

Financial Inclusion – A Steering Growth through Government Initiatives in India

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ABSTRACT

Finance is very important for every economic activity. Without sufficient finance no activity can be undertaken. Finance is also necessary by every section of the society. But from the establishment of the civilization, only the financial needs of the higher section of the society were catered. Access to finance by the poor and weaker groups is very complex. This is due to the diverse reasons such as lack of banking facilities for this section, lack of knowledge about the schemes available for them, lack of a regular or considerable income etc. Moreover, banks also give more significance to meet their financial targets. So they focus on larger accounts. It is not profitable for banks to offer small loans and make income. Hence, the emergence for financial inclusion is felt by the Government of India, the policy makers and Reserve Bank of India.

Keywords-- Financial, Banking Services, Corruption, Developments

of unauthorized money-lenders, cashless dealings, eradication of poverty and corruption. Reserve Bank of India's vision is to open nearly 600 million new customer accounts and service them through a range of channels by leveraging on IT by 2020. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a barricade to financial inclusion in many states and there is insufficient legal and financial structure for this.

The RBI recently came up with a State-wise Index of Financial Inclusion. In an Index of Financial Inclusion, India has been ranked 50 out of 100 countries. At present, only 34% of the India's population has access to basic banking services. The latest National Sample Survey Organization survey reports that there are over 80 million poor people living in the cities and towns of India and they lack access to the most basic banking services.

The Eleventh Five Year Plan (2007-12) and Twelfth Five Year also stressed on inclusive growth. One of the main pillars of comprehensive growth is financial inclusion, especially because pragmatic evidence seems to suggest that reforms over the last twenty years or so have led to inequalities in the economy. Unfortunately, financial inclusion has not got the concentration that it deserves, according to Montek Singh Ahluwalia, Deputy Chairman, Planning Commission. Achieving inclusive growth in India is the major challenge as it is very complicated to bring 600 million people living in rural India into the mainstream. One of the finest ways to attain inclusive growth is through financial inclusion.

I. INTRODUCTION

In India, the term financial inclusion first came up in 2005, when RBI, in its annual policy statement of 2005-06. In January 2006, the Reserve Bank permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations as mediators for providing financial and banking services. These mediators could be used as business facilitators or business correspondents by commercial banks. The Reserve bank approached commercial banks in different regions to start a 100% financial inclusion campaign on a pilot basis. As an outcome of the drive, states or union territories like Pondicherry, Himachal Pradesh and Kerala declared 100% financial inclusion in all their districts.

Reserve Bank of India has also arranged adults bank account with aadhar card in January 2016 to meet its commitment on financial inclusion. It will greatly convert India by preventing the poor people falling into debt-traps

II. OBJECTIVES OF THE STUDY

1. To discuss about the conceptual aspect of "Financial Inclusion"
2. To identify the extent of financial inclusion in India.
3. To examine Government and RBI policy initiatives for financial inclusion.

4. To study the reasons of financial exclusion.
5. To know the implications of financial inclusion.

and Government of India website have been consulted in this regard.

II. METHODOLOGY OF THE STUDY

The entire Range of discussion has been made on the basis of secondary sources. The different books, journals, newspapers and related websites especially RBI

III. GOVERNMENT APPROACHES AND POLICIES

In India, various measures taken by banks, GOI and RBI for financial inclusion plan. Figure highlights currently adopted financial inclusion approaches.

Figure: 1 Government approaches for Achieving Financial Inclusion



Source: Rangarajancommittee(2008)

IV. PRODUCT BASED APPROACH:

Reserve bank of India has been practical, liberal and encouraging while making policies so as to enable financial institutions to come up with novel products for enabling a common man to get the benefit of the financial inclusion plan. Some products developed for execution of this approach have been mentioned below:

i. No- Frills Account (NFAs):- This concept was introduced by RBI in November 2005 to provide access to basic banking services by financially excluded peoples. Under this approach banks open accounts with zero balance or very minimum balance requirement for the underprivileged.

