

## Overview and Progress on Financial Inclusion

Financial Inclusion is an important priority of the Government. The objective of Financial Inclusion is to extend financial services to the large hitherto un-served population of the country to unlock its growth potential. In addition, it strives towards a more inclusive growth by making financing available to the poor in particular.

### 2. Position of households availing banking services:

Households	As per Census 2001			As per Census 2011		
	Total number of households	Number of households availing banking services	Percent	Number of households availing banking services	Number	Percent
Rural	138,271,559	41,639,949	30.1	167,826,730	91,369,805	54.4
Urban	53,692,376	26,590,693	49.5	78,865,937	53,444,983	67.8
<b>Total</b>	<b>191,963,935</b>	<b>68,230,642</b>	<b>35.5</b>	<b>246,692,667</b>	<b>144,814,788</b>	<b>58.7</b>

### 3. Bank Branches and ATMs :

(i) **Expansion of Bank Branch network:** The number of branches opened by Public Sector Banks (PSBs) and Scheduled Commercial Banks (SCBs) during last five years :

Number of functioning branches of **Public Sector Banks** - Population Group wise:

As on	Rural	Semi Urban	Urban	Metropolitan	Total
31.03.2011	20658	16217	13450	12612	62937
31.03.2012	22379	17905	14322	13244	67850
31.03.2013	24243	19642	15055	13797	72737
31.03.2014	27547	21952	16319	14644	80462
31.03.2015	29634	23549	17387	15325	85895

Population Group wise number of branches of **Scheduled Commercial Banks (SCBs)**:

As on	Rural	Semi Urban	Urban	Metropolitan	Total
31.03.2011	33923	23089	17629	16255	90896
31.03.2012	36546	25834	18879	17274	98533
31.03.2013	39816	28546	19935	18092	106389
31.03.2014	45293	31530	21532	19275	117630
31.03.2015	48557	33766	23036	20498	125857

Bank Group and Population Group wise Number **of Functioning Branches** as on **March 31, 2015**:

Bank Group	Rural	Semi Urban	Urban	Metropolitan	Total
SBI & its Associates	8029	6593	4304	3622	22548
Nationalised Banks	21228	16428	12604	11325	61585
Other Public Sector Banks	377	528	479	378	1762
Private Sector Banks	4302	6457	4521	4698	19978
Foreign Banks	8	12	57	247	324
Regional Rural Banks	14613	3748	1071	228	19660
<b>Grand Total</b>	48557	33766	23036	20498	125857

**(ii) Position of ATMs deployed by PSBs and SCBs during the last five years:**

Number of ATMs of **Public Sector Banks (PSBs)**:

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2011*	20032	30201	50233
31.03.2012	24181	34012	58193
31.03.2013	29411	40241	69652
31.03.2014	44504	65920	110424
31.03.2015	58763	69902	128665
30.06.2015**	59245	71979	131224

\*The data pertains to ATMs deployed as on April 30, 2011

\*\* Data for June 2015 is provisional

Number of ATMs of **Scheduled Commercial Banks (SCBs)**:

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2011*	34377	41268	75645
31.03.2012	48141	47545	95686

31.03.2013	58254	55760	114014
31.03.2014	76676	83379	160055
31.03.2015	92191	89061	181252
30.06.2015**	92735	91486	184221

\*The data pertains to ATMs deployed as on April 30, 2011

**\*\* Data for June 2015 is provisional**

**(4) RBI Branch Authorization Policy:** In order to extend the banking network in unbanked areas, general permission has been granted by Reserve Bank of India (RBI) to domestic Scheduled Commercial Banks (other than Regional Rural Banks) to open branches/ mobile branches/ Administrative Offices/CPCs (Service Branches), (i) in Tier 2 to Tier 6 centres (with population upto 99,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

**(5) Expansion of BCA Network :** Banks have been advised by DFS to extend banking services to the entire geography of the country based on the concept of Sub Service Area (SSA) comprising of 1000-1500 households. In case of North-East, Hilly States and sparsely populated regions of other States banks may decide the households to be covered by each Business Correspondent Agent (BCA) appropriately. In case of larger Gram Panchayats more than one BCA could be appointed. In case of smaller Gram Panchayats more than one contiguous Gram Panchayat, taking into consideration the geographical area, could be assigned to each BCA.

