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Financial Inclusion in India- Recent trends with Special Reference to Pradhan Mantri Jan Dhan yojana

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Abstract - An inclusive financial system is among the top priorities for many countries and considered to be instrumental in achieving equitable and inclusive growth. Financial inclusion (FI) is the key tool for bridging the social and economic divide through delivery of basic financial services mainly to weaker sections and low-income groups of society at an affordable cost.For attaining the objectives of inclusive growth there is a need for resources, and for resource generation and mobilization, financial inclusion is required. It plays a very crucial role in the process of economic growthFinancial inclusion, therefore, isn't just an economic imperative for India, but also a socio-political one.

The most recent landmark policy initiative of the Govt. to achieve FI has been the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014which has focussed on extending insurance and social security services to the excluded sections apart from providing basic financial products like savings,deposit, credit and remittance. Hence this paper is an attempt to study recent status of financial inclusion in India with special reference to PMJDY. The analysis shows that the Jan-Dhan, Aadhaar and use of digital channels through mobiles is slowly but surely making a decisive difference to financial inclusion. Since launch in August 2014, more than 31 crore Jan-Dhan accounts have been opened.Coming to insurance, the total number of life cover policies issued in India is 34 crores, which is barely a fifth of the 165 crore deposit accounts. And over 90% of these are savings-linked insurance products. Clearly, there exists big opportunity for more inclusion. The study is entirely based on secondary data obtained through various reports of RBI, CRISIL, NABARD and Govt. of India, newspaper articles and other published studies on the topic.

Key words: Financial inclusion, PMJDY, Inclusive growth

I. INTRODUCTION

In recent decades, economic and social inequalities have increased alongside high growth rates which have increased regional inequalities. Over one fourth of total Indian population continue to live in abject poverty. As a result, Inclusive growth has become a national policy objective of the Union Government. And thus, the need for inclusive growth comes in the picture of Indian economic development. In context of Indian growth planning it is a relatively new terminology which got the attention of policy makers in the Eleventh Five Year Plan.

An inclusive financial system is among the top priorities for many countries and considered to be instrumental in achieving equitable and inclusive growth. Financial inclusion (FI) is the key tool for bridging the social and economic divide through delivery of basic financial services mainly to weaker sections and low-income groups of society at an affordable cost. For attaining the objectives of inclusive growth there is a need for resources, and for generation resource and mobilization financial inclusion is required. It plays a very crucial role in the process of economic growth Financial inclusion, therefore, isn't just an economic imperative for India, but also a socio-political one.

Financial Inclusion is a process by which basic financial services are made accessible and affordable to all sections of the population particularly low-income groups. It is a conscious attempt to bring the un-banked people into the fold of banking to achieve inclusive and sustainable growth. Timely delivery of banking services and at an affordable cost along with easy accessibility of financial institutions has positive impact on growth of the economy. It could enable a higher disposable income in the hands of the rural households, which will lead to greater savings and a wide deposit base for banks and other financial institutions. Many studies in developing countries of South Asia and India show that the access to formal banking has positive impact on savings. Further financial inclusion reduces inequality by providing an opportunity of availing credit from formal financial institutions to the poor who largely depend on money lenders and other such informal credit supports in the absence of collaterals.

The agenda for financial inclusion was incitedsince the early 2000s in India following the publication of a series of

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findings about the lack of financial inclusion and its direct correlation to poverty. Varied studies have proved that exclusion from the banking system results in a loss of 1% to the country's gross domestic product (GDP) and its direct correlation to povertySo, the governments from time to time made consistent efforts to achieve financial inclusion in their development strategy.Although India has adopted several measures to advance financial inclusion, a significant percentage of its population is still without access even to basic financial services.

In India, financial inclusion has always been a priority, since 1969, when banks were nationalized, the strategy for addressing the banking needs of the poor has been biased toward providing credit, neglecting other aspects, such as building a deposit base, promoting a savings culture, or extending the payment network. through various government sponsored programmes, lending to the poorest of the poor, lending to the minority communities, lending to SC/ST, lending to priority sectors, etc.

However, the RBI formalized the concept of Financial Inclusion in 2005, when it permitted rendering of banking services through Business Correspondent (BC) channel. Rangarajan Committee (2008) defines financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost." (Report of the Committee on Financial Inclusion, 2008). The report laid out objectives of "comprehensive financial inclusion". The National Rural Financial Inclusion Plan (NRFIP) was proposed to improve existing mechanisms, develop new models for deeper penetration and technological advancement. The plan included identifying rural households who don't have access to formal credit and then charting out a State Level Rural Financial Inclusion Plan (SLRFIP)1 to allocate targets to different institutions like cooperative banks, NBFCs, MFIs, etc. The Committee further recommended the establishment of National Mission on Financial Inclusion (NaMFI), for policy directives and having representation from all stakeholders.