In 2012, the banks under RBI guidelines came-up with a better version of the nofrill accounts where they would open Basic Savings Bank Deposit Accounts (BSBDAs) for all individuals with the facility of debit card, cheque book, internet banking, overdraft limits at minimal charges. However, the number of transactions could be restricted so as to prevent mishandling of such accounts.

ii. Kisan Credit cards (KCCs):- Under this scheme banks issue smart cards to the farmers for providing timely and adequate credit support from single window banking system for their farming requirements. During 2016, public and private sector banks issued 47 million smart cards as KCCs.

iii. General Purpose Credit Cards (GCC):- In 2005 Reserve bank of India, issue guidelines to banks that to provide General Purpose Credit Card (GCC) which aid credit up to Rs.25000/- without any security requirement for rural and semi urban people based on the household cash flows. Now as per the revised guidelines in Dec. 2013 under this approach bank also fulfill Non- farm entrepreneurial credit requirement of individuals(e.g. Artisan Credit card, LaghuUdyami Card, Swarojgar Credit Card, Weaver's Card etc)

There will be no ceiling on the loan amount as long as the loan is for the purpose of non-farm entrepreneurial activity and is otherwise eligible for classification as priority sector. Security norms will be applicable as per Reserve Bank guidelines on collateral free lending for micro and small units issued from time to time.

Table 1: Financial Inclusion Plan- A progress report

Particulars	End-March 2010	End-March 2015	End-March 2016
1	2	3	4
Banking Outlets in Villages – Branches	33,378	49,571	51,830
Banking Outlets in Villages – Branchless Mode	34,316	504,142	534,477
Banking Outlets in Villages –Total	67,694	553,713	586,307
Urban Locations covered through BCs	447	96,847	102,552
BSBDA-Through branches (No. in million)	60	210	238
BSBDA-Through branches (₹ billion)	44	365	474
BSBDA-Through BCs (No. in million)	13	188	231
BSBDA-Through BCs (₹ billion)	11	75	164
BSBDA-Total (No. in million)	73	398	469
BSBDA Total (₹ billion)	55	440	638
OD facility availed in BSBDA's (No. in million)	0.2	8	9
OD facility availed in BSBDA's (₹ billion)	0.1	20	29
KCCs -Total (No. in million)	24	43	47
KCCs -Total (₹ billion)	1,240	4,382	5,131
GCC-Total (No. in million)	1	9	11
GCC-Total (₹ billion)	35	1,302	1,493
ICT-A/Cs-BC-Total Transactions (No. in million)	26.5	477.0	826.8
ICT-A/Cs-BC-Total Transactions (₹ billion)	6.9	859.8	1,686.9

Source: <https://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1177>

iv. Saving account with Overdraft facility:- Banks have been advised to provide overdraft (OD) facility in saving account and also small Overdrafts in No-frills accounts. The setting up of the point of confinement for the same

would be finished by banks considering the exchange in the account. This would help the client to get easy access to the credit at lower rates

Table 2: Credit Deposit Ratio of Indian Banks

Year	2012-13	2013-14	2014-15	2015-16
Percentage	79.1	78.9	78.3	78.2

V. BANK LED APPROACH

i. Self Help Group - Bank Led Initiative (SLBP):- The SLBP or Self Help Group – Bank Linkage Program has been the major institutional based advancement in India for empowering get to and covering the crevice of achieving fiscally avoided populace of the nation in the most recent two decades. In this model, the banks involve themselves with a group of local people with the idea of enabling them to pool up their savings. The same is deposited with the bank against which the bank also provides a definite amount of credit facility. The group takes a decision whether to lend to any member of the group. The bank provides the framework, accounting

services and support to the group to manage their deposits and lending. Thus the model has an approach of savings first, lending later. The banks do not have a risk in such lending as the borrower's reputation and peer pressure in the group would reduce the risk of bad loans considerably. However, the model has some issues that affect the program:

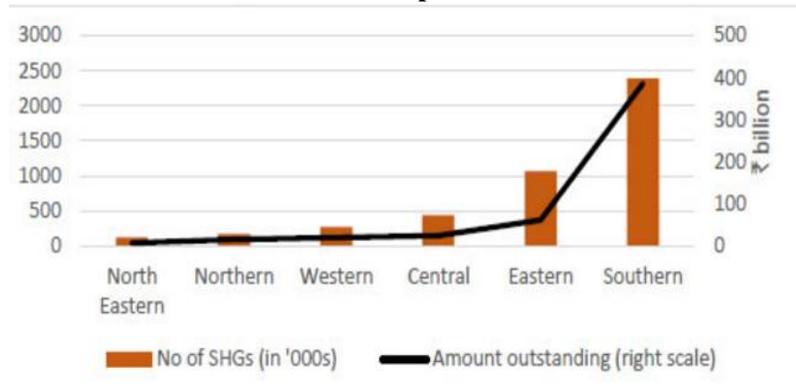
- Insufficient outreach in many regions.
- Delays in opening of SHG accounts and disbursement of loans.
- Impounding of savings by banks as collateral.
- Non-approval of second loan by banks even when the first loan was repaid.
- Multiple memberships.
- Borrowings by SHG members within and outside SHGs.

g. Adverse consequences of detrimental competition between NGO promoted SHGs.

h. Government promoted/subsidy oriented SHGs and limited banker interface.

i. Monitoring of the SHGs.

