



FINANCIAL INCLUSION IN INDIA – AN OVERVIEW OF FINANCIAL INCLUSION INITIATIVES

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ABSTRACT

Financial inclusion is a tool for connecting every individual of the society to the formal financial system. Many backward unprivileged individuals are out of coverage of financial services. Financial inclusion is an attempt to help the society who have not access to financial services to participate in the financial management and avail financial services like banking, insurance, overdraft etc.,. Financial inclusion is a process of ensuring access to financial services timely and to the needed weaker sections. Government of India has announced various schemes for the purpose connecting people to financial services. This paper attempts to provide the various initiatives undertaken by the government of India for Financial inclusion of poorer and weaker sections of the society.

KEYWORDS: *Financial Inclusion, Initiatives, Financial Literacy, Baking, Banking penetration.*

INTRODUCTION

The concept of Financial Inclusion is not new to the world in fact many countries have started working on it since long back. Government of India took number of initiatives for financial inclusion such as Nationalization of banks, introduced Lead bank scheme, incorporation of Regional Rural Banks and so on. Lack of accessible, affordable and appropriate financial services is a great problem and a significant part of rural India is still deprived from the financial services.

Financial inclusion is a tool for connecting every individual of the society to the formal financial system. Many backward unprivileged individuals are out of coverage of financial services. Financial inclusion is an attempt to help the society who have not access to financial services to participate in the financial management and avail financial services like banking, insurance, overdraft etc.,. Financial inclusion is a process of ensuring access to financial services timely and to the needed weaker sections. Government of India has announced various schemes for the purpose connecting people to financial services.

The schemes of government of India are as below:

- Pradhan Mantri Jan Dhan Yajana(PMJDY)
- Pradhan Mantri Jeevan Jyoti Bima Yajana(PMJBY)
- Pradhan Mantri Suraksha Bima Yajana (PMSBY) • Atal Pension Yojana(APY)
- Pradhan Mantri Mudhra Yojana
- Stand Up India Scheme
- Pradhan Mantri Vaya Vandana Yojana
- Sukanya Samridhi Yojana
- Jeevan Suraksha Bandhan Yojana



- Credit Enhancement Guarantee Scheme for Scheduled Castes (CEGSSC)
- Venture Capital Funds For Scheduled Caste
- Varishtha Pension Bima Yojana

AN OVERVIEW OF FINANCIAL INCLUSION INITIATIVES PRADHAN MANTRI JAN DHAN YAJANA (PMJDY)

Pradhan Mantri Jan Dhan Yojana has announced by Honorable Prime Minister Narendhra Modi, as a National Mission On Financial Inclusion. Under this scheme any individual can open bank account with zero balance, in case an individual self certify that lack of documents then he may open small account. At present as on 21/09/2022 total deposits under PMJDY accounts all over the country are 173058.35 crore. The aim of the scheme is reaching unprivileged and untapped society through providing access to banking services. This scheme provides financial literacy programs, account holders receive Rupay debit card, with a inbuilt accident insurance of Rs.2 lakhs, they may avail overdraft facility on satisfactory transactions on account for six months.

Total No. of accounts opened under PMJDY scheme from 2015-2022



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PRADHAN MANTRI JAN DHAN YOJANA

(All figures in Crore)