In year 2011, Govt. of India gave a serious push to FI by launching The "Swabhimaan" campaign, however, was limited in its approach in terms of reach and coverage compared to new scheme Pradhan Mantri Jan Dhan Yojana (PMJDY). Convergence of various aspects of comprehensive Financial Inclusion like opening of bank accounts, digital access to money (receipt/credit of money through electronic payment channels), availing of micro credit, insurance and pension was lacking.

Earlier India's financial inclusionagenda focussed mainly on providing credit which was a narrow approachbut now a comprehensive approach has been adopted by providing a set of essential financial services like savings, credit, remittance and micro insurance through launching of "Pradhan Mantri Jan Dhan Yojana" (PMJDY) on 28th August 2014. In order to end "financial untouchability",this is the most recent landmark initiative to achieve financial inclusion in mission mode with the opening of an estimated 15 million bank accounts across the country on the inaugural day.The initial target of the PMJDY was to cover 75 million unbanked households by January 26, 2015.The PMJDY targets individual unbanked households in both urban and rural India. The individual accounts opened under PMJDY are categorized as Basic Savings Bank Deposit Accounts (BSBDA).

The present paper endeavours to study about the status of financial inclusion in India with special reference to PMJDY, analysis of progress made under various financial inclusion parameters, and suggests strategies to ensure maximum financial inclusion for the underprivileged and unbanked areas. It is divided into 4 sections. The first one establishes the theoretical context for the study. Second part deals with review of literature and objectives of the study. Third, specifies the research methodology, data sources and analysis of secondary data to study the current scenario of financial inclusion in India in general and with respect to PMJDY. Finally, a summary of findings and conclusions are presented in fourth section.

II. REVIEW OF LITERATURE

2.1 Role of Financial inclusion in Inclusive growth/ Importance of FI

Hanohan (2007) estimated the fraction of the adult population using formal financial intermediaries, using the information on number of banking and MFI accounts for more than 160 countries and then correlated with inequality (Gini Coefficient) and poverty.

Rangarajan (2009) remarks that economic growth and social development are the two legs on which a nation must walk and FI is no longer an option but a compulsion. He asserts that one aspect of Inclusive Growth is FI. The process of FI is an attempt to bring within the ambit of the organised financial system, the weaker and vulnerable sections of society and Inclusive Growth cannot come without FI.Chakraborthy, K.C. (2009) comments that Inclusive Growth cannot come without FI and enabling people to get credit from small money lenders and the like is not FI but the access has to be through mainstream institutional players and only then such access will be fair, transparent and cost effective.

Bagli (2012) has found that a strong positive association between the human development and the financial inclusion of the states in India. He also found that it would be helpful to the governments or financial regulators or other bodies of policymakers in near future to enhance financial inclusion but till date in financial inclusion the plight of the states in India is not commendable. He has also concluded that the mass financial literacy and awareness among the

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marginalized sections of people are absolutely necessary to achieve financial inclusion

Dixit and Ghosh (2013) tried to understand the inclusive growth phenomenon its need and financial inclusion as an instrument to attain it with reference to its extent in Indian States. The authors found that the percentage of financial inclusion in the different states of the country varies differently. It needs to be understood by the state that in order to bring orderly growth, order needs to be developed with regard to inclusive finance. Financial literacy and level of awareness continue to remain an issue with regard to usage of financial services/products.

2.2 Measures of Financial Inclusion/ Exclusion

Sarma (2008) developed an Index for financial inclusion using aggregate banking variables like number of account, number of bank branches and total credit and deposit as proportion of GDP for 55 countries. Mehrotra et al. (2009) also built up an index for financial inclusion using similar kind of aggregate indicators like number of rural offices, number of rural deposit accounts, volume of rural deposit and credit from banking data for sixteen major states of India. Moreover, World Bank (2008) provides a composite measure of access to financial services, that is, the percentage of adult population that has an account with a financial intermediary for 51 countries.

Chattopadhyay (2011),An index of financial inclusion (IFI) has been developed in the study using data on three dimensions of financial inclusion viz- banking penetration (BP), availability of the banking services (BS) and usage of the banking system (BU). The paper provides a comparable picture between different states on the basis of IFI rankings.

CRISIL (2013) came out with a Financial Inclusion index namely CrisilInclusix that encapsulates various forms of financial services- Credit, Deposits, Insurance and Pension Services- into one metric. The index uses 'non-monetary' parameters like the number of people whose lives are impacted by these financial services. The index gives a panoramic view of financial Inclusion at national, regional, state and district level. Inclusix rating of India improved from 40.1 in 2011 to 50.1 in 2013. However, there are vast region-wise and state wise differences, with Southern states ranking much higher than the Eastern and North-eastern states.

