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Status of Financial Inclusion in India and Its Recent Initiatives – A Study

Sourav Kumar Das
Teaching Assistant
Dept. of Commerce,
Adamas University
West Bengal, India

Abhijeet Bag
Assistant Professor
Dept. of Commerce,
Cooch Behar Panchanan Barma University,
Cooch Behar, West Bengal, India

Abstract

A large section of population in India still remains unbanked **even** after 69 years of independence. This has led to pauperism among the low income groups who do not have access to financial services. According to Mr. Kabir Kumar, Head, Digital Finance Initiative, Consultative Group to Assist the Poor (CGAP), about 50 crores of adult population in India has no access to basic financial services. This segment may be termed as the "financial untouchables". So, the need for an inclusive financial system is becoming more significant not only in the developing and under-developed countries but also developed countries for sustainable growth and development. Such equitable and inclusive growth can be achieved through financial inclusion. That is why, the Central Government and Reserve Bank of India has been pushing the concept and idea of financial inclusion in the recent years. The main objective of RBI is to bring the excluded people within the shade of formal financial institutions by means of setting up of new branches, implementation of EBT, installation of new ATMs and also using Business Correspondents (BC) model through information and communication technology (ICT). Besides this, the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014 has also provided an extra enthusiasm to the various initiatives undertaken by the RBI and Government of India towards increasing financial inclusion and financial literacy.

This study focuses on the brief concept of financial inclusion, highlighting on its current status in India, various initiatives and policy measures adopted by RBI and the Central Government and the analysis of past years performance and progress in financial inclusiveness, on the basis of several facts and data provided by various secondary sources. It can be concluded that financial inclusion has exhibited superb changes due to Information and Communication Technology (ICT) interventions. Yet, there remain some key gaps and concerns that need to be addressed for attaining sustainable financial inclusion, especially for the low- income groups. This requires that ample provisions need to be imminent in the business model of the concerns so as to ensure that the poor can get access to all sort of financial activities.

Keywords: Financial Inclusion, Business Correspondents, PMJDY, KCCs, GCCs.

Introduction

To achieve sustainable development with the progress of Indian economy, there should be an attempt to include maximum number of participation from all the sections of the society. But there is a lack of awareness and financial literacy and lack of access to financial services for small/ marginal farmers and weaker sections of the society that obstructs the growth of the economy. This is a serious issue for the economic advancement of the country. So, to overcome such barriers, the recent developments in banking technology have transformed banking from the traditional infrastructure to a system supplemented by other channels like automated teller machines (ATMs), credit/debit cards, online money transaction, internet banking, etc. But access to such technology is restricted only to certain segments of the society and a major segment of the rural population is still unaware of these changes and is excluded from formal banking facilities. This sort of inaccessibility to basic banking, insurance and all other types of financial services is found not only in India but also whole world. This is termed "financial exclusion".

As per *Georges Gloukoviezoff's 2011 Report*, a revised definition of the process of financial exclusion is as follows:

“The process of financial exclusion is the process whereby people face such financial difficulties of access or use that they cannot lead a normal life in the society to which they belong.”

According to 2015 Data Book on Financial Inclusion of World Bank Group, in India, only about 53.1% of adults have a bank account, of which only 2.4% have mobile accounts and only 22.1% have debit cards and only 33.1% use ATMs as their main mode of cash withdrawal from banks and only 14.4% of them have savings at a financial institution. As per recent reports, it can be stated that less than 20% of Indian population have life insurance coverage and nearly 10% have an access to any other kind of insurance coverage. So, according to this information it can also be said that a greater percentage of the population does not have access to basic financial services.

For this purpose, financial inclusion has become a highlighting issue of under – developed, developing and developed economies as a mode of inclusive growth. The situation of the financial exclusion can be overcome through the process of financial inclusion.

Review of Literature

Kendell et al., (2010) explained that in developing countries there is an estimate of 0.9 accounts per adult and 28 percent bank adults. According to him, the rise of financial inclusion as an important policy goal is due in part to mounting evidence that access to financial products can make a positive difference in the lives of people.

Joseph Massey (2010) said that role of financial institutions in a developing country is vital in promoting financial inclusion. The efforts of the government to promote financial inclusion and deepening can be further enhanced by the pro-activeness on the part of capital market players including financial institutions. Financial institutions have a very crucial and a wider role to play in fostering financial inclusion. National and international forum have recognized this and efforts are seen on domestic and global levels to encourage the financial institutions to take up larger responsibilities in including the financially excluded lot.

