

# Progress under new Initiatives of Financial Inclusion in Faridabad District

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## Abstract

Financial Inclusion is an Important for economic growth and development of Rural Areas. Benefits of development in most of the developing countries are shared of the society which is a small percentage of total population. Financial inclusion is that stair through which, it is possible over a period of time to transform economically deprived people into a large section of society that actively contributes to the economic development of their country. In this study the growth of various schemes has been studied which being launched for the development of the society in the state of Haryana. It focuses on the progress and prospect of Financial Inclusions process. These schemes helped poor section of the society to get in touch with banking sector regularly.

**Keywords:** Financial Inclusion, Schemes, Progress, Banking growth

## Introduction

The idea of Inclusive Growth is a very old concept for equitable development and growth in India. Policy makers of our economy are additionally aware of its significance and have been willing to gain from the fruitful experience over the globe. The availability of financial services through the banking sector in India has increased to 58.7%, and 54.4% of the rural area has access to the financial services, which has increased tremendously from the past (Desai, 2016). Despite the endeavors made up until this point, the records of advancement on this front have left a lot to be wanted. Absence of access to fund for small farmers and more fragile areas of the general public has been perceived as a genuine danger to financial advancement particularly in developing nations. Additionally, drawn out and diligent hardship of banking administrations to an enormous section of the populace prompts a decrease in speculation and can possibly fuel social strains causing social avoidance (world Bank, 2007).

RBI in India had observed that 90% of the rural credit needs are fulfilled by informal money lenders; where financial services from banks offered to the population is at 1% in 1947. The statistics has improved to 29% of credits provided to rural areas by formal sources such as banks. On similar lines, Porkodi & Aravazhi (2013) revealed that more than 60% of the population do not have bank accounts and are financially excluded, thereby raising the need of high financial inclusion among all people in India. While income level is one factor that affects the growth and status of financial inclusion in the country, other factors such as banking structure, policies, and geography are also significant in affecting the level of financial inclusion (Loukoianova& Yang, 2018). The approach of enhancing financial inclusion in India has been reliant on channeling credit to vulnerable and poor population in India. The initiatives and schemes taken are also targeted on rural areas where the focus is on addressing their borrowing and financial requirements. India is also dependent majorly on the specialized development financial institutions that provide large project funding for enhancing industrial and organizational growth that improves the employment and financial status in the country. India has laid major efforts on improving financial inclusion, especially with the use of digital technology. The emphasis has been laid on various schemes being provided by the Government of India for the overall development of the country.(Loukoianova& Yang, 2018).The Government has put lot of efforts to create new schemes for people so that more and more people can connect with the banking system and avail the benefit of the schemes. The schemes like PMJDY,PMSBY,APY and other digital transactions are contributing toward the financial inclusion. This paper focuses on the growth of the various schemes in the district of Haryana.

Ashok,Nair & Krishna(2019) stated in her paper that the main objective of PMJDY is to give access to the financial services of the poor and vulnerable people of the society. Her study was conducted to know the awareness level of the schemes among the general public and its impact by analyzing its usage. It studied the factor affect the schemes. It was suggested in the paper that private banks and regional rural banks should work for the promotion of these schemes. The awareness level of the schemes can be increased by the literacy programmes or with the help of the Business correspondents. It was concluded that Government should take such steps which lead people to keep minimum cash balance in their accounts instead of zero balance.

The empowerment of the poor and unprivileged people can be done by the financial inclusion. It could help truly for the upliftment and improving the standard of the disadvantaged and poor rural people and households The accessibility to the cheap financial services, or instance credit and insurance, provide large livelihood opportunities through adoption of different economic activities. Better process of financial inclusion would lead to increasing economic activities and employment opportunities for rural households. Thus the paper explains in detail about the importance of Financial Inclusion and reasons and consequences of being financial excluded. Further it list the various benefits enjoyed by the bank and customers through Financial Inclusion. Thus the financial inclusion is a strategy towards inclusive growth in future provided it is supported

by various influencers like Technology, Financial Education, Counseling and the Society. So once this scheme is properly implemented and executed in every village in support from the government and society, then this can really lift the standard of living of majority of the poor which can really make our country proud.

### Objective of the study:

To identify the growth of the schemes or initiatives in the Faridabad District

### Research Methodology:

The Secondary method has been used to collect the data. The data of the schemes has been collected from the various Reports of State level bankers committee, Haryana in reference to Faridabad district. The data has been collected till 2018 and 2019.