2.3 Pradhan Mantri Jan Dhan Yojana (PMJDY)

Charan Singh (2014) The paper aims to focus on utilizing the existing resources such as Mobile phones, Banking Technologies, India Post Office, Fair Price Shops and Business Correspondents (BCs) thereby making it more efficient and user friendly for the interest of the rural population as well as the formal sector.Chowhan&Pande (2014) mentioned that in projecting brighter future of PMJDY its huge success will enable the Bank Managers to understand and utilize the opportunity provided by Financial Inclusion to their advantage, by participating in Govt.'s poverty alleviation programmes for weaker section, improving their CASA base, raising their deposit base through direct fund transfer scheme of the Govt. etc.

Kaur & Singh (2015) found that financial inclusion in India will help government and banker to reach at untapped potential of bottom of the pyramid section of Indian economy. Raval (2015) in his research mentioned about importance of inclusion of people of low income or deprived class in economic development. PMJDY is such an initiative in this direction by the government of India. He also studied that an initiative to cover "excluded segment" can be successful if government is backed with efforts of private sectors and involvement of people beyond just policy formation of governmentHussain (2015) also found that this mega scheme PMJDY has attracted the mass population because the scheme provides the bunch of financial products and services starting with universal banking facilities to facilities of micro finance and pension provision at a very affordable cost..

Pajari (2016), The author suggested that life insurance cover, accidental cover and credit facilities should be given to all account holders without any exclusion and to conduct more number of financial literacy center.Joshi and Rajpurohit,(2016) have found that rural customers even do not have enough exposure to various banking services, on top they did not realize importance of various banking services. They also studied various factors like demographic factors (age, occupation, gender and education level), source of information etc in relation to level of awareness of rural customer about new financial inclusion scheme, but none of the factor found significant.

Rifayaet al(2017) tried to investigate the current status of the PMJDY in India. The results revealed that the performance of the public-sector banks are good as compared to the regional rural banks and private sector banks to carry on the PMJDY scheme. Based on the study the majority of the PMJDY accounts holders are rural areas. So, the banks should attract more customers from urban area also.Sharma and Goyal (2017)tried to find out the success rate of inclusion process in rural areas of Jaipur districtfound thatthere exists a natural spin-off of high income and high education profile of respondents is their financially included status. The significant contribution of PMJDY awareness in linking the marginalized with the formal banking institutions is revealed. Respondents are more likely to be financially included at closer distances from Bank.

III. RESEARCH METHODOLOGY

The research design for the present study is descriptive research based on only secondary sources of data. This secondary data has been collected from various reports of RBI, Government of India, NABARDand CRISIL. Also

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data has been collected from reputed journals, research articles, newspapers and websites of PMJDY (www.pmjdy.gov.in).The study also tries to analyse the data so obtained empirically in the form of various tables, charts and graphs.

3.1 Objectives of the study

In the light of given theoretical context and review of Literature regarding financial inclusion in India, following are the objectives of this study:

1. To study major initiatives undertaken so far by the Govt. and RBI to achieve financial inclusion.
2. To know the current status of financial inclusion in India in terms of various indicators given by Govt., RBI and CRISIL.
3. To analyse the progress made under PMJDY and its role in improving financial inclusion after its launch.
4. To give conclusions from findings and suggestions to further enhance financial inclusion.

IV. FINANCIAL INCLUSION – RBI POLICY INITIATIVES

RBI has adopted a bank-led model for achieving financial inclusion and removed all regulatory bottle necks in achieving greater financial inclusion in the country.

• Advised all banks **to open Basic Saving Bank Deposit (BSBD)** accounts with minimum common facilities such as no minimum balance, deposit and withdrawal of cash at bank branch and ATMs, receipt/ credit of money through electronic payment channels, facility of providing ATM card.

• **Relaxed and simplified KYC norms** to facilitate easy opening of bank accounts, especially for small accounts with balances not exceeding Rs. 50,000 and aggregate credits in the accounts not exceeding Rs. one lakh a year. Further, banks are advised not to insist on introduction for opening bank accounts of customers. In addition, banks are allowed to use Aadhar Card as a proof of both identity and address.

• **Simplified Branch Authorization Policy**, to address the issue of uneven spread bank branches, domestic SCBs are permitted to freely open branches in Tier 2 to Tier 6 centers with population of less than 1 lakh under general permission, subject to reporting. In North-Eastern Sates and Sikkim domestic SCBs can open branches without having any permission from RBI. With the objective of further liberalizing, general permission to domestic scheduled commercial banks (other than RRBs) for opening branches in Tier 1 centres, subject to certain conditions.

• **Compulsory Requirement of Opening Branches in Unbanked Villages,** banks are directed to allocate at least 25% of the total number of branches to be opened during the year in un-banked (Tier 5 and Tier 6) rural centers.

• **Opening of intermediate brick and mortar structure**, for effective cash management, documentation, redressal of customer grievances and close supervision of BC operations, banks have been advised to open intermediate structures between the present base branch and BC locations. This branch could be in the form of a low cost simple brick and mortar structure consisting of minimum infrastructure such core banking solution terminal linked to a pass book printer and a safe for cash retention for operating larger customer transactions.