Oya Pinar Ardic et al (2011) narrated using the financial access database by CGAP and the World Bank group that the paper counts the number of unbanked adults around the world, analyses the state of access to deposit and loan services as well as the extent of retail networks, and discusses the state of financial inclusion mandates around the world. The analysis indicates that there is much more to be done to move up the financial inclusion. Fifty-six percent of adults in the world do not have access to formal financial services.

CRISIL (2013) measured the extent of financial inclusion in India in the form of an index. It made use of the non-monetary aggregates for calculating financial inclusion. The parameters used by the CRISIL Inclusix took into account the number of individuals having access to various financial services. The three parameters of the index were branch, deposit and credit penetration. The key findings of the report were as follows: one in two Indians has a savings account and only one in seven Indians has access to banking credit; CRISIL Inclusix at an all-India level stood at a relatively low level of 40.1 for 2011 (on a scale of 100). Thus, CRISIL gave ground-level information regarding the advancement of financial inclusion in the country’s rural and urban areas.

Objectives of The Study

1. To have a brief background of financial inclusion in India
2. To study present status of financial inclusion in India.
3. To highlight the major initiatives and policy measures taken by RBI and Government of India to achieve financial inclusion.
4. To suggest the future prospects of financial inclusion.

Research Methodology

This study is mainly based on secondary sources of information. The secondary data for this study has been collected from RBI bulletin, annual reports, publications and press releases of RBI and Ministry of Finance, Government of India, various reputed journals, research publications, books, Data book of World Bank, newsletters of CUCSE-CEFM (University of Calcutta- Calcutta Stock Exchange-Centre of Excellence in Financial Markets) and websites of Economics Times, NABARD (National Bank for Agricultural and Rural Development). Various graphs and tables have been used.

Financial Inclusion in India- A Brief Background

In the past decade, the goal of financial inclusion is to ensure that every individual has access to a quality affordable financial service. This has become an increasing priority and possibility worldwide. And as we enter the second decade of the century, the necessary conditions for meeting this goal are coming together.

As per Report of the Committee on Financial Inclusion in India (Chairman: Dr. C.Rangarajan) (2008), financial inclusion is defined 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.”*

The term ‘financial inclusion’ was used in April 2005 for the first time in the Annual Policy Statement given by Y.Venugopal Reddy, the then Governor of RBI. Further, in July 2005, the banks were encouraged by RBI to achieve greater financial inclusion through basic "no-frills" banking account, with either nil minimum balance or very low minimum balance maintenance with internet banking and other varying range of facilities, to revolutionize the rural economy of India. Again, in 2005, financial inclusion was encouraged by K.C. Chakrabarty, the chairman of Indian Bank, and at that time *Mangalam* became the first village in India where all households were provided basic banking facilities. Several norms were relaxed for people intending to open accounts with annual deposits of less than Rs. 50,000. General credit cards (GCCs) were issued to the poor and the disadvantaged with a view to help them access easy credit.

In 2014, the Government of India announced “Pradhan Mantri Jan Dhan Yojana” (PMJDY), a national financial inclusion mission that aims to provide bank accounts to at least 75 million people by January 26, 2015. The PMJDY provides zero balance bank accounts with accident insurance cover of Rs. 1 lakh, along with an overdraft facility of Rs 5,000 available for account holders. The use of mobile banking facility would also be introduced in the scheme among the poor through the National Unified USSD Platform (NUUP), where customers would be allowed to access banking services using a single number across all banks, irrespective of the telecom provider or mobile handset being used (National Payments Corporation of India, 2014).

Status of Financial Inclusion in India

In India, about 53.1 percent of adults with 43.1 percent of women have accounts with banks, as against the global average of 61.5 percent of adults with 58.1 percent of women among them having such accounts. The results of the survey suggest that India lags behind developing countries in opening bank accounts, but is much closer to the global average when it comes to borrowing from formal institutions. The survey also points to the slow growth of modernized facilities of access to bank accounts such as ATM usage and other Digital sources for payments in India, where only 22.1 per cent of the natives who used debit cards in the past 12 months to pay bills or make purchases. So, it can be said that the extent of financial exclusion still continued to be significant in India, when compared with some of the advanced as well as developing countries, even though several attempts and initiatives are taken by the Reserve Bank and the Government of India.(Table 1).

