.26 lakh unbanked SSAs covered by inter-operable Business Correspondents (BCs)
- ❖ Post Offices also being brought under Core Banking Solution (CBS)

Universal Access to Banking facilities

	FY 2013-14	FY 2016-7	% Growth
Number of bank branches of Scheduled Commercial Banks	1,17,951	1,38,046	17.0%
Number of ATMs (On-site & Off-site)	1,60,055	2,08,354	30.2%
Number of Business Correspondents / Bank Mitra	1,40,000	1,80,000	28.6%

Gap in number of Bank Branch Points, ATMs, Coverage of uncovered SSA, IT Connectivity in the Backward Districts.

Providing Basic Bank account / overdraft / RuPay Debit card

Providing Bank accounts to all households

No requirement of minimum balance

Deposit and withdrawal (maximum four withdrawals in a month) free – Small non KYC A/C

No limit on volume of deposit and withdrawal for KYC compliant BSBD accounts

RuPay Debit card with inbuilt insurance coverage of Rs. 1 lakh

Overdraft up to Rs. 5,000 after six months of satisfactory saving/credit history

Need to ensure KYC (Aadhar seeding) of all accounts

Progress

	FY 2013-14	FY 2016-17	% Growth
No. of Bank Accounts (crore) (Operative)	88.96	110.07	23.9%
No. of Mobile Seeded Accounts (crore)	32.6	72.60	126.5%
No. of RuPay Cards (crore)	12.0	36.5	204.2%

30.64 crore accounts opened under Jan Dhan Yojana

Jan Dhan account deposit Rs. 68,529 crores

Out of total 6.08 cr PMJDY AC of Backward Dist.- 4.38 cr Rupay Card issued, 4.43 cr Aadhar seeded and 4.3 cr mobile seeded.

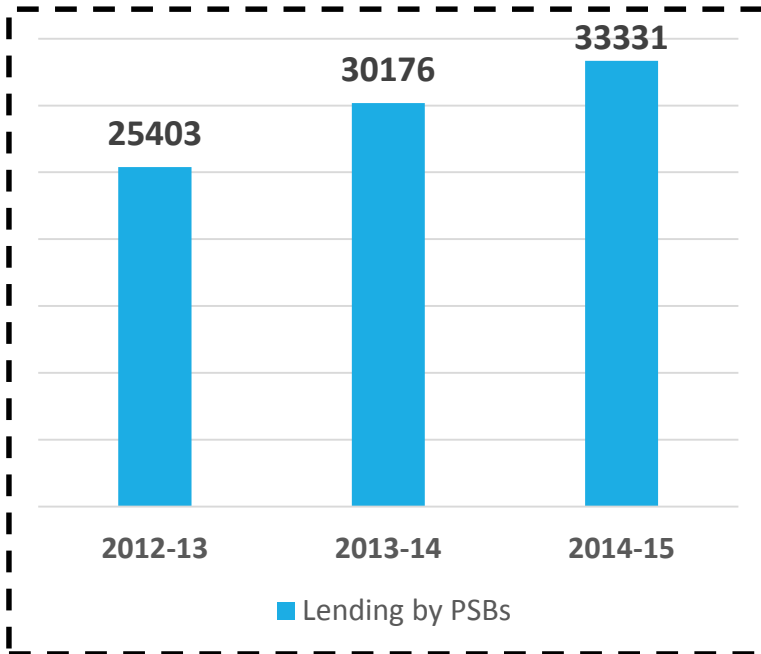
Gap in Rupay Card distribution, Aadhar and Mobile seeding- impediments in promoting DBT

