



Expert Meeting on  
**THE IMPACT OF ACCESS TO FINANCIAL SERVICES,  
INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON  
DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH**  
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**SESSION 1:  
TRENDS IN FINANCIAL SERVICES AND FINANCIAL INCLUSION**

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CAFRAL

CENTRE FOR ADVANCED FINANCIAL  
RESEARCH AND LEARNING

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# Financial Inclusion in India

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Financial Inclusion is defined as the process of ensuring access to whole basket of appropriate financial products (savings, remittance, investment, credit, insurance) and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players.

# The Challenges

- Population - 1.2 billion
- Geography- 29 states, 6 Union Territories, 600 districts, more than 600,000 villages.
- Multi-cultural, multi-ethnic society, low-level of general literacy.
- Only half the population has access to even the most basic banking services.

# Structural Impediments

- Poor Infrastructure
- Uneven Regulation
- Natural or Regulatory Monopolies
- Cartelization

- **Planned and Structured**
  - Relaxation of regulatory guidelines
  - Provision of new products
  - Supportive measures
- **Bank Led Model**
- **Technology driven- but technology platform neutral**
- **Building a Robust Institutional Mechanism**
- **Constitution of Financial Inclusion Advisory Committee**

- Business Correspondent Model
- Simplified Branch Authorisation
- ICT Based Accounts
- No-frills Accounts
- Relaxing KYC norms, including e-KYC
- Freedom in Pricing of Advances
- PPIs
- Pradhan Mantri Jan Dhan Yojana (PMJDY)

- Guidelines for Use of Business Correspondents
- Operative Guidelines for Mobile Banking Transactions by Banks
- Policy Guidelines on Issuance and Operation of Pre-paid Payment Instruments in India
- Payments and Settlements System Act, 2007



Project Financial Literacy' aims at disseminating information regarding the central bank and general banking concepts to various target groups (which include school- and college-going children and the rural/urban poor)

- Roadmap for providing banking services in unbanked villages
- Direct Benefit Transfers
- Board Approved Financial Inclusion Plans (FIPs) for Banks

- Major source of financing trade deficit for many EMEs including India
- Indian Overseas Community - estimated population of 25-30 million
- Workers' remittances a stable source of funds for India, accounting for around 3.5 percent of GDP
- Cost of remittance high in developed world, coming down in EMEs

## Achievements So Far

- Banking outlets in villages has gone up to nearly 3,84,000. 1,15,350 banking outlets were opened during 2013-14.
- 5,300 rural branches opened during 2013-14. Out of these, nearly 4,600 branches were opened in unbanked rural centres (Tier V and Tier VI centres).
- 33,500 BC outlets opened in urban locations during 2013-14.
- 328 million transactions carried out in BC-ICT accounts during 2013-14.

- Innovation
- Viability of BC Model
- Increased Number of Transactions
  - Credit products
  - DBT
- Collaborated Efforts

Thank You!