Chart 1: Report on SHG



Source: <https://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1177>

While the basics of the SHGs being savings led credit product remain true even today, recent developments have given rise to the need for relook in the approach and design of this fairly successful model leading to SHG - 2.

The basic features of SHG - 2 are:

- Voluntary savings apart from obligatory savings.
- Allowing the cash credit / overdraft system of lending for SHGs for a longer operational tenure.
- Graduating selected members of the group that have entrepreneurship potential into a joint liability groups for borrowing larger amounts.

ii. Business Facilitators (BFs)/Business Correspondents (BCs):- The BC/BF model is a model which based on information and communication technology (ICT). In this model the intermediaries or BC/BFs are technically empowered by the banks to provide the last mile delivery of financial products and services. Initially formed by the banks themselves and later with improvisations and RBI policy support, the model on the back of innovative technologies is bridging the connectivity gap between the service seekers, i.e., under-served public, and the service providers, i.e., the banks (See Table 1). However, a number of issues both for the associated banks and also for the regulators have surfaced since the start of this model. Some of them being:

- Profitability of the BF/BCs.
- Banks and their BF/BCs are exposed to huge risk of cash.
- The training and hand-holding of the BF/BCs to enhance the trust level of the end customers.
- Adoption of technology.
- Compatibility and combination of technology used by the banks and their BF/BCs.

Based on above facts, the banks have started the concept of ultra small branches to provide support and control work of certain number of BF/BCs. Also banks could have in-house model where BF/BC outfits could be a subsidiary with its own structure but under closer supervisory control (See Table 1).

Women SHGs Development Fund: - The Union Budget 2011-2012 proposed a “Women’s SHG’s Development Fund” with a corpus of Rs. 500 crore. The GoI created this fund to empower women and promote their SHGs. The responsibility of managing the fund is of NABARD. It managed the same through two of its major microfinance funds, namely Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF).

VI. REGULATORY APPROACH

i. Simplified KYC Norms: - Under current KYC norms, a customer has to present number of credentials for opening an account as per RBI guidelines. However, the people living in rural areas face problem in satisfying these norms. To enable banks to tap in this huge opportunity of rural banking in unbanked areas and to meet the goal of financial inclusion, RBI has relaxed a number of norms for accounts opened by people who plan to keep balances not exceeding Rs.50, 000 and whose total credit in all the accounts taken together is not exceeding Rs.100,000 in a year. Small accounts can now be opened on the basis of an introduction from another account holder who has satisfied all the KYC norms.

ii. Simplified bank saving account opening: - The account opening form has been cut down to ease for poorer sections, street hawkers and other migratory labours of the society.

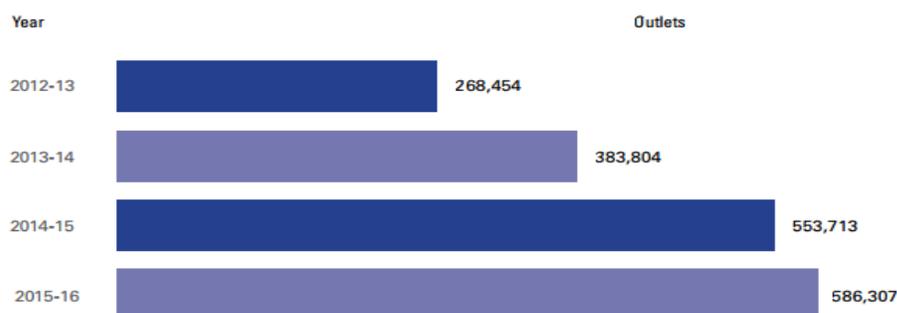
Table3: Financial Inclusion- Banks and RRBs