• Public and private sector banks had been advised to submit board approved three year**Financial Inclusion Plan (FIP)** starting from April 2010.Banks have been advised that their FIPs should be disaggregated and percolated down up to the branch level. This would ensure the involvement of all stakeholders in the financial inclusion efforts

- In June 2012, **revised guidelines on Financial Literacy Centres (FLCs).** Accordingly, it was advised that FLCs and all the rural branches of scheduled commercial banks should scale up financial literacy efforts through conduct of outdoor Financial Literacy Camps at least once a month, to facilitate financial inclusion through provision of two essentials i.e. 'Financial Literacy' and easy 'Financial Access'. Accordingly, 718 FLCs have been set up as at end of March 2013. A total of 2.2 million people have been educated through awareness camps / choupals, seminars and lectures during April 2012 to March 2013.

Other Notable Measures by the Govt. and RBI

- In the year 2011, the Government of India gave a serious push to the programme by undertaking the "**Swabhimaan"** campaign to cover over 74,000 villages, with population more than 2,000 (as per 2001 census), with banking facilities. Because of the RBI"s drive for financial inclusion, the number of bank accounts increased by about 100 million during 2011-13. The campaign focused only on the supply side by providing banking facility in villages of population greater than 2000 but the entire geography was not targeted. There was no focus on the households.

- **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

(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 1st July, 2013. Presently DBT in 35 schemes have been expanded across the entire country.

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(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 1st June 2013 in six phases.

- **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. 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. It 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.
- **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.
- **Financial Inclusion Advisory Committee (FIAC)**was set up by RBIin 2012 to review financial inclusion policies on an on-going basis and to provide expert advice to the Reserve Bank in this matter. Given the renewed focus on financial inclusion by the Government of India, the on-going implementation of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) and the need for convergence of the financial inclusion efforts of various stakeholders, FIAC was reconstituted in June 2015.The proposed strategy pillars for NSFI include: developing physical and digital infrastructure, regulatory framework, fostering competition, increased financial awareness, grievance redressal mechanism and scientific assessment measures.

V. Pradhan Mantri Jan-Dhan Yojana (PMJDY) : World's largest Financial inclusion scheme

Pradhan Mantri Jan-Dhan Yojana (PMJDY) was formally launched on 28th August, 2014. TheYojana 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. The PMJDY is to be implemented in two phases:

In the first phase(15 August 2014 to 14 August 2015): The aim is to provide universal access to banking facilities through a bank branch or business correspondent; basic banking accounts with overdraft facility of Rs 5,000 based on the performance during the first six months; and RuPay debit card with inbuilt insurance cover of Rs 100,000. Bank accounts opened between 28 August 2014 and 26 January 2015 would also get life insurance cover worth Rs 30,000. There will also be a financial literacy program.

In the second phase (from 15 August 2015 to 14 August 2018): Micro insurance and pension schemes for the unorganized workers would also be provided. Besides it some of the other special benefits under the PMJDY are- interest on deposits, no minimum balance requirement, easy transfer of money across India, direct benefit transfers in these accounts, access to insurance & pension products etc

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 greaterthan 2000.Further,PMJDY focuseson interoperability of accounts which was not there earlier; has simplified KYC guidelines and involves the Districts and States for monitoring and follow-up.

4.2 Progress onFinancial Inclusion in India: An overview

Financial Inclusion Plans: RBI Reports

The progress made on various parameters such asthe number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs) opened by bank branches and BCs, overdraft facilities availed in those accounts, transactions in Kisan Credit Card (KCC), General Credit Card (GCC) accounts and transactions through the BC-ICT channels are reported to the Reserve Bank by banks on a monthly basis and the progress in this regard as on end-March 2017 is set out in **Table 1.**

During 2016-17, the banking outlets opened through BCs in villages increased by 12,243, whilethe number of accounts opened through BCs increased by 49 million. Similarly, the total number of transactions through the BC channel increased by 332 million, while the amount transacted increased by 965 billion. As on March 31, 2017, 96.0 per cent (472,136 villages) of the total villages allotted had

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been covered comprising of 19,875 villages through brick and mortar branches, 431,359 villages through BCs and 20,902 villages through other modes.