The details o the concerned schemes are given below in reference to the Faridabad District:

#### Pradhan Mantri Jan Dhan Yojana (PMJDY):

This scheme was a great step towards financial inclusion and it commenced on August 28, 2014. The progress of this scheme in last two years is depicted in the table 1:

**Table 1: Progress of PMJDY in Faridabad district for last two years**

Parameter	Up to March 18	Up to March 19	Increase
No. of Accounts opened under PMJDY	6,41,729	6,51,522	9,793
No. of Rupay Cards Issued	5,99,798 (93%)	6,13,134 (94%)	13,336
No. of Rupay Cards Activated	5,09,462 (85%)	5,20,681(85%)	11,219
No. of Zero Balance PMJDY Accounts	1,15,678	1,02,068	-13,610
Percentage of Zero Balance Accounts of total PMJDY Accounts	18%	16%	-2%

*Source: Annexure, 144<sup>th</sup> & 148<sup>th</sup> Meeting of State Level Banker's Committee, Haryana*

The number of PMJDY accounts opened in till March 2018 was 6,41,729, which increased to 6,51,522 accounts in 2018-19 (SLBC Reports 2018 and 2019). A total of 6,13,134 Rupay cards have already been issued till March 2019, which is 85% of the total accounts opened under PMJDY. Out of total Rupay card issued; 5,20,681 Rupay card were activated, which is 85% of total PMJDY accounts opened. The number of Zero Balance accounts opened under PMJDY as on March 2019 reached to 1,02,068 which is 16% of total PMJDY accounts. A decrease in number of zero balance accounts has been reported in year 2018-19. It is visible from the table that the percentage of zero balance account decreased from 18% (2017-18) to 16% (2018-19). The reason could be non-usage of accounts. Around 83micro ATMs were also installed in the district under PMJDY. Business correspondents also supported the banks in imparting the services beyond the bank branches and made financial inclusion more effective.

#### **Pradhan Mantri Suraksha Bima Yojana (PMSBY):**

On May 9, 2015, this scheme was introduced which is being supported by insurance companies. This insurance cover renews on yearly basis. This scheme of insurance offer 2,00,000 cover on accidental death. This scheme can give benefit to all the saving account holders of 18-70 years of age on the payment of Rs. 12 as annual premium. The status of Faridabad in terms of PMSBY is as under: upto March 2017, 1,91,790 person were enrolled. Till March 2018, 2,74,527 persons got enrolled with the scheme. In March 2019, there were 2,93,056 persons enrolled in the scheme (SLBC Report, 2019).

#### **Pradhan Mantri MUDRA Yojana (PMMY):**

On 8th April, 2015, the new scheme called MUDRA (Micro Units Development and Refinance Agency) was announced for the development of the micro units. In this, various stakeholders were involved like banks, SHGs, Micro Finance Institutes. This scheme was classified into three categories: Shishu, Kishore and Tarun. The progress of MUDRA Yojna is presented in table 2:

**Table 2: Progress of PMMY in Faridabad district for last two years**

Scheme	Loan Amount limit (In Rs.)	Total No. of Accounts			Amount Disbursed (In Lakhs)			Women Beneficiaries Accounts			Amount disbursed (In Lakhs)			Women cases to total cases	
		17-18	18-19	% increase	17-18	18-19	% increase	17-18	18-19	% increase	17-18	18-19	% increase	17-18	18-19
Shishu	Up to 50,000	5472	7543	37.8	1650	1819	10.2	4705	6221	32.2	5516	4637	-15.9	38%	44%
Kishore	50,000-5,00,000	4511	4241	-5.9	12665	11947	-5.6								
Tarun	5,00,000 - 10,00,000	2263	2406	6.3	17568	17963	2.2								
Total		12,246	14,190	15.9	31,883	31,729	-0.5								

*Source: Annexure, 144<sup>th</sup> & 148<sup>th</sup> Meeting of State Level Banker's Committee, Haryana*

It has been found that total number of accounts opened under three categories of this scheme was 12,246 in 2017-18, which increased to 14,190 in 2018-19. The total amount disbursed in form of loan was Rs. 31,883 lakhs in 2017-18, which reduced to Rs. 31,729 lakhs in 2018-19. Women beneficiary accounts increased from 4705 (in 2017-18) to 6221 (in 2018-19). Increase in number of accounts of women beneficiary is highest (32.2%). Percentage of women beneficiaries to total increased from 38% to 44%. The amount disbursed to women beneficiaries reduced from Rs. 5,516 lakhs (2017-18) to Rs. 4,637 lakhs (2018-19).