Particulars	Year Ended 2010	Year Ended 2011	Year Ended 2012	Year Ended 2013	Year Ended 2015
Banking Outlets in Villages					
a) Branches	33,378	34,811	37,471	40,837	46,126
b) Branchless Mode	34,316	81,397	144,282	2,27,617	3,37,678
c) Total	67,694	1,16,208	1,81,753	2,68,454	3,83,804
Urban Locations through BCs	447	3,771	5,891	27,143	60,730
Basic Saving Bank Deposit A/c- branches					
a) No. in million	60.19	73.13	81.20	100.80	126.00
b) Amt. in Rs. billion	44.33	57.89	109.87	164.69	273.30
Basic Saving Bank Deposit A/c- BCs					
a) No. in million	13.27	31.63	57.30	81.27	116.90
b) Amt. in Rs. billion	10.69	18.23	10.54	18.22	39.00

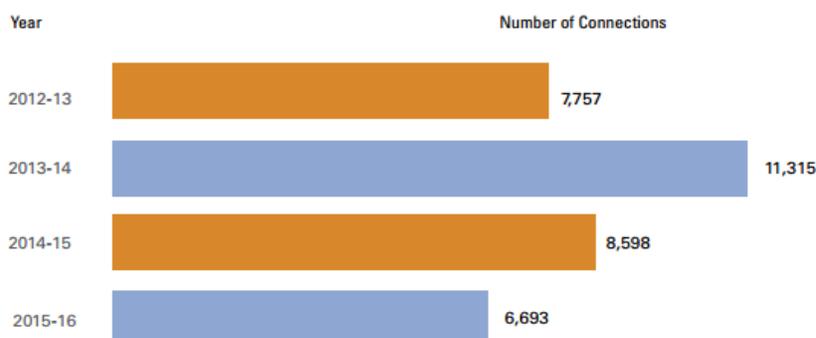
Source: <http://yojana.gov.in/Final%20Yojana%20August%202015.pdf>

iii. Bank branch authorization: - RBI has permitted banks to open branches without taking authorization, thus deviating from its normal norms, in tier 3 to 6 city, towns, or villages. This would enable the government, regulator

and the banks to speed up the drive for financial inclusion and this make available the financial services to the unbanked population of the country.

Chart 2**NUMBER OF BANKING OUTLETS IN VILLAGES (TOTAL)**

Source: <https://www.ibef.org/Ebook/IBEF-Dec-2016-Jan-2017.pdf>

Chart 3**NUMBER OF NEW BANK BRANCHES OPENED**

Source: <https://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1177>

Table 4

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

As on	Rural	Semi Urban	Urban	Metropolitan	Total
31.03.2011	20,658	16,217	13,450	12,612	62,937
31.03.2012	22,379	17,905	14,322	13,244	67,850
31.03.2013	24,243	19,642	15,055	13,797	72,737
31.03.2014	27,547	21,952	16,319	14,644	80,462
31.03.2015	29,634	23,549	17,387	15,325	85,895

Source: <https://www.rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1177>

VII. TECHNOLOGY BASED APPROACH

i. Mobile Banking:- One of the most extraordinary developments in terms of modernization in

order to harness the full power of technology, the banks have tied up with mobile operators to provide financial services like fund transfer, ticket booking, bill and utility payment, shopping etc. Some examples of this model are m- Pesa by Vodafone and Airtel Money.

Figure 2



Source: <http://www.vodafone.com/content/index/what/m-pesa.html>

ii. Kiosk / ATM based banking: - In some states, the state government has taken initiatives for providing kiosk based model for access to financial services. Also banks have

used the technology to enable their ATMs to virtually act like a 24x7 branches.

Figure 3



Source: https://www.justdial.com/Balaghat/Bhartiya-State-Bank-Kiosk-Banking-Grahaak-Seva-Kendra-HANUMAN-CHOWK/9999P7632-7632-161020143044-N6N7_BZDET

iii. Branchless Banking: - Some of the leading banks have come up with this concept where there would be an online system with chat facility assisting the person to make use of various electronic machines for depositing and withdrawing cash and cheques. However this initiative is in a very initial stage and has a limitation in terms of initial Cost for banks and literacy / knowledge for the rural population and hence this concept is currently limited tourban and semi-urban areas.

iv. Aadhaar Enabled payment services: -In this framework, any Indian resident having an Aadhaar number updates his record with the same. All records having aadhaar number refreshed are to be reported to RBI, which thus reports it to different government offices. While making installments to individuals for working under activities like MGNREGA or different sponsorship conspires, the offices utilize this data for specifically attributing the cash to the recipient's record. This not just lessens the postponement in the advantages being gotten by the end client, additionally diminishes the odds of defilement in the distribution of the benefits under schemes. Also the unique biometric identification data stored in the Aadhaar database is expected to empower a bank customer to use Aadhaar as his/her identity to access various financial services. A pilot scheme in four districts of Jharkhand state is currently being carried out under which MGNREGA wages to labourers are credited to their Aadhaar enabled bank accounts conveyance of the advantages under plans. In this system, any Indian citizen having an Aadhaar