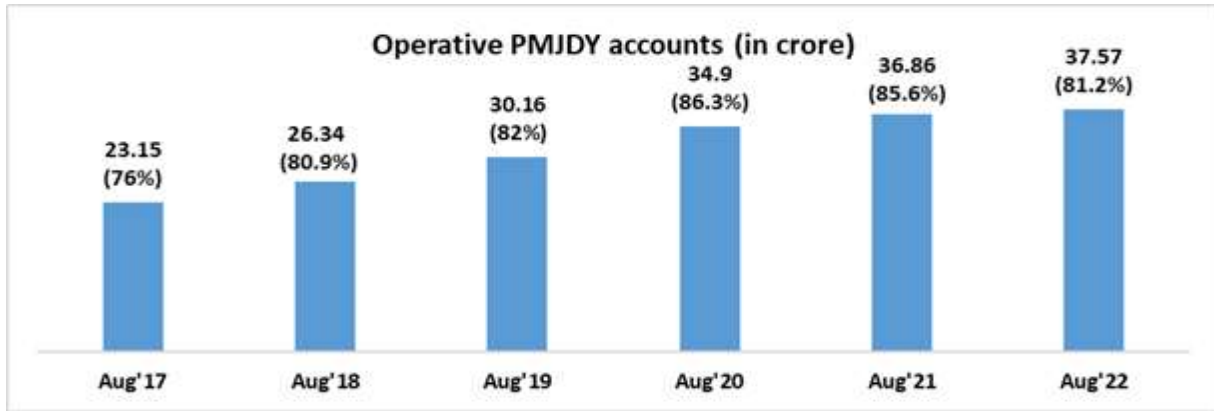
Beneficiaries as on 05/10/2022

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts(In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	23.23	13.88	20.44	37.11	135708.56	27.69
Regional Rural Banks	7.49	1.18	5	8.67	34572.82	3.41
Private Sector Banks	0.7	0.61	0.71	1.31	4943.61	1.11
Grand Total	31.42	15.67	26.16	47.09	175224.98	32.21

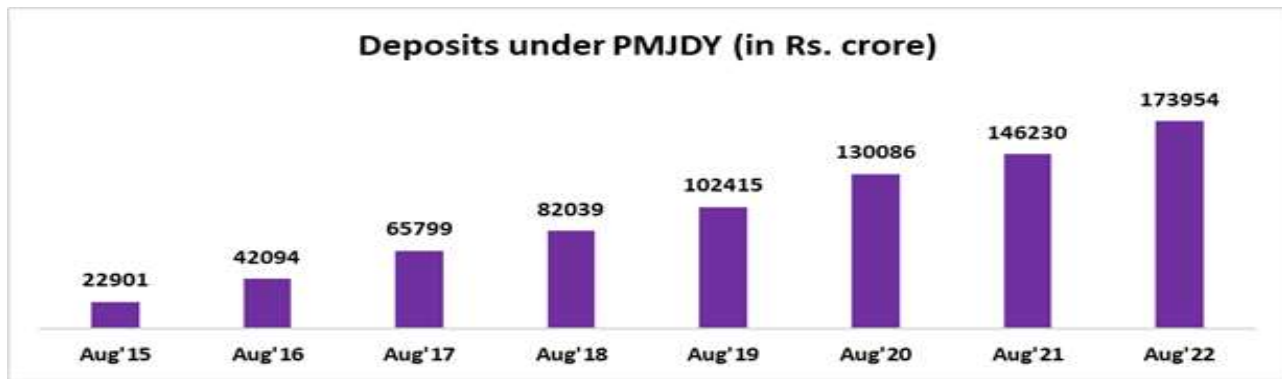
Disclaimer: Information is based upon the data as submitted by different banks



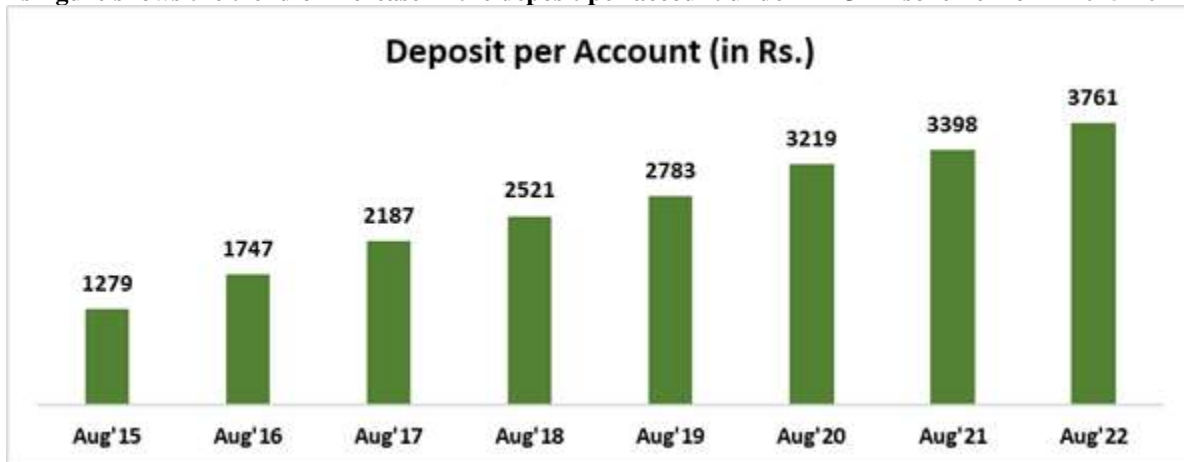
The following figure shows No. of operative accounts under PMJDY scheme from 2017-2022