**(6) Swabhimaan Scheme:** Earlier, under the Swabhimaan campaign, the Banks were advised to provide appropriate banking facilities to habitations having a population in excess of 2000 (as per 2001 census) by March 2012. The banks identified approximately 74000 habitations across the country having a population of over 2000 for providing banking facilities. As per reports received from Banks, 74351 villages with population of above 2000 have been covered with banking facilities either by branches; Business Correspondents, mobile banking etc. by March 31, 2012.

**(7) Direct Benefit Transfer (DBT) and Direct Benefit Transfer for LPG (DBTL):**

The objective of DBT Scheme is to ensure that money under various developmental schemes reaches beneficiaries directly and without any delay. Banks play a key role in implementation of DBT/DBTL and this involves four important steps, viz.

- (i) Opening of accounts of all beneficiaries;
- (ii) Seeding of bank accounts with Aadhaar numbers and uploading on the NPCI mapper;
- (iii) Undertaking funds transfer using the National Automated Clearing House - Aadhaar Payment Bridge System (NACH-APBS).
- (iv) Strengthening of banking infrastructure to enable beneficiary to withdraw money.

**(8) (i) Direct Benefit Transfer (DBT):** The scheme was launched in the country from January, 2013 and was rolled out in a phased manner, starting with 25 welfare schemes, in 43 districts and extended to additional 78 districts and additional 3 schemes from 1<sup>st</sup> July, 2013. Presently DBT in 35 schemes have been expanded across the entire country.

**(8)(ii) Direct Benefit Transfer for LPG (DBTL) :** The Direct Benefit Transfer for LPG (DBTL) scheme was rolled out in 291 districts in the country from 1<sup>st</sup> June 2013 in six phases. While preliminary results indicated that the scheme met its primary objectives of curbing leakages in the distribution system, the speed at which it was rolled out and inclusion of low Aadhaar districts gave rise to consumer grievances. The Government of India took cognisance of the grievances and directed that the scheme be held in abeyance and constituted a Committee on 7<sup>th</sup> March, 2014 under the chairmanship of Dr. S.G. Dhande, Former Director, IIT, Kanpur to review the scheme and submit its report to the Government of India after consultation with the stakeholders.

The Committee examined the functioning of the DBTL scheme in depth by meeting all stakeholders and after a detailed study of the scheme design, architecture and implementation structure, audit reports, consumer feedback and interactions with the stakeholders strongly recommended that DBTL scheme should be recommenced as it is a very efficient way to disburse subsidies. The Committee recognizes that although the scheme design is indeed very robust and scalable which prevent leakages, it has

suggested several systemic changes and enhancements to mitigate the hardships reported by the LPG consumers.

Union Cabinet in its meeting held on 18.10.2014 decided to re-launch of Modified Direct Benefit Transfer for LPG Consumers (DBTL) **PAHAL Scheme** from 15.11.2014 in 54 districts and in the entire country from 1.1.2015.

**(9) RuPay Card:** *RuPay*, a new card payment scheme has been conceived by NPCI to offer a domestic, open-loop, multilateral card payment system which will allow all Indian banks and financial Institutions in India to participate in electronic payments. The card has been dedicated to the nation by the President of India on May 08, 2014. *RuPay* symbolizes the capabilities of banking industry in India to build a card payment network at much lower and affordable costs to the Indian banks so that dependency on international card scheme is minimized. This is in line with many of the large emerging nations like China which have their own domestic card payment system. Government of India has directed banks to issue Debit cards to all KCC and DBT beneficiaries and that every new account holder should be issued a debit card. A low cost option such as *RuPay* will help in achieving this objective and consequently help in fulfilling the objective of financial inclusion. The *RuPay* Card works on ATM, Point of Sale terminals, & online purchases and is therefore not only at par with any other card scheme in the world but also provides the customers with the flexibility of payment options.