Table 1: Key Statistics on Financial Inclusion in India

Particulars	India (%)	World (%)
Accounts at bank:		
All adults	53.1	61.5
Women	43.1	58.1
Adults living in rural areas	50.1	56.7
All adults having account at any other type of Financial Institution	52.8	60.7
All adults having Mobile Account	2.4	2.0
Has debit card	22.1	40.1
Has debit card, 2011	8.4	30.5
ATM is the main mode of withdrawal (% with an account)	33.1	..
ATM is the main mode of withdrawal (% with an account), 2011	18.4	48.3
Use of Account in the Past Year:		
Used an account to receive wages	4.0	17.7
Used an account to receive government transfers	3.6	8.2
Used a financial institution account to pay utility bills	3.4	16.7
Other Digital Payments in the Past Year:		
Used a debit card to make payments	10.7	23.2
Used a credit card to make payments	3.4	15.1
Used the Internet to pay bills or make purchases	1.2	16.6
Savings in the Past Year:		
Saved at a financial institution	14.4	27.4
Saved at a financial institution, 2011	11.6	22.6
Credit in the Past Year:		
Borrowed from a financial institution	6.4	10.7
Borrowed from a financial institution, 2011	7.7	9.1
Borrowed from family or friends	32.3	26.2

(Source: The Little Data Book on Financial Inclusion, 2015)

Advancement of Financial Inclusion Plan:

The original Financial Inclusion Action Plan (FIAP) was sanctioned by G20 Global Partnership for Financial Inclusion (GPFI) and its leaders in November 2010 at the Seoul Summit. This reflected the G20’s recognition that financial inclusion for individuals and enterprises leads to global growth and development agendas.

The FIP should contain self-set targets with respect to: (i) opening rural brick and mortar branches; (ii) expansion of Business Correspondents(BC); (iii) coverage of villages with population of more than 2000 as also other un-banked villages with population below 2,000 through branches or BCs or other modernized modes; (iv) opening of accounts including through BC-ICT; (v) issuing Kisan Credit Cards (KCCs) and General Credit Cards (GCCs), and other people specific products to cater to the needs of financially excluded segments. The progress by banks in achieving FIP has been much fascinating during the last few years.

The details of the progress made by banks under FIP are given in Table 2, from where it can be noted that there is a highlighting increase of banking outlets in villages as well as a widespread acceptance of BC model in rural India. The Business Correspondent (BC) is nothing but a bank-in-person, who is authorized for collecting small ticket deposits, thereby extending small credit on behalf of the banks.

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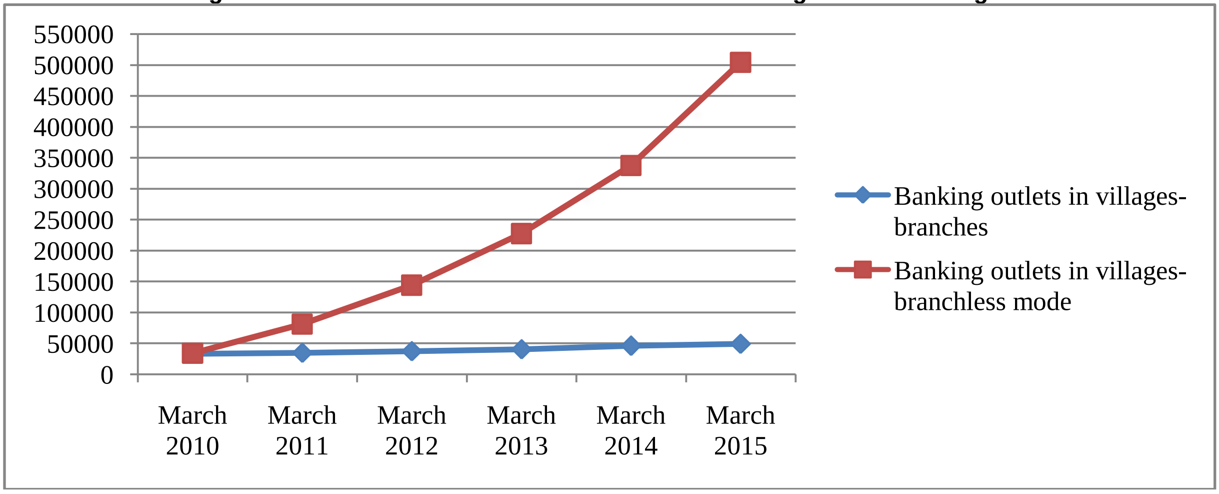
Table 2: Progress of banks under Financial Inclusion Plan