MICRO CREDIT

Loans below Rs. 10 lakh under Mudra

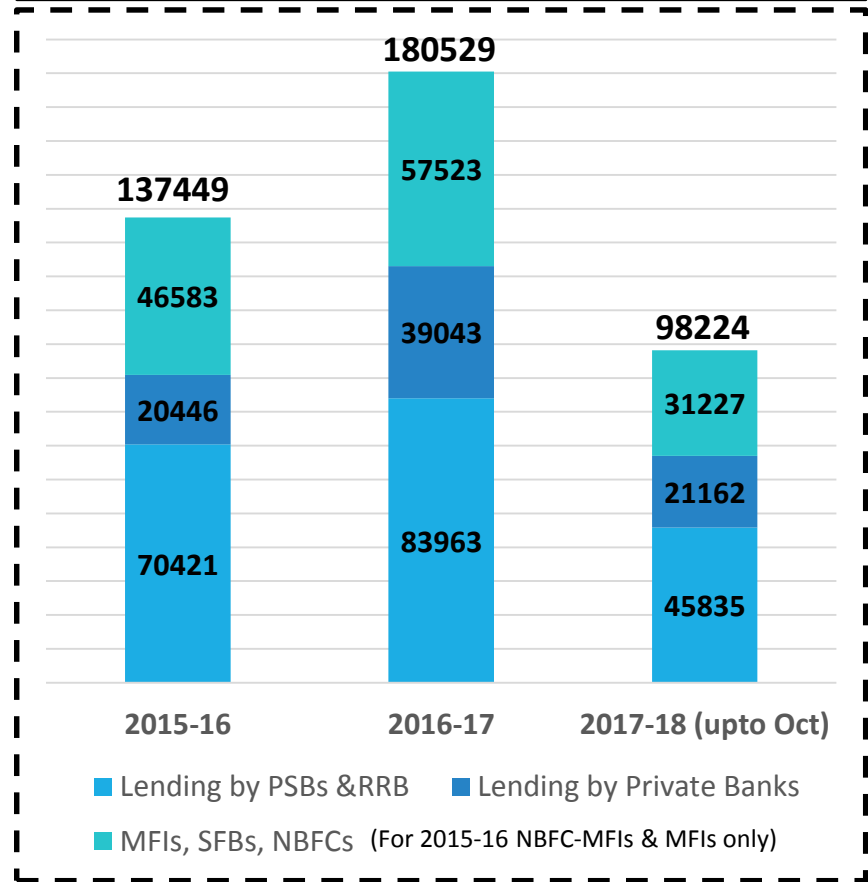
Pre-Mudra

Disbursed Rs. 88,910 crore in 3 years



Impact of Mudra

Sanctioned Rs. 4,16,202 crore in 2½ years



Loans below Rs. 10 lakh under Mudra (cont.)

Women Constitute

75% of borrowers

49% of Sanctioned Amount

SC/ST Constitute

18% / 4.8% of borrowers

11% / 3% of Sanctioned Amount

New Entrepreneur Constitute

29% of borrowers

40% of Sanctioned Amount

Micro Insurance

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- ❖ One year cover Term Life Insurance Scheme, renewable from year to year
- ❖ The premium payable is Rs.330/- per annum per subscriber.
- ❖ Rs.2 lakhs is payable on a subscriber's death due to any reason.
- ❖ All savings bank account holders in the age 18 to 50 years in participating banks are entitled to join.
- ❖ Enrolment as on 28.12.2017 is 5.32 crore
- ❖ 79485 claim settled and Rs.1589 crore amount paid (as on 28-12-2017)

Micro Insurance (cont.)

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- ❖ Personal accident insurance scheme
- ❖ Protection against disability due to an accident and renewable every year
- ❖ Premium payable is Rs. 12 per annum per subscriber.
- ❖ Sum insured up to Rs.2 lakhs
- ❖ All savings bank account holders aged 18 to 70 years
- ❖ Enrolment as on 28.12.2017 is 13.25 crore
- ❖ 14314 claim settled and Rs. 286 crore amount paid. (as on 28-12-2017)

Unorganised Sector Pension Scheme: Atal Pension Yojana

- ❖ Pension scheme for citizens of India focussed on the unorganised sector workers
- ❖ Guaranteed minimum pension of Rs. 1,000/-, 2,000/-, 3,000/-, 4,000 and 5,000/- per month at the age of 60 years depending on the contributions by the subscribers.
- ❖ Any Citizen of India, aged between 18 - 40 years, having a savings bank account can join APY scheme
- ❖ All the contributions are to be remitted monthly through auto-debit facility from savings bank account of the subscriber
- ❖ Enrolment as on 28.12.2017 is 79.39 lakh