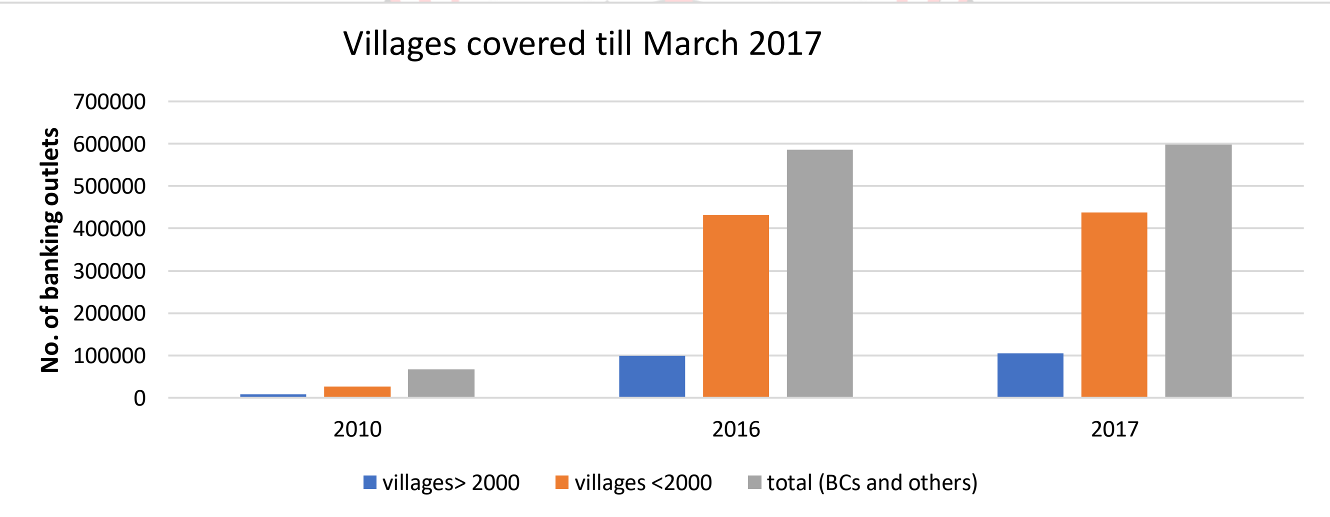
Further if we see the progress made from 2010, the total number of banking outletsincreased by more than 8 times as compared to March 2010 and through BCs the increase is by more than 15 times.

Table 1. Progress under Financial Inclusion in India: key Indicators

Particulars	End- March 2010	End- March 2016	End- March 2017
1	2	3	4
Banking Outlets in Villages – Branches	33,378	51,830	50,860
Banking Outlets in Villages>2000-BCs	8,390	98,958	105,402
Banking Outlets in Villages<2000- BCs	25,784	432,271	438,070
Total Banking Outlets in Villages – BCs	34,174	531,229	543,472
Banking Outlets in Villages- Other Modes	142	3,248	3,761
Banking Outlets in Villages -Total	**67,694**	**586,307**	**598,093**
Urban Locations covered through BCs	447	102,552	102,865
BSBDA-Through branches (No. in million)	60	238	254
BSBDA-Through branches(Amt. in ₹ billion)	44	474	691
BSBDA-Through BCs (No. in million)	13	231	280
BSBDA-Through BCs (Amt. in ₹ billion)	11	164	285
BSBDA-Total (No. in million)	**73**	**469**	**533**
BSBDA Total (Amt. in ₹ billion)	**55**	**638**	**977**
OD facility availed in BSBDAs (No. in million)	0.2	9	9
OD facility availed in BSBDAs (Amt. in ₹ billion)	0.1	29	17
KCCs -Total (No. in million)	24	47	46
KCCs -Total (Amt. in ₹ billion)	1,240	5,131	5,805
GCC-Total (No. in million)	1	11	13
GCC-Total (Amt. in ₹ billion)	35	1,493	2,117
ICT A/Cs-BC-Total Transactions (No. in million)	27	827	1,159
ICT A/Cs-BC-Total Transactions (Amt. in ₹ billion)	7	1,687	2,652

Source:RBI Annual Report, 2017

Chart 1: No. of banking outlets in villages



Source: RBI Annual Report, 2017

Table 2.Population Group wise number of branches of Scheduled Commercial Banks (SCBs)

As on	Rural Total	Semi Urban	Urban	Metropolitan	Total
31.03.2011	33923	23089	17629	16255	90989
31.03.2012	36546	25834	18879	17274	98533
31.03.2013	39816	28546	19935	18092	106389
31.03.2014	45293 3	31530	21532	19275	117630
31.03.2015	48557	33766	23036	20498	125857