Particulars	Year ended March 2010	Year ended March 2011	Year ended March 2012	Year ended March 2013	Year ended March 2014	Year ended March 2015
Banking Outlets in Villages - Branches	33,378	34,811	37,471	40,837	46,126	49,571
Banking Outlets in Villages – Branchless mode	34,316	81,397	1,44,282	2,27,617	3,37,678	5,04,142
Urban Locations covered through BCs	447	3,771	5,891	27,143	60,730	96,847
Basic Savings Bank Deposit A/c through branches (No. in million)	60.2	73.13	81.20	100.8	126.0	210.3
Basic Savings Bank Deposit A/c through branches (Amt. in billion)	44.3	57.89	109.87	164.7	273.3	365.0
Basic Savings Bank Deposit A/c through BCs (No. in million)	13.3	31.63	57.30	81.3	116.9	187.8
Basic Savings Bank Deposit A/c through BCs (Amt. in billion)	10.7	18.23	10.54	18.2	39.0	74.6
BSBDAs Total (No. in million)	73.5	104.76	138.50	182.1	243.0	398.1
BSBDAs Total (Amt. in billion)	55	76.12	120.41	182.9	312.3	439.5
KCCs (No. in million)	24.3	27.11	30.24	33.8	39.9	42.5
KCCs (Amt. in billion)	1,240.1	1,600.05	2,068.39	2623.0	3,684.5	4,382.3
GCCs (No. in million)	1.4	1.70	2.11	3.6	7.4	9.2
GCCs (Amt. in billion)	35.1	35.07	41.84	76.3	1,096.9	1,301.6
ICT based A/Cs through BCs (No. in million)	26.5	84.16	155.87	250.5	328.6	477.0
ICT based A/Cs through BCs (Amt. in billion)	6.9	58.00	97.09	233.9	524.4	859.8
(Source: RBI Annual Report)						

No. of Branches and other modes of banking outlets in villages

Due to intensive efforts taken by RBI in financial inclusion areas, the number of bank branches including RRBs increased of from 33,378 in March 2010 to 49,571 in March 2015. The number of banking outlets through branchless modes has also been increased from 34,316 in March 2010 to 5,04,142 in March 2015 (Figure 1).

Figure 1: No. of Branches and other modes of banking outlets in villages



Besides these, it can also be noted that the number of branches functioning in rural areas is much more than those functioning in the Semi urban, urban and metropolitan areas. This is shown in the following Table 3.

Table 3: Bank Group and Population Group wise Number of Functioning Branches as on March 31st, 2015

Bank Group	Rural	Semi Urban	Urban	Metropolitan
SBI & its Associates	8029	6593	4304	3622
Private Sector Banks	4302	6457	4521	4698
Nationalized Banks	21228	6428	12604	11325
Other Public Sector Banks	377	528	479	378
Foreign Banks	8	12	57	247
Regional Rural Banks	14613	3748	1071	228
Total	48557	33766	23036	20498

(Source: Report of Department of Financial Services, Ministry of Finance, Government of India)

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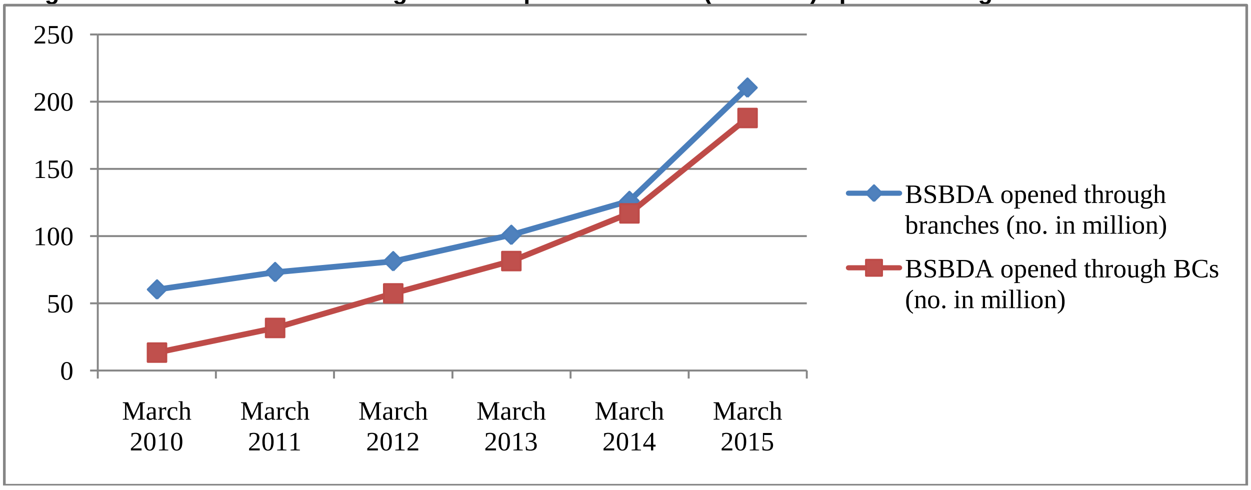
From the given table it can be said that all Bank Groups are functioning in a voluminous manner and expand their branches more in rural areas than other areas so as to strengthen the financial inclusion drive in India.