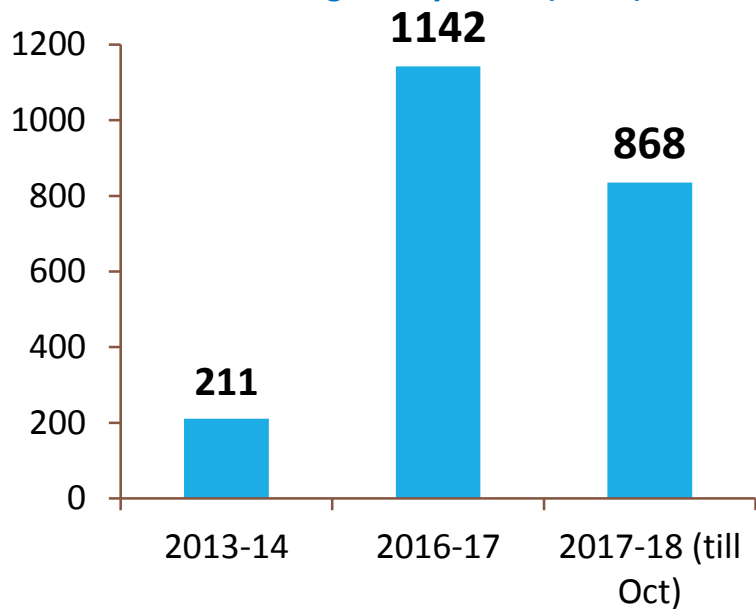
Social Security Insurance

	2014	2017	%age Growth
No. of Persons enrolled (Accident) (crore)	17.46	89.51	412.7%
No. of Persons enrolled (Life) (crore)	39.05	47.93	22.7%
No. of Persons enrolled (Health) (crore)	21.62	43.75	102.4%

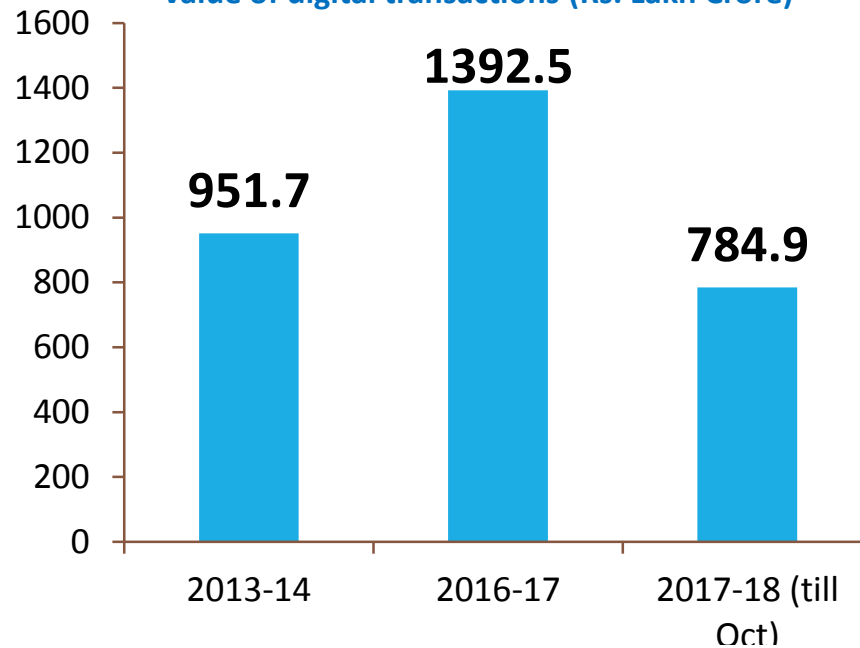
Financial Literacy Programme

- ❖ 1,385 Financial Literacy Centres (FLCs) as on 31.3.2017
- ❖ FLCs and rural branches of banks conduct
 - Financial Literacy camps on “Going Digital”
 - Financial Literacy camps specific target groups, namely, farmers, small entrepreneurs, school children, senior citizens and SHGs.
- ❖ Reserve Bank has launched financial literacy drive in 80 blocks in nine state on pilot basis with NGOs

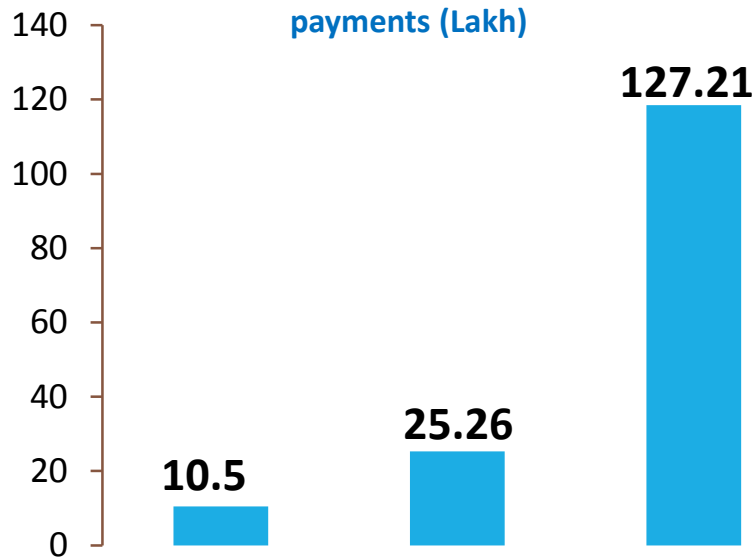
Number of Digital Payments (Crore)