Source: Department of financial services, Ministry of finance, GOI

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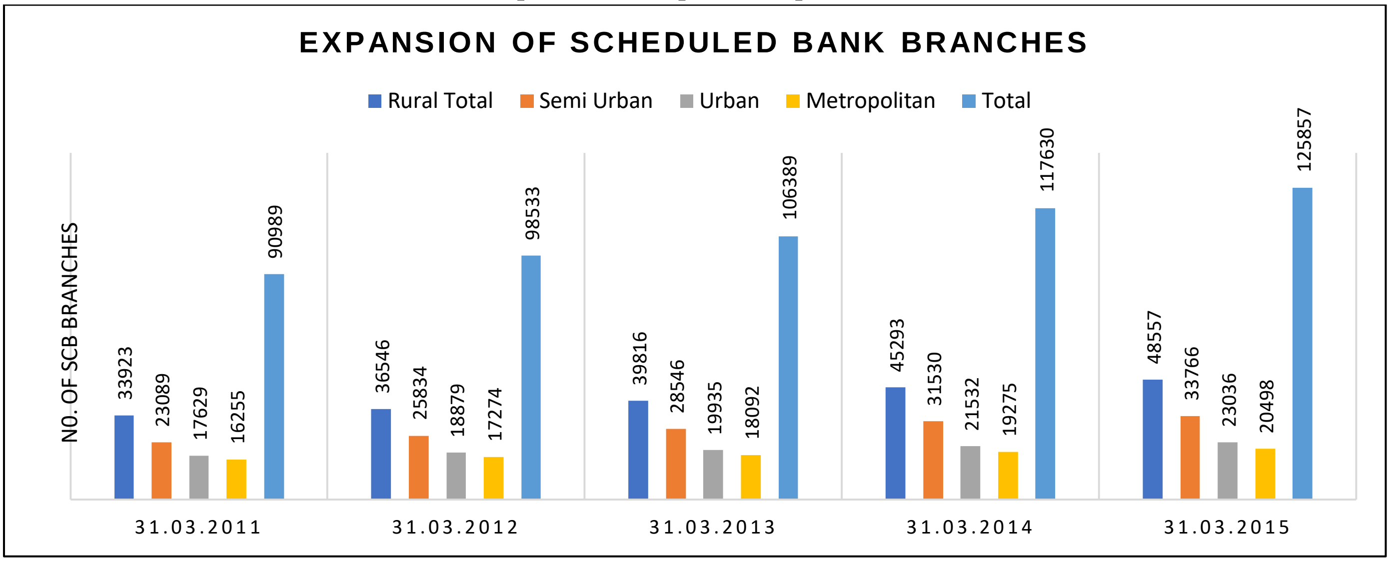
Chart 2. Population Group Wise Expansion of SCBs



Source: Ministry of Finance, GOI

Progress made under Pradhan Mantri Jan-Dhan Yojana (PMJDY)

As per the latest report on financial inclusion from ministry of finance, Govt. of India, 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 croreRuPay Debit cards have been issued and Aadhaar seeding has been done in 8.00 crore accounts.

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.

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: As on 30.10.2015, out of 669 claims lodged, 607 have been disposedoff under accidental insurance cover of Rs. 1 lakh under RuPay debit card. 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.

Table 3.Progress-Report under PMJDYas on 07/03/2018

* All figures (In Crores)

Bank Name / Type	Beneficiaries at Rural/ semi urban	Beneficiaries at urban metro centre bank branches	No. Of Rural-Urban Female Beneficiaries	No. of Total Beneficiaries	Deposits in Accounts	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	13.6	11.7	13.26	25.3	61156.01	19.01
Regional Rural Banks	4.24	0.78	2.75	5.02	12780.86	3.67
Private Sector Banks	0.6	0.39	0.52	0.99	2180.01	0.92
Grand Total	18.43	12.87	16.53	31.31	76116.88	23.6

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs

Source: Pradhan Mantri Jan Dhan Yojana website (www.pmjdy.gov.in)