Basic Savings Bank Deposit Account (BSBDA) opened through branches and BCs:-

The number of BSBD accounts opened has been increased drastically from 60.2 million in March 2010 to 210.3 million in March 2015 through bank branches and BSBD accounts which open by BCs has also increased from 13.3 million in March 2010 to 187.8 million by March 2015 as shown in Figure 2.

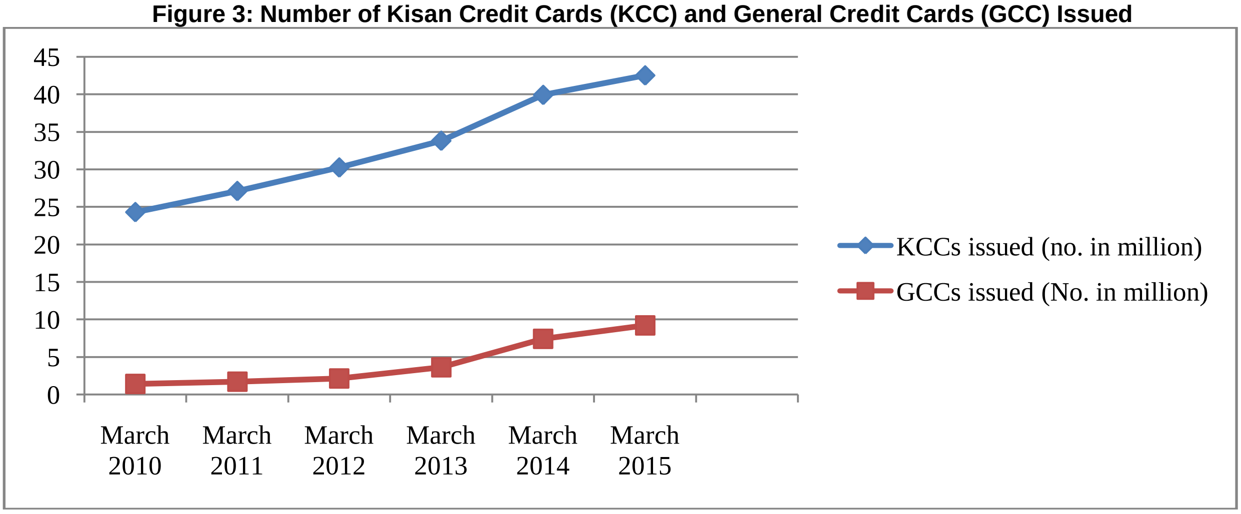
Figure 2: Number of Basic Savings Bank Deposit Accounts (BSBDAs) opened through branches and BCs



Kisan Credit Cards (KCC) and General Credit Cards (GCC) Issued

RBI advised all banks under FIPs to issue smart cards to farmers and non-farm entrepreneurs for availing more convenient and timely credit facilities as per their requirements. For this reason, there is an increase of KCC issues from 24.3 million in March 2010 to 42.5 million by March 2015. The number of GCC issues to Non-farm entrepreneurs has also increased accordingly from 1.4 million to 9.2 million during the last six years as indicated in Figure.

Figure 3: Number of Kisan Credit Cards (KCC) and General Credit Cards (GCC) Issued



Not only these, RBI also suggested modernized banking facilities with the use of ICT by opening ICT based bank accounts through BCs. Share of ICT based accounts transactions have increased substantially from Rs. 6.9 billion to Rs. 859.8 billion by March 2015.