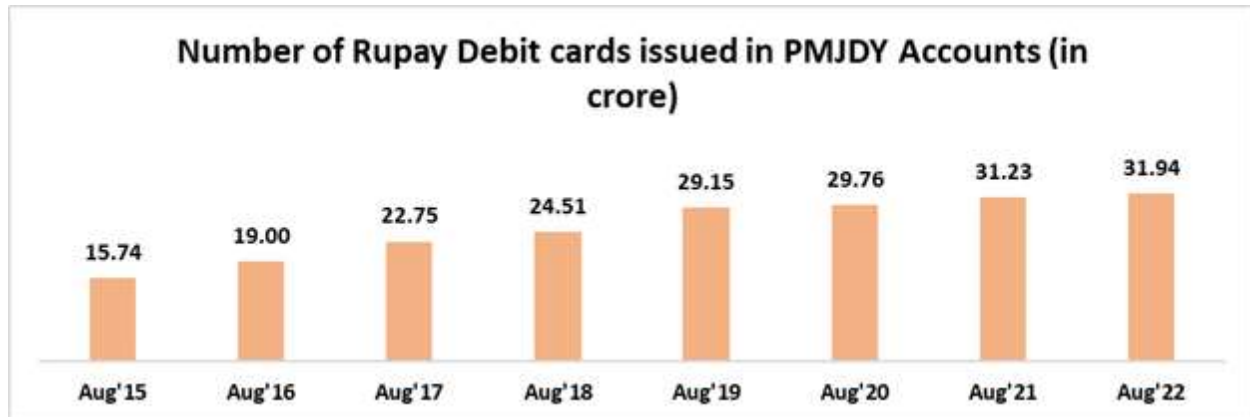
Total Number of deposits under PMJDY from 2015-2022



This figure shows the trend of increase in the deposit per account under PMJDY scheme from 2015-2022



The following figure shows number of Rupay cards issued from 2015-2022



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2) A. PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA (PMJJBY)

This scheme is for individuals who are having a bank account and of 18-50 years. Here insurance is being given by Life Insurance Corporation and all other life insurers who are willing to offer and have necessary tie ups with banks. The life insurance cover of Rs.2 lakhs for one year and can be renewable. Insurance can be claimed in case of death for any reason, the premium of Rs.436 premium is deducted per annum from subscriber's bank account with their consent.

B. PRADHAN MANTRI SURAKSHA BIMA YAJANA (PMSBY)

This scheme provides insurance coverage to the age group from 18 to 70 years. Adhar is a primary KYC for the bank account. Insurance can be claimed up to Rs.2 lakhs only in case of accidental death and for full disability, Rs. 1 lakh coverage will be provided for partial disability. Annual premium of Rs.20 will be deducted from account holder account through auto-debit facility with account holder consent. The scheme is sponsored by public sector general insurance companies or any other general insurer with necessary tie-ups and approvals from banks.

PMJJBY No. of women beneficiaries	PMSBY No. of women beneficiaries
3,42,40,254	10,26,45,751

Annexure as referred to in part (a) of reply to Lok Sabha Q. No. 3618 for 20.12.2021			
State-wise, Scheme-wise Distribution of Cumulative Enrolments as on 27.10.2021			
Sl. No.	State/UTs	PMJJBY	PMSBY
1	Andaman and Nicobar Islands	29,155	70,490
2	Andhra Pradesh	65,40,146	1,58,11,529
3	Arunachal Pradesh	76,766	1,47,830
4	Assam	16,91,426	52,23,344
5	Bihar	42,85,468	1,39,69,196
6	Chandigarh	72,277	2,47,430
7	Chhattisgarh	24,09,761	78,17,397
8	Dadra & Nagar Haveli and Daman & Diu	78,113	1,40,561
9	Goa	1,57,499	3,70,952
10	Gujarat	40,57,002	99,42,966