### **Pradhan mantri Jeevan Jyoti Bima Yojana (PMJJBY):**

On 1st June 2015, this new scheme was launched. The scheme was implemented with the help of LIC. Under the scheme, all saving bank account holders between the age group of 18-50 years can enroll for the services. In Faridabad, 63,110 people were enrolled till March 2017. On March 2018, there was 80,325 person connected with this scheme. As on, March 2019 banks have enrolled 87,091 persons successfully under the scheme (SLBC Report, 2019)

### **Atal Pension Yojana:**

This scheme also came in effect from 1<sup>st</sup> June 2015. This scheme was introduced for the benefit of the old age group, for their security in the future. It encourages them to save for their retirement. The age group of 18-40 years holding a saving account can join this Yojna. In March 2017, there were 7,006 people enrolled in the scheme which became 16,450 in March 2018. In March 2019, there were 24,633 persons enrolled in the scheme. (SLBC Report, 2019)

### **Stand up India:**

This scheme was launched by Prime Minister on 5<sup>th</sup> April 2016. The purpose of introducing this scheme was to acknowledge the challenges faced by SC, ST and Women entrepreneurs in introducing a venture, taking loans or other help required for getting upliftment in the business from time to time. The status of Stand-Up India programme in Faridabad in last two years is depicted in table 3:

**Table 3: Progress of Stand up India programme in Faridabad in last two years**

Scheme	Total no. of accounts			Amount disbursed (in lakhs)		
	17-18	18-19	% increase/decrease	17-18	18-19	% increase/decrease
Women	151	66	-56.2	3466	1500	-56.7
SC/ST	51	19	-62.7	989	320	-67.6
<b>Total</b>	<b>202</b>	<b>85</b>	<b>-62.8</b>	<b>4455</b>	<b>1820</b>	<b>-59.1</b>

Source: SLBC Report, 2018 &2019

This table clearly depicts that this scheme has not done so well in Faridabad district till now. The number of accounts opened under this scheme was 202 in 2017-18, whereas only 85 accounts were opened in 2018-19. Similarly, the amount of loan disbursed was Rs. 4,455 lakhs in 2017-18 and it reduced to Rs. 1,820 lakhs in 2018-19.

### **Progress of banks in other Financial Inclusion Initiatives Usage**

#### **of Digital transactions:**

For improving the digital payments, there was a need to motivate people for cash-less transactions in rural areas. The use of Point of Sale (PoS) machines assists in the process of cashless transactions. Status of digital transaction in Faridabad for the year 2018-19 (SLBC Report, 2019):

- POS machines: 9,979
- Digital Transactions Number: 4,76,88,223
- Digital Transactions Amount: Rs 69,683 Crore
- Amount transferred through the usage of debit and credit cards: Rs. 15,561

### Opening of financial literacy centers (FLCs) at block level:

Till March, 2018, 143 FLCs have been opened in 122 blocks (out of 125) in Haryana state under Centre for Financial Literacy (CFL) project. In March 2012, Syndicate Bank and RRB took Initiative to open FLCs in Faridabad district with the support of Jnana Jyoti financial Literacy and credit counselling and RRB. The numbers of activities (camps) undertaken by these FLCs till March 2019 was 247, in which 11,013 persons were imparted financial literacy. Till March 2019, 945 'Going Digital Camps' were organized by FLCs. They also provide training to the unemployed in Faridabad district since 2011. They have completed 186 batches, in which training to 5,163 un-employed youth was imparted. Out of these 5,163 trainees, 3,715 candidates have got employment. So, the settlement rate is 71.9% as reported by RSETI (Rural Self Employment Training Institute). It can be seen that initiatives undertaken by Govt of Haryana showed applaud growth since the inception of schemes for financial inclusion.

### Conclusion:

It has been understood that the schemes helps in creating a bridge between the customer and the banks .As more and more people connected with the financial system to avail the benefits of the affordable services. Overall, the data has showed the huge change in the scenario of the schemes. These schemes like PMJDY,PMSBY,APY,PMMY,standup India,Digital Movements have given a way to the individuals to connect with the banking systems in Faridabad district. The digital connection is still lagging as more awareness required for connecting with the digital services as women, rural people, elderly people and poor people are still out of the system of digital payments. As per the fact given above, more concerted efforts are required by the entire stakeholder (Government & Public) and still long way to go for completing the vision of the financial inclusion.

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