VIII. KNOWLEDGE BASED APPROACH

Financial education, financial inclusion and financial stability are three components of a necessary procedure to enable individuals to make successful utilization of the financial services network. While financial inclusion works from supply side, financial education feeds the demand side by promoting attentiveness among the people about the requirements and benefits of financial services offered by banks and other institutions. These two strategies together promote greater financial stability.

Financial Stability Development Council (FSDC) has explicit mandate to focus on financial inclusion and financial literacy simultaneously. RBI had issued guidelines on the financial literacy Centres (FLC) on in June 2012 for setting up FLCs. It was advised that the rural

branches of scheduled commercial banks should increase efforts through conduct of outdoor Financial Literacy Camps at least once a month. Accordingly, 718 FLCs had been set up as at end of March 2013. A sum of 2.2 million individuals had been instructed through mindfulness camps/choupals, courses and addresses amid April 2012 to March 2013. FLCs are advised to conduct special camps for a period of one year beginning April 1, 2017 on "Going digital" through unified payment interface (UPI) and *99#.

IX. GOVERNMENT POLICY INITIATIVES

Skill India Initiative:

It is an ambitious projects that aims to prepare over 40 crore people in India in diverse skills by 2022. The proposal includes National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme and the Skill Loan scheme. Special camps are being organised at 100 locations with Nehru Yuva Kendra Sangathan (NYKS) and a national SMS campaign is being rolled out to build knowledge of the program, reaching about 40 crore subscribers.

Fresh PMKVY training is initiated in 1,000 centres across all States and Union Territories in India today, covering 50,000 youth in 100 job roles across 25 sectors. Across the country, 2.33 lakh youth were awarded certificates from Industrial Training Institutes (ITIs) and over 18,000 graduating students received job offer letters on the occasion of World Youth Skills Day.

Through an initiative known as 'Recognition of Prior Learning' (RPL), 10 lakh youth will be judged and certified for the skills that they already acquire. Under the Skill Loan scheme, loans ranging from Rs. 5,000-1.5 lakh will be made available to 34 lakh youth seeking to attend skill development programmes over the next five years.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):

This scheme aims to improve the source of revenue of the rural people by guaranteeing at least one hundred days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work. As the payments are made through the bank/post office accounts, in 2017-18, nearly 11 crore bank/post office accounts have been opened.

Table 5: Total Bank accounts and amount disbursed under MGNREGS

Name	Total households applied for job card	Total job cards issued	Total bank accounts	Total individual bank accounts	Amount disbursed to bank accounts
1	ANDAMAN AND NICOBAR	36,759	36,757	33,281	32,352
2	DADRA & NAGAR HAVELI	8,157	3,549	2,181	2,172

3	DAMAN & DIU	0	0	0	0
4	LAKSHADWEEP	8,249	8,078	3,141	3,137
5	NAGALAND	4,29,714	4,25,916	41,561	41,189
6	ANDHRA PRADESH	85,08,675	85,08,675	42,81,143	42,67,231
7	ARUNACHAL PRADESH	2,13,662	2,11,009	87,673	84,680
8	ASSAM	44,22,764	41,37,917	30,28,788	24,38,587
9	BIHAR	1,51,08,498	1,41,16,713	46,24,985	41,00,677
10	CHHATTISGARH	37,76,242	36,08,437	48,73,659	48,07,144
11	GOA	36,188	32,636	20,216	19,976
12	GUJARAT	35,37,270	34,11,546	15,69,585	12,06,125
13	HARYANA	8,53,752	8,38,255	8,73,180	7,86,042
14	HIMACHAL PRADESH	12,02,220	11,82,680	11,05,968	10,47,128
15	JAMMU AND KASHMIR	12,20,082	11,30,021	15,11,586	14,50,852
16	JHARKHAND	42,98,198	40,27,270	33,59,877	32,28,079
17	KARNATAKA	53,21,821	52,46,920	51,84,043	25,25,056
18	KERALA	32,38,770	32,13,485	27,42,470	27,30,569
19	MADHYA PRADESH	64,37,738	61,60,988	61,36,035	42,07,122
20	MAHARASHTRA	84,56,089	80,61,472	40,97,640	37,07,477
21	MANIPUR	5,47,104	5,38,764	2,97,977	2,79,939
22	MEGHALAYA	5,18,502	4,96,233	3,27,761	2,70,677
23	MIZORAM	1,89,859	1,89,733	2,05,267	1,32,094
24	ODISHA	64,33,336	63,60,755	51,52,251	45,90,391
25	PUDUCHERRY	72,624	68,681	80,224	79,718
26	PUNJAB	13,05,607	12,52,749	12,43,775	11,43,485
27	RAJASTHAN	98,00,764	95,12,271	1,00,43,497	93,93,211
28	SIKKIM	78,989	78,430	95,430	95,166
29	TAMIL NADU	79,51,922	78,20,245	89,68,134	89,27,831
30	TRIPURA	6,03,508	6,01,801	7,70,923	4,81,476
31	UTTAR PRADESH	1,53,85,983	1,44,57,888	1,20,43,178	1,13,15,164
32	UTTARAKHAND	10,82,464	10,40,107	9,37,135	8,81,148
33	WEST BENGAL	1,27,66,270	1,24,91,983	1,30,28,079	1,17,69,314
	Total:	12,38,51,780	11,92,71,964	9,67,70,643	8,60,45,209