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11	Haryana	19,42,521	51,93,324
12	Himachal Pradesh	4,40,777	15,97,785
13	Jammu and Kashmir	4,10,069	10,08,899
14	Jharkhand	18,86,299	58,90,405
15	Karnataka	47,10,766	1,05,37,632
16	Kerala	11,11,836	56,83,760
17	Lakshadweep	2,357	7,581
18	Madhya Pradesh	50,67,140	1,64,54,942
19	Maharashtra	69,17,286	1,74,96,774
20	Manipur	68,048	2,09,053
21	Meghalaya	1,31,873	3,17,135
22	Mizoram	1,21,450	2,07,730
23	Nagaland	74,057	2,12,944
24	Nct of Delhi	12,65,706	35,57,440
25	Odisha	31,45,850	89,84,859
26	Puducherry	91,532	2,42,315
27	Punjab	18,61,298	62,43,262
28	Rajasthan	42,27,061	1,26,43,411
29	Sikkim	56,783	1,24,768
30	Tamil Nadu	40,58,715	1,15,69,218
31	Telangana	37,98,510	93,67,618
32	Tripura	2,29,925	7,94,422
33	Uttar Pradesh	85,70,908	3,28,05,228
34	Uttarakhand	5,87,525	25,87,072
35	West Bengal	42,96,384	1,49,77,930
36	Ladakh	8,674	18,161
37	Others & Non-CBS Enrolments*	3,84,56,132	3,59,16,806
Grand Total		11,29,37,095	25,83,92,169

Source : Banks and Insurance Companies

***Others & Non-CBS Enrolments' includes enrolments by Urban Co-operative Bank and enrolments under Central/State converged schemes where data is not available at State Level.**



Annexure as referred to in part (b) of reply to Lok Sabha PQ. No. 3618 for 20.12.2021					
State-wise, Scheme-wise Distribution of PMJJBY and PMSBY Claims -as on 27.10.2021					
S. No.	State/UT	PMJJBY		PMSBY	
		No. of Claims Paid	Claims Amount Paid (in Rs. Crore)	No. of Claims Paid	Claims Amount Paid (in Rs. Crore)
1	ANDAMAN & NICOBARISLANDS	79	1.58	5	0.10
2	ANDHRA PRADESH	2,03,640	4,072.80	21,613	428.64
3	ARUNACHAL PRADESH	233	4.66	3	0.06
4	ASSAM	6,922	138.44	747	13.81
5	BIHAR	12,479	249.58	1,181	22.82
6	CHANDIGARH	371	7.42	1,546	29.22
7	CHHATTISGARH	15,493	309.86	2,136	41.47
8	DADRA & NAGAR HAVELI and DAMAN & DIU	186	3.72	6	0.12
9	GOA	641	12.82	87	1.73
10	GUJARAT	31,417	628.34	3,867	72.74
11	HARYANA	9,351	187.02	2,136	42.01
12	HIMACHAL PRADESH	2,285	45.70	695	13.47
13	JAMMU & KASHMIR	1,279	25.58	102	2.01
14	JHARKHAND	4,042	80.84	756	14.99
15	KARNATAKA	34,714	694.28	7,339	141.85
16	KERALA	3,315	66.30	1,517	29.93
17	LAKSHADWEEP	1	0.02	0	0.00
18	MADHYA PRADESH	22,709	454.18	7,253	141.55
19	MAHARASHTRA	29,446	588.92	9,637	187.76
20	MANIPUR	393	7.86	15	0.30
21	MEGHALAYA	344	6.88	12	0.23
22	MIZORAM	953	19.06	23	0.44
23	NAGALAND	153	3.06	0	0.00
24	DELHI	8,457	169.14	1,312	24.67
25	ODISHA	11,093	221.86	1,853	36.33
26	PUDUCHERRY	504	10.08	84	1.67
27	PUNJAB	4,637	92.74	1,500	28.96
28	RAJASTHAN	20,381	407.62	4,484	83.13
29	SIKKIM	130	2.60	9	0.18
30	TAMIL NADU	14,356	287.12	5,072	99.56
31	TELANGANA	20,517	410.34	5,476	109.11
32	TRIPURA	805	16.10	86	1.60
33	UTTAR PRADESH	38,444	768.88	6,530	126.95
34	UTTARAKHAND	3,120	62.40	2,075	39.40
35	WEST BENGAL	10,025	200.50	3,109	60.29
36	LADAKH	0	0.00	0	0.00
Total		5,12,915	10,258.30	92,266	1,797.09