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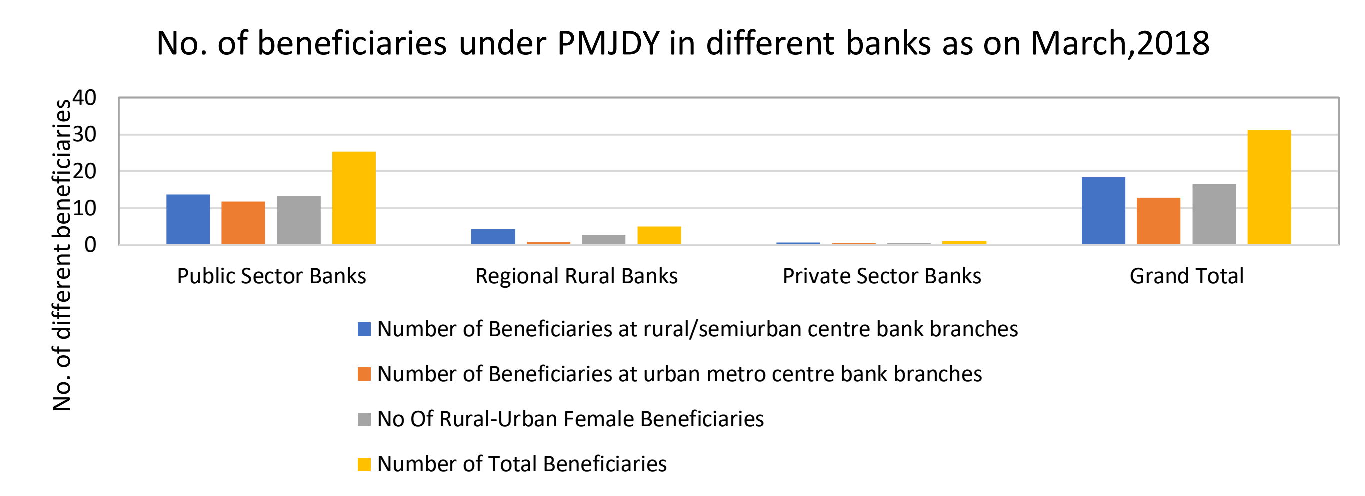
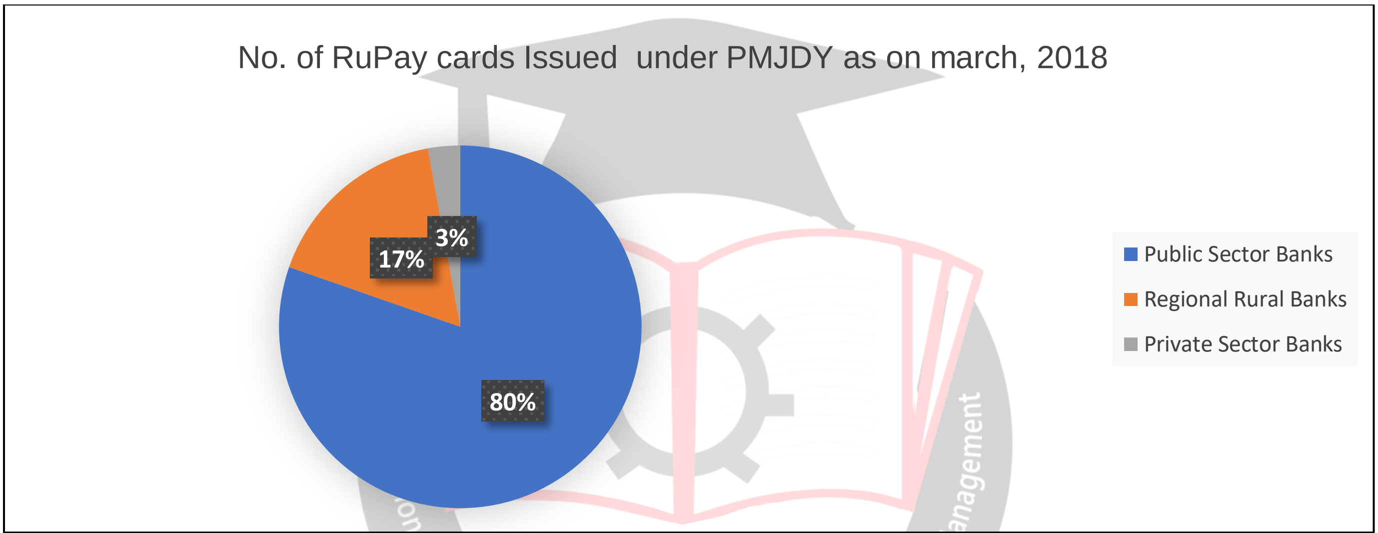
Chart 3. Number of beneficiaries under PMJDY as on 7 March, 2018 in different banks



Source: Progress report on Pradhan Mantri Jan Dhan Yojana (www.pmjdy.gov.in)

Chart 4. Number ofRuPay cards issued under PMJDY as on 7 March,2018



Source: Progress report on Pradhan Mantri Jan Dhan Yojana (www.pmjdy.gov.in)

4.3 Findings from Global Findex Database Report 2014

In August 2014 the Indian government launched the Pradhan Mantri Jan Dhan Yojana scheme for comprehensive financial inclusion with the goal of opening a bank account for every household. To encourage new accounts, the scheme offered attractive features such as zero balances, overdraft facilities, and free life insurance. By the end of January 2015 it had led to the opening of 125 million new bank accounts; as a point of comparison, a 2013 survey had found that fewer than 400 million people in the country had an account.

However the report shows that the account penetration (measured as percentage of adults having accounts) has increased from 35 to 53 percent showing an increase of 18 basis points. Also the increase is evenly reflected across all groups of individuals taken in Global Findex Database,2014.

4.4 Results from CRISIL Financial Inclusion Index “Inclusix” Report (Feb. 2018)

CRISIL Inclusix is a relative index that incorporates various forms of basic financial services into a single metric. Moreover, the input parameters viz.Branch penetration (BP),Creditpenetration (CP),Deposit penetration (DP) and Insurance Penetration(IP)focus heavily on the ‘number of people’ reached/ included rather than on the ‘amounts’ deposited or loaned.CRISIL Inclusix measures the extent of financial inclusion at the geographical level, starting from the district level. The index can be further aggregated to compute the extent of financial inclusion at the state, regional and national levels.It is measured on a scale of 0 to 100, where 100 is the maximum score achievable.CRISILInclusix score Level of financial inclusion :

>65.0 -“High”, Between 50.1–65.0 -“Above average”, Between 35.0-50.0 -“Below average”,<35.0- Low