Setting up of New ATMs

Off-site ATMs are more significant than on-site ATMs for banking ingress. Off-site ATMs provide basic banking services even without the presence of full-fledged brick-and-mortar branches. But the increase in number of Off-site ATMs are not more that of the On-site ATMs (Table 4)

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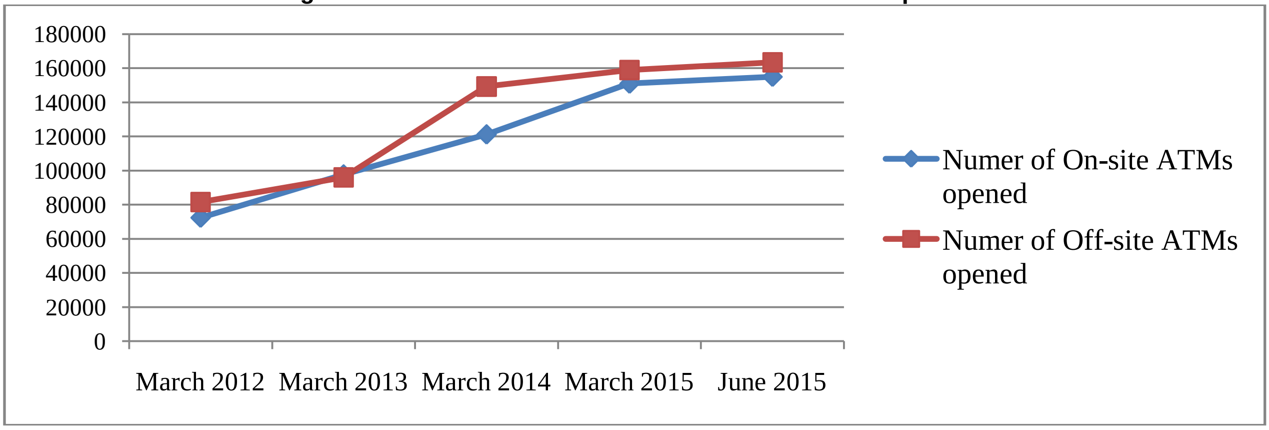
Table 4: Number of ATMs of Public Sector Banks (PSBs) and Scheduled Commercial Banks (SCBs) functioning:

No. of ATMs as on:	Off-site ATMs	On-site ATMs	Total ATMs
March 2012	72,322	81,557	1,53,879
March 2013	87,665	96,001	1,83,666
March 2014	1,21,180	1,49,299	2,70,479
March 2015	1,50,954	1,58,963	3,09,917
June 2015##	1,54,980	1,63,465	3,18,445

This data is provisional

(Source: Report of Department of Financial Services, Ministry of Finance, Government of India)

Figure 4: Number of On-site ATMs and Off-site ATMs opened



Initiatives and Policy Measures of RBI and Government of India Regarding Financial Inclusion

The RBI has also adopted a policy of providing credit through multiple channels, which involves self-help groups (SHGs) and microfinance institutions (MFIs), expanding the scope of the business correspondence (BC) model using information and communication technology (ICT) solutions and facilitating procedures for micro and small enterprises (MSEs).

Some of the initiatives and policy measures taken by RBI and Central Government throughout the year are highlighted as follows:

Opening of No-frill Accounts

In November 2005, the Central Bank introduced “no-frills” accounts, where banks open accounts with zero balance or very low minimum balance for making easily accessible to the lower section of the society. In 2012, RBI asked all banks to convert the no-frills accounts with Basic Savings Bank Deposit Accounts (BSBDAs) for all individuals where the banks would provide zero balance maintenance facility in these accounts along with ATM-cum-debit cards without any extra charge.

Promoting Agent Banking - Business Facilitators (BFs)/Business Correspondents (BCs) model

RBI introduced this model based on information and communication technology (ICT) in January 2006. Under this approach, banks are permitted to engage BC/BFs as intermediaries to provide door step delivery of financial products and services to those areas where banks are unable to open brick and mortar branches for cost considerations.

Simplified KYC Norms

In August 2005, the KYC norms for opening bank accounts were relaxed, where small accounts can be opened on the basis of an introduction from another account holder who has satisfied all the KYC norms. Besides these, RBI has simplified the account opening process for those who intend to maintain balances not exceeding Rs.50,000 and whose total credit in all the accounts is not expected to exceed Rs.100,000 in a year.