Source: Insurance Companies
(Includes claims paid under converged schemes)

**4) ATAL PENSION YOJANA(APY)**

Atal pension scheme provides monthly minimum pension to subscribers, but contribution of subscriber depends upon the pension plan chosen. Saving account/post office saving account holder can avail benefits of this scheme. Subscribers will receive minimum amount of guaranteed monthly payment of Rs.1000 or Rs.2000 or Rs.3000 depending upon their plan at the age of 60. Under APY monthly pension would be available to the subscriber, in case of death of subscriber to his spouse, after their death accumulated pension corpus amount is returned to nominee of the subscriber. In case of death of subscriber his spouse can be allowed to continue contribution to pension plan and get monthly pension as same as subscriber.

**Details of State-wise enrolments under APY during the period from 2019-20 to 2021-22
(up to 31st October, 2021)**

Name of State	2019-20	2020-21	2021-22 (Till 31 st October, 2021)	Total
Andaman and Nicobar Islands	531	598	1,155	2,284
Andhra Pradesh	3,89,072	3,26,410	2,22,747	9,38,229
Arunachal Pradesh	4,052	4,765	2,273	11,090
Assam	1,32,688	2,21,675	1,13,331	4,67,694
Bihar	5,61,330	7,19,520	4,15,369	16,96,219
Chandigarh	7,818	7,205	3,888	18,911
Chhattisgarh	1,20,407	1,37,402	74,729	3,32,538
Dadra & Nagar Haveli and Daman & Diu	4,936	3,588	2,038	10,562
Delhi	85,343	99,682	58,866	2,43,891
Goa	11,338	10,038	5,828	27,204
Gujarat	2,65,769	2,66,293	2,07,844	7,39,906
Haryana	1,50,582	1,80,571	1,03,073	4,34,226
Himachal Pradesh	51,641	60,110	39,025	1,50,776
Jammu and Kashmir	16,754	16,893	12,487	46,134
Jharkhand	2,13,514	2,58,252	1,57,686	6,29,452
Karnataka	3,85,190	4,58,986	2,57,761	11,01,937
Kerala	1,47,518	1,15,056	73,169	3,35,743
Ladakh	506	421	378	1,305
Madhya Pradesh	4,51,420	4,99,764	3,05,030	12,56,214
Maharashtra	5,25,670	5,96,491	3,92,672	15,14,833
Manipur	5,420	6,830	3,701	15,951
Meghalaya	6,389	9,528	4,266	20,183
Mizoram	983	4,005	1,744	6,732
Nagaland	2,619	6,956	3,679	13,254
Odisha	2,84,084	3,40,277	1,94,746	8,19,107
Puducherry	10,601	7,448	4,805	22,854
Punjab	1,98,634	2,16,164	1,15,000	5,29,798



Rajasthan	3,38,958	3,95,204	2,62,923	9,97,085
Sikkim	4,731	5,252	2,361	12,344
Tamil Nadu	5,13,767	5,01,347	2,96,216	13,11,330
Telangana	2,51,994	2,30,917	1,22,449	6,05,360
Tripura	26,287	27,645	11,792	65,724
Uttar Pradesh	10,21,214	13,35,505	8,15,233	31,71,952
Uttarakhand	72,760	84,378	54,863	2,12,001
West Bengal	6,18,740	7,58,862	3,80,981	17,58,583
Lakshadweep	113	104	81	298
Grand Total	68,83,373	79,14,142	47,24,189	1,95,21,704

SOURCE :

PFRDA**5) PRADHAN MANTRI MUDHRA YOJANA (PMMY)**

This scheme was announced on 8th April 2015. collateral free loans are provided to MSMEs for entrepreneurship development and to inspire young, talented youth to explore their business plans. Loans given in three phases based on the amount of loan, Rs.50000 is given under sub-scheme 'Shishu'; between Rs.50000 to 5 lakhs under sub-scheme 'Kishore'; And between 5 lakhs to 10 lakhs under sub-scheme 'Tarun'. New and existing small businesses could be able to allow availing these benefits.