Source: http://nrega.nic.in/netnrega/homestciti.aspx?state_code=26

Pradhan Mantri Jan Dhan Yojana:

It is India's National Mission for Financial Inclusion to ensure access to financial services, namely Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. This financial inclusion campaign was launched by the Prime Minister of India Narendra Modi on 28 August 2014. On the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme. Guinness World Records

Recognises the Achievements made under PMJDY, Guinness World Records Certificate says "The most bank accounts opened in 1 week as a part of financial inclusion campaign is 18,096,130 and was achieved by Banks in India from 23 to 29 August 2014". By 1 February 2017, over 27 crore (270 million) bank accounts were opened and almost 665 billion (US\$10 billion) were deposited under the scheme is a scheme.

Table 6: Pradhan Mantri Jan-Dhan Yojana statistics as on April 2017 (All Figures in Crores)

Bank Type	Number of Accounts			Number of RuPay Cards	Aadhar-seeded	Balance in Accounts
	Total	Rural	Urban			

Public Sector Banks	22.80	12.45	10.36	17.76	15.45	49,999.02
Regional Rural Banks	4.65	3.97	0.69	3.53	2.89	11,853.55
Private Banks	0.93	0.56	0.37	0.86	0.45	2,107.60
Total	28.38	16.97	11.41	22.15	18.79	63,960.17 crore (US\$9.9 billion)

Source: "PradhanMantri Jan-DhanYojana", pmjdy.gov.in

Pradhan Mantri Awas Yojna(PMAY):

It is a mission started with an aim 'Housing For All'(HFA) scheme by NDA Government to be achieved by the year 2022, that is when India will be completing its 75 years of Independence. The mission started in 2015 and will be attained in seven years i.e., during 2015 – 2022. The targeted people are:

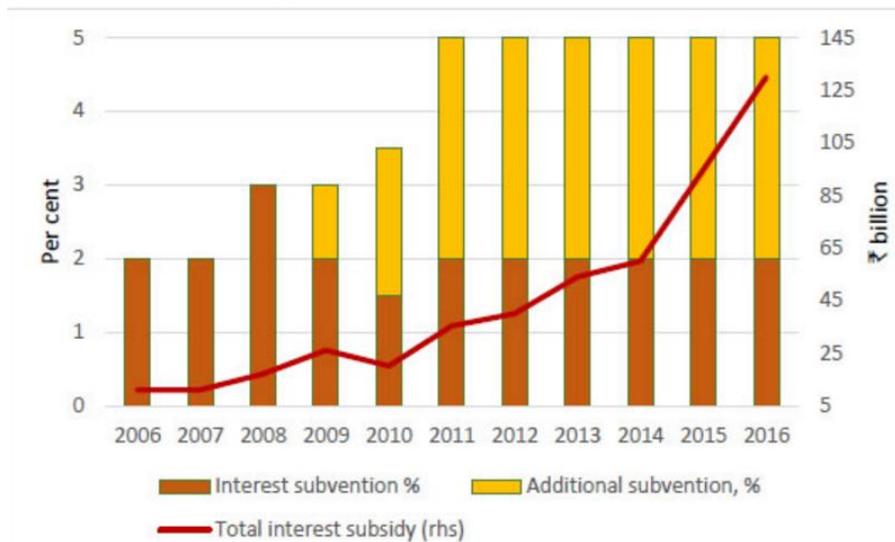
- Indian women of all religions and castes. Everyone will be equally eligible no biased treatment on basis of caste or religion.
- People who come from low income and economically weaker sections of the society.