Kisan Credit cards (KCCs)

Under this scheme banks issue smart cards to the farmers for providing timely and adequate credit support as per their farming needs. Public and private sector banks issued 42.5 million smart cards as KCCs and the amount outstanding of KCCs grows upto Rs. 4,382.3 billion till March 2015. (Table 2).

General Purpose Credit Cards (GCCs)

In 2005 Reserve bank of India advised banks to provide General Purpose Credit Card (GCC) facility up to Rs.25000/- at their semi-urban and rural branches. The interest rate on this facility is completely deregulated. Accordingly, to help the poor and disadvantaged people with easy access of credit facilities, banks have offered 9.2 million GCCs with an amount of Rs. 1,301.6 billion by March 2015. (Table 2).

Self Help Group - Bank Led Initiative (SBLP):

In 1992, NABARD, with the support of RBI, proposed the SHG-Bank Linkage Programme (SBLP). Its main objective was to enable the poor financially excluded people, as a group, to access credit, without any collateral security, for improving their economic condition by utilizing the credit availed in productive purposes. To achieve this, NABARD utilized the services of various sectors, such as NGOs, bankers and other various voluntary organizations. Here, the banks involve themselves with a group of local people to pool their savings, which is deposited with the bank and against which small loans are given to them. This programme encourages rural poor women to join together as self-help groups (SHGs) and contribute certain amount as savings to the group and engage in internal lending within the group members.

Role of Bandhan Bank – The Kolkata based Microfinance Institution (MFI)

MFIs play a significant role in covering the gap between the rural population and the financial institutions by providing financial services to those low income rural people. About a quarter of the world's staggering population are in India, who has no secure way of saving money or paying bills. To mitigate this, since 2010, the World Bank has been working with India's leading MFIs, one of them is the Kolkata based MFI- *Bandhan Bank*. Gradually, Bandhan Financial Services Pvt. Ltd. has reached more than 6.5 million of India's poorest borrowers by 2015. On 23rd August 2015, Bandhan Bank has transformed into a universal bank, thereby expanding the publicity of microfinance to those low income groups of India.

RuPay Card

RuPay, a new domestic multilateral card payment scheme has been introduced by National Payment Corporation of India (NPCI). It is dedicated to India by the President of India on 8th May 2014. Under this scheme all banks and financial Institutions in India are allowed to participate in electronic payments. This scheme helps to build a card payment network at much lower costs to the banks so as to minimize the dependency on international card scheme. The *RuPay* Card works on ATM and online purchases, providing the customers payment options flexible.

Use of ICT in Banking

Technology has the potential to address the issues of outreach and credit delivery to the poor population. Therefore, the use of ICT (Information and Communication Technology) has been focussed at to enhance access to banking facilities. The Government and the RBI advised the commercial banks to effectively use ICT to provide door step banking services i.e. through ATMs, online banking, mobile banking and business correspondents, Aadhaar Enabled Payment Systems (AEPS), Common Service Centres (Kiosks), etc. These facilities enhance the transparency and responsiveness of the Government to citizen's needs.

Opening of branches in unbanked rural locations:

During the FIPs, attention has been given to open bank branches in the villages and semi-urban locations. Accordingly, it can be noted that there is an highlighting increase in number of banking outlets in villages by public sector and private sector banks as compared to that in semi-urban, urban and metropolitan areas so as to grab the financially excluded segment of society into availing all sort of financial facilities. (Table 2 and 3).

Financial Literacy Program

Financial literacy makes people aware of what they can demand, and so Financial Literacy Programs have been initiated by RBI that are channelled through banks to improve financial education so as to aware people about the basic financial services. As per RBI Annual Report 2014-15, 1,181 FLCs were operational in India as at end March 2015. During this period, about 3,06,188 camps were conducted by rural branches and nearly 5.7 million participants opened accounts after attending these camps. Not only this, RBI governor Raghuram Rajan proposed the inclusion of financial literacy in school curriculum on 29th April 2016 so as to push up the financial inclusion mission.

Swabhimaan Scheme

It is a financial security programme launched by Smt. Sonia Gandhi, the then Chairperson of the United Progressive Alliance party, on 10th February 2011, under which banking facilities were provided, either by Business Correspondents, branches, mobile banking, etc., in 74,000 areas with a population in excess of 2000 by March 2012. This campaign is operated by the Indian Banks' Association (IBA) and the Ministry of Finance, Government of India. It enables the beneficiaries to draw the government subsidies and social security benefits from the Business Correspondents (BCs) in their village itself as these benefits are directly credited to their accounts.