Financial Year	No Of PMMY Loans Sanctioned	Amount Sanctioned	Amount Disbursed
2015-16	34880924	137,449.27	132,954.73
2016-17	39701047	180,528.54	175,312.13
2017-18	48130593	253,677.10	246,437.40
2018-19	59870318	321,722.79	311,811.38
2019-20	62247606	337,495.53	329,715.03
2020-21	50735046	321,759.25	311,754.47
2021-22	53795526	339,110.35	331,402.20
2022-23	21975442	158,831.13	153,229.11

www.mudra.org.in

6) STAND UP INDIA SCHEME

The scheme intends to promote scheduled caste/scheduled tribe and women entrepreneurs as well as entrepreneurship development as a whole. Loans are provided to those enterprises who are involved in Greenfield enterprises. Amount of loan disbursed would be from Rs. 10 lakhs to Rs.1 crore, at least one scheduled caste / scheduled tribe borrower and at least one women borrower per bank branch. This scheme provides loans without collateral securities, enterprises may be from any sector like manufacturing, services or any form of trading activities and loans are distributed through scheduled banks all over the country. The target of this scheme is to benefit at least 2.5 lakhs borrowers. For providing collateral free loans to cover the risk government of India has set up Credit Guarantee Fund for Stand Up India (CGFSI).

7) PRADHAN MANTRI VAYA VANDANA YOJANA(PMVVY)

Pradhan Mantri Vaya Vandana Yojana intends to help senior citizens with a guaranteed interest income. Due to uncertain future in interest income risks any senior citizen can invest under this scheme for safe and guaranteed



interest income of 7.40% for the financial year 2020-2021 and the ceiling limit of interest under this scheme is 7.75%.this policy would be for the term of 10 years of maximum time duration. This scheme is implemented through Life Insurance Corporation of India, and the policy subscription would be open till 31st march 2023.here the pension amount is returned to policy holders monthly, quarterly, annually depending upon the option chosen by holder. The minimum purchase amount of policy is Rs. 1,62,162/- for a minimum pension of Rs.1000/- per month and maximum purchase price of Rs.15 lakhs for a minimum pension of Rs.9,250/- per month. The intention of this scheme is to provide social security during old age.

8) SUKANYA SAMRIDDI YOJANA

This scheme of central government is for betterment of a girl child for securing the future of the girl child. Investment made in this scheme is in the form of savings and it can be withdrawn only when girl will be 21 years old or else till after the completion of 15 years from the opening account under this scheme. Account can be opened in the name of girl child till she is at the of 10 years old, only one account can be opened in one girl child name. Withdrawal can be done in case of higher education expenses and can be prematurely withdrawn for marriage purpose after she attains the age 18 years. This scheme allows the holder for deduction of tax under section 80c of income tax act and interest earned under for deposits also free from income tax.

Interest rate	7.60% p.a.
Investment Amount	Minimum - Rs.250, Maximum Rs.1.5 lakh p.a.
Maturity Amount	Depends on the invested amount
Maturity Period	21 years

PERIOD	RATE OF INTEREST (%)
03.12.2014 TO 31.03.2015	9.1
01.04.2015 TO 31.03.2016	9.2
01.04.2016 TO 30.09.2016	8.6
01.10.2016 TO 31.03.2017	8.5
01.04.2017 TO 30.06.2017	8.4
01.07.2017 TO 31.12.2017	8.3
01.01.2018 TO 30.09.2018	8.1
01.10.2018 TO 30.06.2019	8.5
01.07.2019 TO 31.03.2020	8.4
01.04.2020 TO 31.03.2022	7.6

www.nsiindia.gov.in

The pace of opening accounts under SSA scheme is given hereunder:		
End of FY	No. of Accounts	Outstanding deposits (in crore)
2015	420420	123.00
2016	6998870	6,773.00
2017	10084152	17,156.00
2018	12428910	31,958.00
2019	15534417	50,224.00
2020	19249624	72,880.00
2021	23267968	101,258.00
Till Nov, 2021	27254759	119,989.00

pib.gov.in/Factsheet Details

**9) JEEVAN SURAKSHA BANDHAN YOJANA**

To encourage and facilitate enrolment under Pradhan Mantra Suraksha Bima Yojana(PMSBY) and Pradhan Mantra Jeevan Jyothi Bima Yojana(PMJJB Y) through the jeevan suraksha gift cheques (Rs.351), the suraksha deposit scheme (Rs.201) and jeevan suraksha deposit scheme (Rs.50001) initiatives.