- ST (Scheduled Tribes).
- SC (Scheduled Castes).

Interest subvention scheme:

With a view to ensuring the accessibility of agriculture credit at a realistic cost, the Government of India had introduced an interest subvention scheme at 2 per cent for short-term crop loans of up to Rs. 300,000. Additionally, a 3 per cent incentive is given for timely repayment of loans, which further cut down the cost. The interest subvention claims paid by the government have been increasing rapidly over time.

Chart 4: Interest subvention scheme



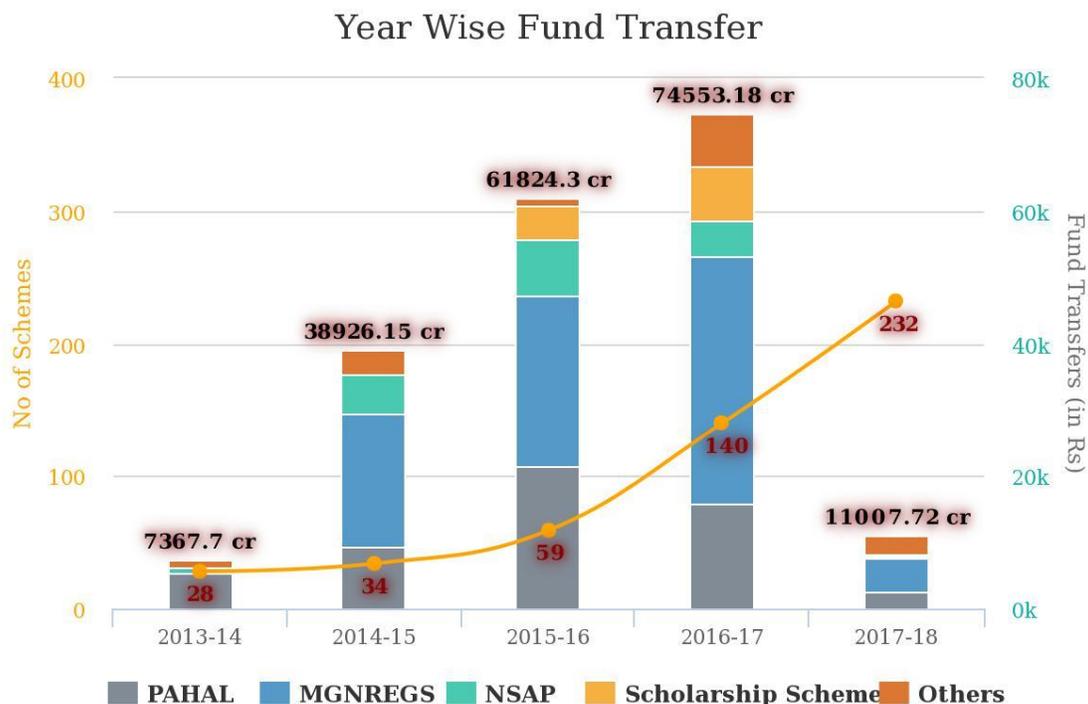
Direct Benefit Transfer (DBT):

It is an attempt to change the instrument of transferring subsidies launched by Government of India on 1 January 2013. This plan aims to transfer subsidies directly to the public through their bank accounts. It is hoped that crediting subsidies into bank accounts will lessen leakages, delays. The key aim of this Direct Benefit

Transfer program is to bring transparency and eliminate pilferage and cash will be directly transferred to citizens living below poverty line.

The direct benefit transfer includes National Child Labour Project, Student Scholarship and LPG subsidy. The totality of transfer is Rs 193679 Cr. in which 11007 Cr comprises of 2017-2018 financial yr.

Chart 5: Year wise fund transfer under Direct Benefit Transfer



RuPay card:

It is a new card payment scheme offering a domestic, open-loop, multilateral card payment system which will allow all Indian banks and financial institutions in the country to participate in electronic payments. RuPay symbolizes the abilities of the keeping money industry to manufacture a card installment arrange at much lower and moderate expenses to the Indian banks so that dependency on international card schemes is minimized. The RuPay Card works on ATM, point of sale terminals, and online purchases and is therefore not only at par with any other card scheme in the world but also provides customers with the flexibility of payment options.