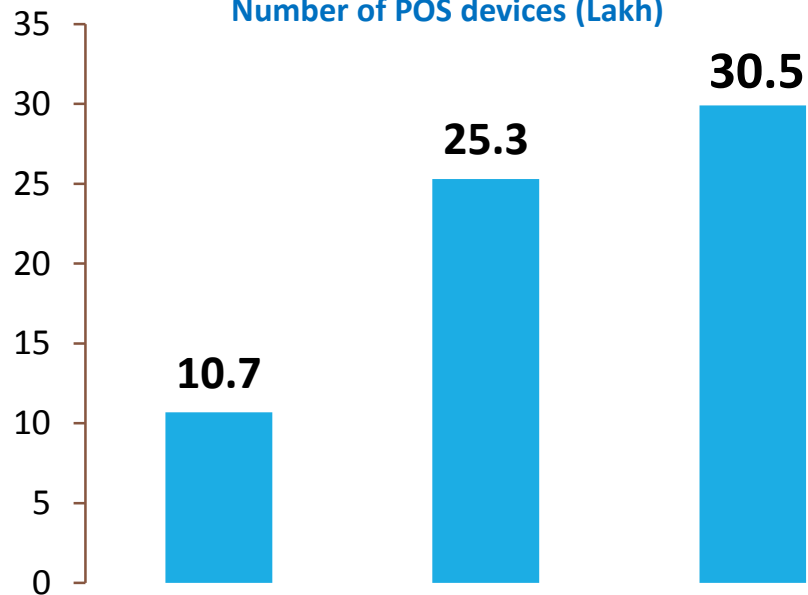
Value of digital transactions (Rs. Lakh Crore)



Number of merchants accepting digital payments (Lakh)



Number of POS devices (Lakh)



Way Forward

- * Promote Financial Inclusion in Mission Mode
- * Block to be unit for Financial Inclusion Coverage. (Vizag, Ranchi)
- * Cover unserviced Sub Service Areas. (approx 12000 in numbers)
- * Issue Rupay Card for all the accounts, seed account with Aadhar and Mobile number.
- * Ensure Jan Dhan accounts are used for DBT payments.

Way Forward

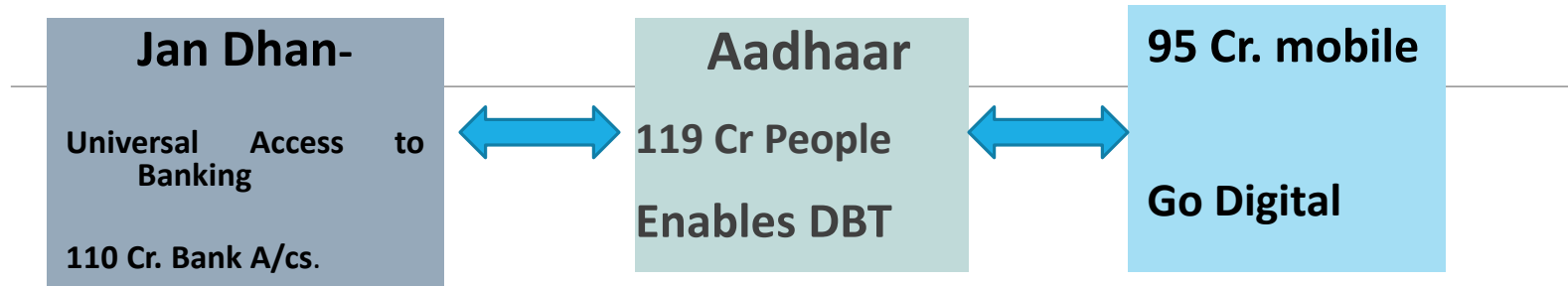
- * Provide MUDRA Loan to all eligible.
- * Review of all Bank Branches to ensure 2 loan per Branch to SC/ST/Women under Stand Up India.
- * Enrollment of uncovered population especially women, weaker sections and unorganized labours for Social Security Schemes such as PMJJBY, PMSBY and APY
- * Encourage of Merchants to adopt digital payment through BHIM, Bharat QR code etc. (No MDR charges for transaction more than Rs 2000)

Way Forward

- * * Intensive Financial Literacy campaign with the help of
 - Banks
 - Schools
 - Gram Panchayat
 - NGOs
 - Weekly Bazar/Hats

- * Improve IT coverage (Bharatnet etc.), Telephonic connectivity

JAM-Making Life Digitally Simple



Advantages of JAM

- Ease of living
- OTP based Aadhar Verification for all Govt. programs, financial inclusion.
- Facilitate Aadhar based payment system (AEPS)
- Facilitate EKYC

Thank
You..