**(10) USSD Based Mobile Banking :** The Department through National Payments Corporation of India (NPCI) worked upon a “Common USSD Platform” for all Banks and Telcos who wish to offer the facility of Mobile Banking using Unstructured Supplementary Service Data (USSD) based Mobile Banking. The Department helped NPCI to get a common USSD Code \*99# for all Telcos. USSD based Mobile Banking offers basic Banking facilities like Money Transfer, Bill Payments, Balance Enquiries, Merchant payments etc. on a simple GSM (**Global System for Mobile Communications**) based Mobile phone, without the need to download application on a Phone as required at present in the IMPS (Immediate Payment Service) based Mobile Banking.

Transactions can be performed on basic phone handsets. The user needs to approach his bank and get his mobile number registered. The bank will issue

an MPIN (Mobile PIN) to the user. The user thereafter needs to dial \*99# and the menu for using USSD opens. Thereafter customer has to follow selections on the menu to complete the transaction.

### **(11) Pradhan Mantri Jan-Dhan Yojana (PMJDY)**

Pradhan Mantri Jan-Dhan Yojana (PMJDY) was formally launched on 28th August, 2014. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension. The beneficiaries would get a RuPay Debit Card having inbuilt accident insurance cover of Rs.1.00 lakh. In addition there is a life insurance cover of Rs.30000/- to those people who opened their bank accounts for the first time between 15.08.2014 to 26.01.2015 and meet other eligibility conditions of the Yojana.

PMJDY is different from the earlier financial inclusion programme (Swabhimaan) as it, inter-alia, seeks to provide universal access to banking services across the country and focuses on coverage of all households (both rural and urban) while the earlier Financial Inclusion Programme was limited to provide access point to villages with population greater than 2000. Further, PMJDY focuses on interoperability of accounts which was not there earlier; has simplified KYC guidelines and involves the Districts and States for monitoring and follow-up.

It has been clarified that existing account-holders need not open a new account to avail the benefits under PMJDY. They can get the benefit of accident insurance by getting a RuPay debit card issued and Overdraft limit by applying in the existing account. Further, it has also been clarified that benefits of Rs.30,000/- life insurance cover are available only to those whose accounts are opened for the first time between 15.08.2014 to 26.01.2015.

Under PMJDY, banks were given target to carry out surveys in allocated Sub Service Areas (SSAs) and Wards and to open accounts of all uncovered households by 26.01.2015. All the States/Union Territories in the country have been mapped into 2,26,197 Sub-Service Areas (in rural areas) and Wards (in urban areas) and out of total number of 21.22 crore surveyed households, bank accounts have been opened for 99.99 % households.

PMJDY has been implemented by banks successfully. As against the estimated target of opening 10 crore accounts, as on **28.10.2015**, 19.02 crore accounts have been opened out of which 11.58 crore accounts are in rural areas and 7.44 crore in urban areas. Deposits of Rs. 25913.55 crore have been mobilized. 16.37 crore RuPay Debit cards have been issued and Aadhaar seeding has been done in 8.00 crore accounts.

**Overdraft (OD) in PMJDY accounts:** As on 30.10.2015, 22.43 lac accounts have been sanctioned OD facility of which 8.37 lac account-holders have availed this facility involving an amount of Rs. 11,824.97 lakh.

**Insurance Claims settled:**

(a) As on 30.10.2015, out of 669 claims lodged, 607 have been disposed off under accidental insurance cover of Rs. 1 lakh under RuPay debit card .

(b) As on 30.10.2015, out of 1516 claim lodged, 1450 claims have been disposed off under Life Cover of Rs.30,000/- to those beneficiaries who opened their accounts for the first time from 15.08.2014 to 26.01.2015.

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