Enhancement of Insurance sector

The Central Government has launched two insurance schemes and one pension scheme, namely, Pradhan Mantri Suraksha Bima Yojana (PMJJBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMSBY) and the Atal Pension Yojana (APY), that will push up the financial inclusion move. PMJJBY offers a life cover of Rs 2 lakh for an annual premium of Rs 330. Nearly 27.1 million people have been registered with this scheme. PMSBY offers a personal accident cover of Rs 2 lakh for an annual premium of Rs 12, under which about 80.1 million individuals have already registered. Various foreign companies have also come forward to invest in the Indian insurance sector.

Direct Benefit Transfer for LPG (DBTL):

Since June 2013, the Direct Benefit Transfer for LPG (DBTL) scheme has been rolled out in 291 districts in six phases. The DBTL scheme is an efficient way to disburse subsidies. Later, in order to mitigate the problems of LPG consumers, Union Cabinet has re-launched Modified Direct Benefit Transfer for LPG Consumers (DBTL) *PAHAL Scheme* in November 2014 in 54 districts and in the entire country in January 2015. Now, the subsidies for cooking gas are directly transferred to consumer's accounts. Till July 2015, about Rs 17,446 crore has been transferred through Jan Dhan accounts.

Pradhan Mantri Jan-Dhan Yojana (PMJDY)

The Government launched PMJDY on 28th August, 2014, where every household can get universal access to banking facilities, credit, insurance and pension facility, having at least one basic banking account. The beneficiaries would get a RuPay Debit Card having inbuilt accident insurance cover of Rs.1.00 lakh. Those who opened their bank accounts for the first time between 15.08.2014 to 26.01.2015 would get a life insurance cover of Rs 30000. This scheme also channels all Government benefits to the beneficiaries' accounts, thereby leading to bring widespread financial inclusion in India. Till December 2015, about 19.21 crore accounts were opened by banks with deposit of more than Rs 26,819 crore. RuPay cards were issued to 16.51 crore customers and about two lakh accounts were opened every day.

Pradhan Mantri Mudra Yojana (PMMY)

The *Micro Units Development and Refinance Agency* or the *MUDRA Bank* was launched by our Prime Minister Narendra Modi on 8th April 2015, after the success of Pradhan Mantri Jan Dhan Yojana. It focuses on the importance of bringing the unbanked people under the roof of mainstream banking so as to make the neglected section of population self dependent and self reliant. Its main objective is to help in growth of such small businesses and enterprises that cannot avail loans from banks due to lack of collateral and insufficient funds to pay off the interest. All Scheduled Commercial Banks, Regional Rural Banks, Micro Finance Institutions, small business finance companies, scheduled urban and state co-operative banks are given the responsibility to provide loans under this scheme.

Conclusion

The problem of financial exclusion cannot be wiped off till now as many poor and disadvantaged people in the world still lack access to all sort of financial services. Financial inclusion is an ongoing process. It can be concluded that financial inclusion has grown up in developing countries like India, in the past few years, yet it is far from adequate. So, banks and other financial institutions should create awareness among people through various mass communication sources like television channels, campaigns, etc. and also several financial literacy programmes need to be carried out at frequent intervals to reach the unreached populace for. Not only this, all stake holders, viz., policy makers, regulators, banks, NGOs, MFIs and other similar entities have to put integrative efforts throughout the year to achieve sustainable comprehensive financial inclusion. Hence, there is an opportunity or vision in the future to achieve 100 percent financial inclusion.

Suggestions

1. Mostly all banks are installing ATMs in all places, but sometimes many ATMs are not in good condition for immediate use. Often, RBI changes the terms and conditions and instructions for using ATMs. In such cases, there may be a high necessity for technical implementations for smooth use of the ATMs and proper training should be given to the rural customers regarding the facilities available and their usages.
2. There are nearly 800-1000 MFIs operating in India. But recently only one MFI i.e., Bandhan Bank has got the Banking license and MFIs like *Janlakshmi* and *Ujjivan* have got the small bank license from RBI. So, RBI and Govt of India may think to approve such license for more efficient MFIs so as to reach more and more unbanked people.
3. The financial institutions, especially the banks, can speed up the process of financial inclusion by increasing enrolment of Self Help Groups through bank linkage programme.
4. Financial Inclusion need to be taken as a business panorama rather than compulsion so that probable business opportunity can be utilized by tapping the untapped and unorganized markets.

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