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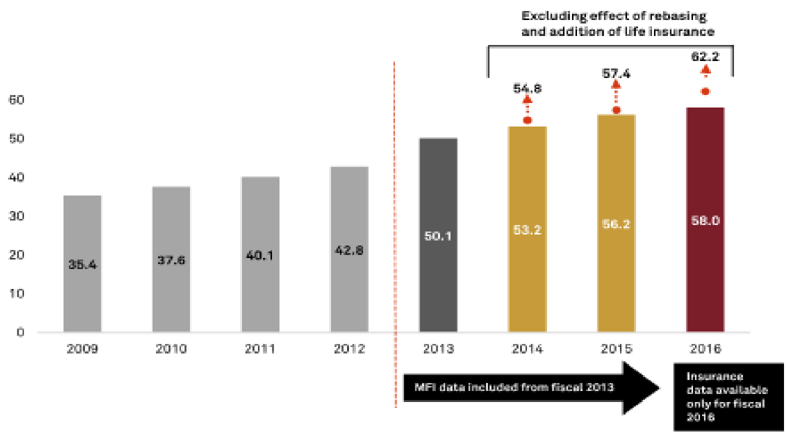
Chart 5. Trend of financial inclusion over last 6years(CRISIL,2018)
Source: CRISIL, Feb. 2018



[1] The index value of 58.0 for fiscal 2016 is not comparable with the index value for previous years, as data for insurance is available only for fiscal 2016. Moreover, the index has been rebased from fiscal 2014 onwards based on the progress made over the years and the latest distribution of parametric values across districts.
[2] The index value of 50.1 for fiscal 2013 is also not comparable with the index value for previous years, as data for MFIs is available only from fiscal 2013 onwards.

VI. Key Findings and Conclusions

Key statistics and Recent trendsregarding financial inclusion as per CRISIL 2018:

- India's overall FI score- 58.0.
- 14 districts with CRISIL Inclusix score of 100. Kerala attained the top spot for the first time with a CRISIL Inclusix score of 90.9.
- The top five states are Kerala, Goa, Puducherry, Chandigarh and Delhi while bottom scoring states are Bihar, Uttar Pradesh and Assam.
- Total bank branches in India-1.35 lakhs
- Number of Deposit accounts under PMJDY-31 crores
- Number of credit accounts under PMJDY-164.6 crores
- Number of credit accounts with banks/ MFIs-19.6 crores
- Number of Life insurance accounts-34.4 crores

From the analysis of data from various reports of RBI, Ministry of Finance, CRISIL and Govt. websites on PMJDY. It is quite evident that Jan Dhan yojana has played a significant role in enhancing financial inclusion in India as the all-India CRISIL Inclusix score for India improved to 58.01 at the end of fiscal 2016 from 50.12 at the end of fiscal 2013 due to significant increase in the number of deposit accounts, largely because of the Jan-Dhan initiative.

Strong momentum in banking services was reflected in a sharp increase in the number of deposit accounts. As many as 60 crore deposit accounts were opened between fiscals 2013 and 2016 – twice the number opened between fiscals 2010 and 2013. Nearly, one-third of these were on account of Jan-Dhan.

But the scheme has attracted criticism for expanding the public sector's role in banking as more than 97 percent of the new accounts are at public banks. In addition, 72 percent of the accounts show zero balances. Moreover, only 39 percent of all account holders in India own a debit or automated teller machine (ATM) card, and using an account might be inconvenient and time-consuming if every transaction requires using a bank teller, as per Global Findex report 2014.

The number of credit accounts increased sharply over two years ended fiscal 2016. MFI credit accounts also witnessed a spike.Despite strong growth in credit accounts in fiscal 2016, only 20 crore borrowers have access to credit. CP remained low at 56.0 compared with 78.3 for DP. It is important to deepen credit penetration to improve the overall financial inclusion score.

New branch openings dropped in fiscal 2016 owing to the proliferation of digital channels (mobile phones/internet) for delivery of financial products.Also if we analyse the data from RBI, the number of bank branches showed a marginal increase from 2016 to 2017. Coming to insurance, the total number of life cover policies issued in India is 34 crores, which is barely a fifth of the 165 crore deposit accounts. And over 90% of these are savings-linked insurance products. Clearly, there exists big opportunity for more inclusion.

In India, although various key indicators like FI score, deposit penetration, credit penetration etc. are showing an upward trend indicating a progress made so far in enhancing financial inclusion across the length and breadth of the country but even now rural areas need more coverage with banking outlets and branchless banking through BCs and more ATMs. Also the usage of overdraft facilities, Life insurance and pension products in BSBD accounts is very low. ICT based transactions in these accounts are also very

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low possibly due to lack of awareness and connectivity issues.

The analysis shows that the Jan-Dhan, Aadhaar anduse of Digital channels through mobiles is slowly but surely making a decisive difference to financial inclusion.Thus India is on a progressive path to achieve financial inclusion but now more focus needs to be placed on increased use of technology by improving connectivity problems in rural areas, increased role of BCs and MFIs in remote areas and more involvement of private and regional rural banks in increasing FI. More emphasis should be placed upon increasing financial literacy and awareness of Govt. schemes for achieving greater inclusion.

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