Swarnjayanti Gram Swarozgar Yojana (SGSY):

It is a centrally sponsored scheme that follows the instrument of SHGs of rural poor households, providing capacity building training and linking groups to banks. SGSY is primarily designed to promote self employment oriented income generating activities for the Below Poverty Level (BPL) households in rural areas.

National Rural Livelihood Mission (NRLM):- is a **poverty** alleviation project implemented by Ministry of Rural Development, Government of India. This scheme is focused on promoting self-employment and organization of rural poor. The basic idea behind this programme is to organize the poor into SHG (Self Help Groups) groups and make them capable for self-employment.

Aajeevika:

National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. NRLM has set out with an agenda to cover 7 Crore BPL households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years.

Table7: Aajeevika Achievement (2016-2017)

Number of Youth to be trained as per sanctioned Projects	Number of States and UTs being targeted through the program	Number of Districts being targeted through the program	Number of PIAs of MoRD	Number of Youth trained	Total Placed	(Trained VS Target) (%)	(Placed Vs Trained) (%)	Details of Trained and Placed beneficiaries			
								Gender Wise			
								Male		Female	
								T	P	T	P
1,089,229	32	577	75	992,694	798,715	91	80	643,671	518,150	349,751	280,563

Source: <http://www.nrlmskills.in/ProgramStatus.aspx>

USSD-based mobile banking:

This offers the facility of mobile banking using Unstructured Supplementary Service Data (USSD). Basic banking facilities including money transfer, balance enquiries, bill payments, merchant payments, etc., can be availed of on a simple GSM based-mobile phone, without the need to download any application as in the IMPS-based mobile banking.

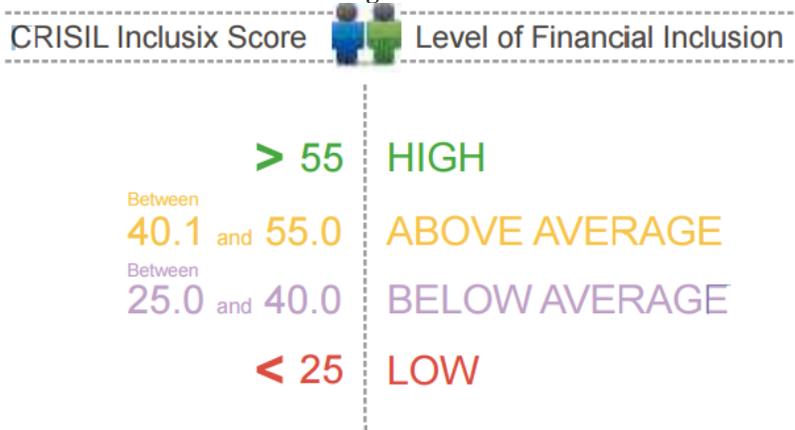
Financial Inclusion Index:

On June 25, 2013, CRISIL, India's leading credit rating and research company launched an index to evaluate

the position of financial inclusion in India, right down to each of the 632 districts. CRISIL Inclusix is a relative index on a scale of 0 to 100, and combines three critical parameters of basic banking services— branch penetration, deposit penetration, and credit penetration—into one metric.

- The **all-India CRISIL Inclusix score** of 40.1 is low, though there are clear signs of progress— this score has improved from 35.4 in 2009.

Chart 6: Four categories of CRISIL Inclusix



X. CONCLUSION

In conclusion, as India's GDP rises, it will open up further opportunities for financial services through banks and capital markets. Efforts to build advisory, manufacturing, and distributing capabilities will feed the supply side for financial inclusion, across these three segments for their specific needs. Efforts to build awareness, education, and marketing will feed the demand side for financial inclusion, apart from broader-based economic growth pushing incomes for more Indians. The scope for deepening the penetration of financial services

- **Deposit penetration** is the key driver of financial inclusion— the number of savings accounts (624 million), is almost four times the number of loan accounts (160 million).
- **618 out of 632 districts** reported an improvement in their scores during 2009-2011.
- The **top three states** and Union Territories are Puducherry, Chandigarh, and Kerala; the top three districts are Pathanamthitta (Kerala), Karaikal (Puducherry), and Thiruvananthapuram (Kerala).

across the length and breadth of this country is immense. With the present government making the right noises to further the economic development agenda, it may be an opportune time to deepen economic progress for its people through more financial inclusion.

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