To create a very cherishing response to the social security schemes.this scheme issued instrument called “jeevan suraksha gift cheque” at the time of festive season of ‘Raksha Bandhan’ which is available for purchase for Rs. 351/- ,and fixed deposits of Rs.201 and Rs.50001 for 5 to 10 years ,interest will be accrued every year. the main aim of the scheme is to creating universal social security system in the country.

10) CREDIT ENHANCEMENT GUARANTEE SCHEME FOR SCHEDULED CASTES (CEGSSC)

The Department of Social Justice and Empowerment has sponsored thee Credit Enhancement Guarantee Scheme for SC’s. The Government of India initially allotted Rs.200 crore corpus and contributing Rs.1core every year and government can extend it depending upon the utilization of funds. This aims for entrepreneurship development among scheduled castes. Credit guarantee cover will be provided to Member Lending Institutions (MLIS) who are assisting loans to scheduled caste entrepreneurs. IFCI is a nodal agency for disbursement of guarantee cover. As per the scheme MLIS shall receive loan applications from eligible sc entrepreneurs and process as per bank lending rules and finally sanctions the loan. Bank shall forward application to IFCI ltd for issuance of registration and IFCI ltd will sanction the guarantee cover to the bank as per scheme.

Loan Amount In Crore	Guarantee Cover
Rs.0.15 to Rs.1.00	100% of the sanctioned facility
Rs.1.00 to 2.00	80% of the sanctioned facility
Rs.2.00 to Rs.5.00	70% of the sanctioned facility
More than Rs. 5.00	50% of the sanctioned facility

11) VENTURE CAPITAL FUNDS FOR SCHEDULED CASTE

Ministry of social justice and empowerment had launched venture capital funds in order to promote entrepreneurship among scheduled caste. The main objectives of the funds are creating more direct and indirect employment opportunities in scheduled caste, providing concessional loans, increase financial inclusion among SC communities. The Amount of loan available to applicants between Rs.20 lakh to Rs.15 crore. The rate of interest for equity instruments is 15%, for debt is 8%, and for women or disabled entrepreneurs 7.75%.the tenure of loan would be up to 8 years.

VCF-SC: The present corpus of VCF-SC fund is Rs.606.18 crore with Rs.539.22 crore contributions by Government of India and Rs.66.96 crore contributed by contribution by IFCI Ltd. The year wise Fund contribution in VCF-SC is as under:

Amount in Rs. Crore			
FY	Total Corpus	Government of India	IFCI Ltd
2014-15	205.00	200.00	5.00
2015-16	0.01	0.01	0.00
2016-17	40.00	40.00	0.00
2017-18	85.00	40.00	45.00
2018-19	10.00	10.00	0.00
2019-20*	236.17	219.21	16.96
2020-21	30.00	30.00	0.00
Total	606.18	539.22	66.96

*Rs.160 crore by Government of India and Rs.76.17 crore by way of pooling in of interest on FDs and debentures.

<https://socialjustice.gov.in>



12) VARISHTHA PENSION BIMA YOJANA

This scheme is a pension plan to benefit senior citizens at the time of their retirement. The lump sum amount paid by the subscriber or senior citizen to purchase a pension plan and can get pension monthly or quarterly depends on the choosing of plan. Life Insurance Corporation of India has launched this scheme by the orders of Government of India. Minimum pension received monthly, quarterly, half-yearly, yearly are Rs.500, Rs.1,500, Rs.3,000, Rs.6,000 respectively. Maximum pension amount received monthly, quarterly, half-yearly, yearly are Rs.5,000, Rs.15,000, Rs.30,000, Rs.60,000 respectively. Guaranteed pension would be provide to subscribers and 15 days of free-look period also available .in case of death of the subscriber purchase amount shall be returned to his family.

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